洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

Stock Code: 3993

Annual Report 2013

* For identification purposes only

CONTENTS

This annual report includes forward-looking statements. All statements, other than statements of historical facts, that address business activities, events or developments that the Company expects or anticipates may or will occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various variables. The Company makes the forward-looking statements referred to herein as at 26 February 2014 and undertakes no obligation or responsibility to update these statements.

COMPANY PROFILE

China Molybdenum Co., Ltd. ("**CMOC**" or the "**Company**") is a joint stock company established in the People's Republic of China (the "**PRC**") on 25 August 2006. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 April 2007 and the Shanghai Stock Exchange (the "**Shanghai Stock Exchange**") on 9 October 2012.

The Company is primarily engaged in the mining and processing, smelting, deep processing, trade, research and development of molybdenum, tungsten, copper, gold and other precious and base metals. It possesses a complete industry chain which integrates upstream and downstream processes including the molybdenum mining, processing, roasting, molybdenum chemical products and molybdenum metal processing. As one of the largest molybdenum producers in the PRC with a leading position in the world, the Company has the highest production capacity in ferromolybdenum and molybdenum oxides in the PRC. The Company is also one of the largest tungsten concentrates producers in the PRC and the fourth largest copper producer in Australia. The Company operates its wholly-owned Sandaozhuang molybdenum/tungsten mine (三道莊鉬鎢礦), one of the largest defined reserves of molybdenum and the second largest defined reserves of tungsten in the world, with very competitive cost of both molybdenum and tungsten. The Company owns 80% interest in the Northparkes copper/gold mine ("**Northparkes Mine**") through CMOC Mining Pty Limited ("**CMOC Mining**"), an indirect wholly-owned subsidiary of the Company. Northparkes Mine is operated with advanced international mining method of block caving and is highly automated, and achieves a very competitive production cost much lower than the industrial average. In addition, the Shangfanggou molybdenum/iron mine (上房溝鉬鐵礦), which is owned by Luoyang Fuchuan Mining Co., Ltd. (洛陽富川礦業有限公司) ("**Luoyang Fuchuan**"), a joint venture of the Company, is in close proximity to the Sandaozhuang molybdenum mine and has abundant high-grade molybdenum reserve. The molybdenum mine located in East Gobi, Hami, Xinjiang owned by Xinjiang Luomu Mining Co., Ltd. (新疆洛鉬礦業有限公司) ("**Xinjiang Luomu**"), a subsidiary of the Company, was the first huge porphyry-type molybdenum mine discovered in Xinjiang, the PRC. The mine is large in scale, of high grade, shallow in terms of burial depth and easy for open mining.

The Company's vision is to become a respected international resources company. The Company's value is to implement the highest industrial standards in safety, environment and occupational health and to create good returns for our shareholders, employees and the communities. Our strategy is focusing on trying our best to strengthen and maintain the existing most competitive cost advantage in the future, meanwhile prioritizing the acquisition and investment in producing and cash-generating resources projects located in politically stable region by leveraging the Group's financial strength and experienced overseas management and technical teams.

1. CONSOLIDATED BALANCE SHEET

Items	As at 31 December 2013 RMB	2012 RMB	Increase (decrease)
Current assets:			
Bank balances and cash	**1,882,647,897.27**	2,710,070,379.19	(30.5%)
Held-for-trading financial assets	—	10,891,273.49	—
Bills receivable	**1,591,402,447.61**	1,220,159,395.98	30.4%
Accounts receivable	**805,679,742.94**	640,733,755.79	25.7%
Prepayments	**297,345,943.53**	227,396,412.53	30.8%
Interests receivable	**452,860.33**	11,504,773.64	(96.1%)
Other receivables	**72,517,407.57**	70,336,012.59	3.1%
Inventories	**820,996,265.56**	1,310,298,697.22	(37.3%)
Other current assets	**1,701,577,473.05**	1,412,014,904.49	20.5%
Total current assets	**7,172,620,037.86**	7,613,405,604.92	(5.8%)
Non-current assets:			
Long-term equity investment	**1,598,462,198.92**	1,678,402,125.96	(4.8%)
Fixed assets	**5,876,304,885.87**	3,623,670,473.44	62.2%
Construction in progress	**493,586,919.64**	398,038,691.38	24.0%
Inventories	**334,515,072.36**	—	—
Intangible assets	**4,425,899,735.38**	2,057,651,702.79	115.1%
Long-term deferred expenses	**128,517,647.63**	135,300,540.93	(5.0%)
Deferred income tax assets	**140,019,796.25**	133,435,838.06	4.9%
Other non-current assets	**1,729,212,246.72**	109,410,215.00	1480.5%
Total non-current assets	**14,726,518,502.77**	8,135,909,587.56	81.0%
Total assets	**21,899,138,540.63**	15,749,315,192.48	39.0%
Current liabilities:			
Short-term borrowings	**224,344,311.98**	10,000,000.00	2,143.4%
Held-for-trading financial liabilities	**357,251,970.00**	—	—
Bills payable	**27,910,000.00**	75,891,401.38	(63.2%)
Accounts payable	**197,385,526.41**	267,690,496.16	(26.3%)
Receipts in advance	**61,827,310.76**	49,024,118.34	26.1%
Employee benefits payable	**146,914,601.55**	120,121,388.57	22.3%
Taxes payable	**(63,559,475.84)**	(168,792,483.06)	(62.3%)
Interests payable	**55,733,935.24**	41,166,666.66	35.4%
Dividends payable	**57,085,715.06**	150,547,472.71	(62.1%)
Other payables	**568,214,130.26**	481,230,559.29	18.1%
Non-current liabilities due within one year	**390,708,567.70**	262,320,927.26	48.9%
Other current liabilities	**20,202,200.99**	16,433,778.49	22.9%
Total current liabilities	**2,044,018,794.11**	1,305,634,325.80	56.6%
Net current assets	**5,128,601,243.75**	6,307,771,279.12	(18.7%)
Total assets less current liabilities	**19,855,119,746.52**	14,443,680,866.68	37.5%

FINANCIAL HIGHLIGHTS

Items	As at 31 December 2013 RMB	2012 RMB	Increase (decrease)
Non-current liabilities:			
Long-term borrowings	**4,664,128,500.00**	—	—
Bonds payable	**2,000,000,000.00**	2,000,000,000.00	—
Projected liabilities	**261,261,918.67**	46,983,083.13	456.1%
Other non-current liabilities	**37,077,021.10**	25,303,634.90	46.5%
Total non-current liabilities	**6,962,467,439.77**	2,072,286,718.03	236.0%
Total liabilities	**9,006,486,233.88**	3,377,921,043.83	166.6%
Shareholders' equity:			
Share capital	**1,015,234,105.00**	1,015,234,105.00	—
Capital reserve	**8,102,977,121.92**	8,102,977,121.92	—
Special reserve	**199,586,093.33**	78,938,263.32	152.8%
Surplus reserve	**704,898,171.11**	704,898,171.11	—
Undistributed profits	**2,206,609,158.00**	1,641,545,905.43	34.4%
Exchange differences arising on translation of financial statements denominated in foreign currencies	**(51,029,120.69)**	(2,058,590.46)	2,378.8%
Total equity attributable to the shareholders of the parent Company	**12,178,275,528.67**	11,541,534,976.32	5.5%
Minority interests	**714,376,778.08**	829,859,172.33	(13.9%)
Total shareholders' equity	**12,892,652,306.75**	12,371,394,148.65	4.2%
Total liabilities and shareholders' equity	**21,899,138,540.63**	15,749,315,192.48	39.0%

2. CONSOLIDATED INCOME STATEMENT

Items	For the year ended 31 December 2013 RMB	2012 RMB	Increase (decrease)
I. Total operating revenue	**5,536,469,246.73**	5,710,893,904.27	(3.1%)
Including: Operating Revenue	**5,536,469,246.73**	5,710,893,904.27	(3.1%)
Less: Operating costs	**3,733,468,267.20**	4,009,216,807.89	(6.9%)
Business taxes and levies	**270,681,417.11**	268,890,022.83	0.7%
Selling expenses	**26,909,956.33**	25,330,075.67	6.2%
Administrative expenses	**686,204,836.52**	433,331,447.59	58.4%
Financial expenses	**103,227,553.28**	49,597,057.16	108.1%
Impairment losses of assets	**87,704,184.08**	27,853,560.45	214.9%
Add: Gains (losses) from changes in fair values	**8,269,939.71**	(738,261.14)	(1,220.2%)
Investment income	**373,417,961.32**	151,042,583.91	147.2%
Including: Income from investments in associates and joint ventures	**185,933,456.10**	116,760,141.81	59.2%
II. Operating profit	**1,009,960,933.24**	1,046,979,255.45	(3.5%)
Add: Non-operating income	**246,601,099.22**	54,187,319.00	355.1%
Less: Non-operating expenses	**20,379,818.34**	4,209,530.52	384.1%
Including: Losses from disposal of non-current assets	**4,610,406.83**	1,036,818.99	344.7%
III. Total profit	**1,236,182,214.12**	1,096,957,043.93	12.7%
Less: Income tax expenses	**151,271,401.35**	80,581,368.21	87.7%
IV. Net profit (losses)	**1,084,910,812.77**	1,016,375,675.72	6.7%
Net profit attributable to shareholders of the parent company	**1,174,203,715.57**	1,050,304,676.57	11.8%
Profit or loss attributable to minority interests	**(89,292,902.80)**	(33,929,000.85)	163.2%
V. Earnings per share:			
(I) Basic earnings per share	**0.23**	0.21	9.5%
(II) Diluted earnings per share	**N/A**	N/A	N/A
VI. Other comprehensive income	**(48,970,530.23)**	(215,779.49)	22,594.7%
Items to be classified into the profits and losses when meet the prescribed conditions in the future accounting period	**(48,970,530.23)**	(215,777.49)	22,594.7%
Exchange differences arising on translation of financial statements denominated in foreign currencies	**(48,970,530.23)**	(215,279.49)	22,594.7%
Items not to be classified into the profits and losses in the future accounting period	**—**	—	—
VII. Total comprehensive income:	**1,035,940,282.54**	1,016,159,896.23	1.9%
Total comprehensive income attributable to shareholders of the parent company	**1,125,233,185.34**	1,050,088,897.08	7.2%
Total comprehensive income (losses) attributable to minority interests	**(89,292,902.80)**	(33,929,000.85)	163.2%

3. CONSOLIDATED CASH FLOW STATEMENT

Items	For the year ended 31 December 2013 RMB	2012 RMB	Increase (decrease)
I. Cash flow from operating activities:			
Cash received from sales of goods and provision of services	**5,842,111,942.08**	6,451,030,149.92	(9.4%)
Receipts of tax refunds	—	2,873,917.14	
Other cash receipts relating to operating activities	**74,521,419.31**	114,756,555.13	(35.1%)
Sub-total of cash inflows from operating activities	**5,916,633,361.39**	6,568,660,622.19	(9.9%)
Cash payments for goods purchased and services received	**2,772,092,075.27**	3,237,677,311.10	(14.4%)
Cash payments to and on behalf of employees	**635,434,743.94**	569,691,084.76	11.5%
Payments of various types of taxes	**922,476,327.89**	966,545,831.93	(4.6%)
Other cash payments relating to operating activities	**214,915,838.49**	188,579,244.31	(14.0%)
Sub-total of cash outflows from operating activities	**4,544,918,985.59**	4,962,493,472.10	(8.4%)
Net cash flow from operating activities	**1,371,714,375.80**	1,606,167,150.09	(14.6%)
II. Cash flows from investing activities:			
Cash receipts from investments	**4,980,406,928.42**	7,005,092,483.35	(28.9%)
Cash receipts from investment income	**430,012,687.91**	157,165,921.03	173.6%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**3,261,701.50**	816,784.27	299.3%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	**186,832,429.95**	—	—
Other cash receipts relating to investing activities	—	38,750,000.00	—
Sub-total of cash inflows from investing activities	**5,600,513,747.78**	7,201,825,188.65	(22.2%)
Cash payments for acquisitions or disposals of subsidiaries and other business units	**4,846,769,844.81**	—	—
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**593,705,253.52**	426,224,076.38	39.3%
Cash payments to acquire investments	**4,345,000,000.00**	9,442,456,683.35	(54.0%)
Other cash payments relating to investing activities	**125,391,150.21**	—	
Sub-total of cash outflows from investing activities	**9,910,866,248.54**	9,868,680,759.73	0.4%
Net cash flow from investing activities	**(4,310,352,500.76)**	(2,666,855,571.08)	61.6%

Items	For the year ended 31 December 2013 RMB	2012 RMB	Increase (decrease)
III. Cash flows from financing activities:			
Cash receipts from capital contributions	**—**	570,000,000.00	
Including: cash receipts from capital contributions from minority owners of subsidiaries	**—**	—	
Cash receipts from borrowings	**5,800,113,211.98**	2,525,000,000.00	129.7%
Other Cash receipts relating to financing activities	**352,728,000.00**	—	
Sub-total of cash inflows from financing activities	**6,152,841,211.98**	3,095,000,000.00	98.8%
Cash repayments of borrowings	**660,000,000.00**	2,879,275,124.00	(77.1%)
Cash payments for distribution of dividends or profits and settlement of interests	**854,729,859.54**	458,689,181.23	86.3%
Other cash payments relating to financing activities	**1,353,186,087.58**	11,853,300.29	11,316.1%
Sub-total of cash outflows from financing activities	**2,867,915,947.12**	3,349,817,605.52	(14.4%)
Net cash flow from financing activities	**3,284,925,264.86**	(254,817,605.52)	(1,389.1%)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**(5,340,750.27)**	(54,198.69)	9,754.0%
V. Net increase in cash and cash equivalents	**340,946,389.63**	(1,315,560,225.20)	(125.9%)
Add: Opening balance of cash and cash equivalents	**1,463,636,840.70**	2,779,197,065.90	(47.3%)
VI. Closing balance of cash and cash equivalents	**1,804,583,230.33**	1,463,636,840.70	23.3%

CHAIRMAN'S LETTER

Dear Shareholders,

The year 2013 was a significant milestone for the Group. On one hand, the Group devoted itself to substantially reducing the production cost of molybdenum and tungsten through management efficiency improvements and technological innovation, and achieved encouraging operation results. On the other hand, the successful acquisition of Northparkes copper/gold mine in Australia helped diversify the Group geographically as well as the composition of the Group's asset base and broke through the bottleneck of "a single asset" and "minor metals". As a result, the Group strengthened its ability to withstand risks, whilst becoming an international mining company.

REVIEW

In 2013, the entire resource industry experienced a downturn as did the price of commodities. The molybdenum industry was not immune - the domestic and international molybdenum prices declined compared to 2012. However, the tungsten industry outperformed other metals - the annual average price of tungsten concentrate improved over 2012 due to expectations of State Reserve Bureau stockpiling, purchase by large enterprises and the "Buffett Effect". In 2013, the Group improved its management efficiency through internal restructuring and reorganization, decreased the long-term stripping ratio through resource and mining optimization. As a result, the Group achieved aggregated production cost savings of approximately RMB360 million from mining, milling, roasting and smelting, which made our cash production cost the lowest of the primary molybdenum industry. Through technological innovation and technical renovation, the Group increased the tungsten recovery rate by 0.7 percent, which reduced the tungsten production cost while increasing the output of tungsten concentrate. Capturing the favourable market conditions, the Group further increased the contribution of tungsten to the Group's margins. Additionally, the Group enhanced its cash management and capital efficiency. Under the direction of the Board and the Investment Committee, the Group actively pursued the deposit and investment channels with high return rate and good security to achieve higher capital gains without affecting its daily operations and strategic acquisition. In 2013, our joint venture, Luoyang Fuchuan resolved the main historical issues of Shangfanggou molybdenum/iron mine and our controlling subsidiary, Xinjiang Luomu obtained the mining license of East Gobi molybdenum mine. These accomplishments have set the foundation for the orderly development of our future mineral resources and achieving synergy.

On 26 July 2013, in a competitive bidding process, the Group overcame many strong competitors including mining companies from Australia, Europe and America, and entered into an agreement with Rio Tinto Group to acquire its Australian Northparkes copper/gold mine. The Group obtained all the domestic and overseas regulatory approvals within four months, and duly completed the transaction on 1 December 2013 and achieved a smooth transition, which demonstrated the ability and strength of cooperation and execution of our domestic and overseas teams. Northparkes is a scarce, long-life, high-quality and large-scale producing copper/gold mine. The production cost sits at the bottom quartile of the global copper cost curve and recorded a margin of over US$17 million in the first month of our ownership in December 2013. The mine is operated with advanced international mining method of block caving and is highly automated, and achieves the highest international standard of health, safety and environmental protection. The acquisition will increase the earnings and cash flow per share of the Group, bring added-value for shareholders, whilst expand our exposure into the copper industry with highly-attractive long-term fundamentals and diversify our business into Australia, a resource-rich and mining-friendly country. The Group established our overseas team in 2008, dedicated to overseas acquisition in a disciplined manner. Although we experienced frustration in several deals during the world economic crisis, our determination and patience in executing our overseas development strategies remained unchanged. The successful acquisition of Northparkes is a reward of our five years' efforts, yet is only the first step to our overseas growth.

We continuously pay attention to the management of our balance sheet and capital structure. We achieved very competitive conditions in the bridge financing for overseas acquisition and established strategic partnerships with domestic banks. The gearing ratio of the Group was 41% at the end of 2013. On 26 November 2013, we submitted an application to the CSRC in connection with the issuance of A Share Convertible Bonds up to RMB4.9 billion.

The Group always focuses on maintaining good relationships with local government and communities in places where we operate in by actively fulfilling its responsibility as a corporate citizen and adhering to the "tripartite-win" philosophy by rewarding shareholders, employees and society. During the reporting period, the income level of all our employees was increased, and the Group has paid total taxes of RMB1,013 million. With a donation of RMB15 million for poverty alleviation, the Group was honored as "Meritorious Enterprise for Poverty Alleviation" by the Luanchuan County government. The Group will continue to maintain a relatively stable and long-term high cash dividend policy without prejudice to the operating budget and capital expenditures as well as overseas business expansion. The Board has recommended a dividend of RMB0.14 per share (tax inclusive) for the year ended 31 December 2013 to shareholders (subject to the approval by shareholders at the forthcoming annual general meeting).

During 2013, the Group was pleased to welcome Ms. Gu Meifeng as an executive director and Mr. Yuan Honglin as a non-executive director to the Board and look forward to their contributions with their experience in corporate finance. The Board would also like to thank Mr. Wu Wenjun, our former Chairman, for his service and contributions.

OUTLOOK

Looking forward, we must be ready and alert to the uncertainties facing both the domestic and global economies. Some say that the commodities "supercycle" is over and the slowdown of domestic industrial investment growth and the lackluster recovery of western developed countries could last for a long time. Nevertheless, we believe that the cyclical nature of the industry will create potential structural and long-term investment opportunities in the resources sector. We also believe that in the long run, the continuous expansion of global population and urbanisation as well as the industrialisation and modernisation of emerging countries will ultimately support the long-term positive fundamentals of commodities. "Peace with sword in hand", amidst the industry downturn, we shall continue our proactive deliberation on how to better manage our balance sheet, preserve and uplift our strengths, utilize our financing platforms and tools, choose a good timing and commodity to diversify as well as balance the short-term return and long-term interest. In the meantime, we shall keenly continue gathering information, keep our minds open and monitor the market so as to be prepared to firmly seize the opportunities as and when they arise.

Our vision is to become a respected international resources company. Our value is to implement the highest industrial standards in health, safety and environment and to create good returns for our shareholders, employees and the communities we operate in. Vision and value guide our future development. Our development relies on revenue growth and cost reductions; the former is "Upsizing" while the latter is "Asset Preservation". However, Asset Preservation has limits, and we shall focus on trying our best to strengthen and maintain the most competitive cost advantage; Upsizing is expansion, which has huge potential, and represents our future.

In particular, the specific strategies of the Group for 2014 comprise: 1) ensure the annual budget in terms of the production of molybdenum, tungsten, copper and gold as well as the cash cost target, actively tailor our marketing strategy in response to market changes; 2) further optimise the operation and facilities distribution in the Luanchuan area on a rational basis to solidify our long-term cost advantages of molybdenum and tungsten businesses; 3) complete the approval and issuance of convertible bonds as soon as practicable and actively expand our investment and financing channels to further increase returns on capital in a safe manner to supplement our main business, while reducing losses/improving profitability as well as expediting the divestment of any inefficient and low-quality assets; (4) enhance human resources management, improve our talent pool and strengthen the recruitment of professionals to lay a solid foundation for future development; (5) speed up the feasibility study of how to capitalize and maximize the value of the abundant mineral resources of Northparkes in Australia in the most optimal way; enhance international knowledge exchange and learn from the advanced technologies and management experience in our Australia operations so as to further exploit synergies; and (6) adhere to the implementation of our internationalization strategy. The acquisition and investment in producing and cash-generating resources projects located in politically stable region will be prioritised by leveraging the successful experience gained and the international development platform provided by Northparkes in Australia as well as the Group's financial strength and experienced overseas management and technical teams.

ACKNOWLEDGEMENT

I would like to extend my gratitude to the Board and shareholders for the recognition of my accomplishments to date and their trust and confidence placed in me. My appointment reflects their strong desire to structure the Group in a way to drive strategic growth and lead the global corporate and business strategy given the opportunities and challenges from the external environment.

I would like to take this opportunity to extend my appreciation to our shareholders, clients and partners for their continued support. I also want to express my sincere gratitude to all the Board members, senior management team and all our employees (and a special welcome to our newly-joined Northparkes employees) for their endeavours and contributions to the success of the Group.

Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC
26 February 2014

MARKET REVIEW AND PROSPECTS

MARKET REVIEW

Molybdenum market

The global economy has undergone an in-depth structural adjustment since 2013. Five years after the financial crisis, the global economy remained feeble and the economic growth continued to be slow due to the restrictions posed by various political and economic factors. Despite of that, the worst time had passed and systematic risks lowered, and the global economy had been showing signs of recovery. The macro-economy of China, however, remained weak. The iron and steel industry was undergoing transformation while the excessive production capacity remained in the molybdenum industry, which all hindered the development of the molybdenum industry. For the international and domestic molybdenum market in 2013, there was no significant improvement in the operation of the molybdenum market as high pressure and risks remained at large and prices of the products continued to decline. Several rebounds in prices, though at short intervals, nonetheless strengthened the confidence in and expectation of the molybdenum market at the latter stage. The overall market trend went slightly downwards amid fluctuations and adjustments, which is shown as follows: affected by the year-end reserve of iron and steel plants and the expectation of a favorable economy for the year in the first quarter, the price of primary products resurged strongly in January. However, in March, the market failed to meet the expectation as predicted by the experts in the industry. Lacking in support of favorable factors, the price began to drop. In the second quarter, as the momentum of the economic market weakened and no sign of recovery was shown in the iron and steel market, the price continued to go down and hit bottom. In the third quarter, due to the oversupply of the primary products of molybdenum, the weather condition and other adverse conditions, the price was far lower than those in the first half of the year. In spite of a slight rebound in prices in the late August and early September, the price did not go as high as expected under the market environment of the iron and steel industry and the international molybdenum market. In the fourth quarter, "golden September and silver October" did not sustain. After the National Day holidays, as the demand remained weak, the market showed sign of feebleness and the demand reserved for New Year and the Spring Festival did not reach expectation, and the price continued to hover at a low level.

Tungsten market

In 2013, the macro-economic environment both domestically and internationally remained sluggish. In the first half of the year, the prices of most non-ferrous metals dropped. However, thanks to accumulation of stocks, the tungsten market outperformed the general market and remained strong. Yet in the second half of the year, as the intervention of the government to the market was weakened, the market restored its stability and the price remained stable with a slight decrease.

Copper market

For the copper market, the world copper production in 2013 was expected to be 21,087,000 tonnes, and copper consumption was expected to be 21,223,000 tonnes, representing an increase of 4.7% and 5.5%, respectively, as compared with last year. The copper production in China in 2013 was expected to be 6,600,000 tonnes while copper consumption was expected to be 9,306,000 tonnes, representing an increase of 13.28% and 12.24%, respectively, as compared with last year. For most of 2013, the price of copper fluctuated between US$6,600 and US$7,500 per tonne (i.e. US$2.99 to US$3.40/lb).

PROSPECTS

1. Macro-economic Environment

In the 2014 World Economic Outlook, the International Monetary Fund projected global economic growth for 2014 and the coming five to ten years. The global GDP growth in 2014, adjusted for inflation, is expected to grow slightly from 2.8% in 2013 to 3.1%. The growth prospect for developed countries and mature economies in 2014 is better with the possible growth rate of 1.7% as compared to 1% in 2013. The increase is mainly attributable to the fact that the eurozone is expected to be out of recession in the previous two years and record a positive growth of 0.8%. In 2014, representing the United States will be the second largest engine for a favorable global economy. The GDP in the United States is expected to grow 2.3% in 2014, an increase of 0.7% as compared to 1.6% in 2013. The Gross National Product in the emerging market and developing economies will also see a slight increase. At present, the PRC economy is transforming from high-speed growth to medium-speed growth. From this year onward, the PRC is committed to leveraging the fundamental effect of consumption and the key effect of investment in fueling the economic growth. It will be normal for the government to be able to deliver a GDP ranging from 7% to 8% in line with a steady economy through the in-depth exploration of potential domestic demand and a reasonable investment growth, and the said situation should also be in normal. Therefore, the economic growth in 2014 is expected to remain steady as compared with that of last year.

2. Competition and Development in the Molybdenum Industry

As for the demand of molybdenum, no adjustment has been made to the export tariff on molybdenum in 2014 to date and the original tax rate still applies. Due to the high tariff, sales of molybdenum products in the first half of 2014 will still be focused on the domestic market where the sub-sectors of high quality iron and steel such as special steel and stainless steel is the major consumer. In addition, the iron and steel industry is going through transformation. According to the national development plan for the industry, the output value of high quality special steel will account for 8% of the whole iron and steel industry by 2015 and 15% by 2020. The high quality special steel industry will reach the world's advanced standard by 2030. In the future, the special steel industry in the PRC will witness a rare opportunity for development and the general trend in the industry with a higher market share of special steel will loom. Considering that the continuous increase in the production volume of stainless steel and special steel will stimulate the consumption of molybdenum, the demand for molybdenum products can be well guaranteed in the following years.

As for the supply of molybdenum, since the outbreak of the financial crisis, the oversupply in the domestic molybdenum market persisted due to the increase in the production volume of molybdenum concentrates and the accumulation in stock. However, the market downturn after 2010 rendered a serious production suspension among small and medium-sized enterprises. The PRC molybdenum industry started destocking since last year which relieved the oversupply pressure to a certain extent. In 2014, despite the possible commencement of operation of new large mines, time is required to transit from trial production to commercial production, which suggests that full production capacity can only be reached several years later. In the meantime, as the PRC government imposed more stringent requirements on the environmental protection, some small and medium-sized enterprises that fail to meet the requirements will be closed. As a result, it is estimated that the output growth in 2014 will be limited. The limited growth in the output, the transformation of iron and steel plants and the increased production volume of the steel with molybdenum content all contribute to the greater possibility of a substantial increase in the domestic consumption of molybdenum. All in all, we expect that the room for price decline in the molybdenum market will be limited in 2014.

3. Competition and Development in the Tungsten Industry

As for the demand of tungsten, the tungsten market is expected to pick up again due to the following reasons: the European and U.S. economies both showed signs of recovery while the foreign enterprises have not unleashed massive demand for two years. It is estimated that the inventory has dropped to a low level. The stockpiling before the summer break in 2014 is expected to be better than that in 2013 and the first batch of export quotas was enlarged to 70%, aiming at promoting the active export of enterprises and shifting the domestic pressures. In addition, the domestic economy grows steadily despite a slower growth and the production volume of hard alloy and alloy steel will maintain at a stable level. The extensive marketing of tungsten products on the electronic platform is expected to boost a new momentum. Besides, purchase and storage by the PRC government is good news for the market.

As for the supply of tungsten, oversupply still exists in the tungsten market. The PRC government has promulgated various indicators to control the output of tungsten producers. Besides, after years of exploration, many resources in the mines in Jiangxi, the main tungsten producing region in the PRC, are nearly exhausted, lowering ore grade and expanding mined out areas. Many tungsten mine enterprises are already aware of the crisis. Instead of mining in large quantity, such enterprises invest in the exploration to enlarge the resources reserve and upgrade the ore processing plants to improve the recovery rate. In conclusion, it is expected that the tungsten market in 2014 will remain unchanged as that in 2013.

4. Competition and Development in the Copper Industry

In 2014, oversupply will sustain in the copper market but the demand-supply gap will not be wide and it will not last long. As estimated by Barclays Bank, the copper production in 2014 will reach 22,343,000 tonnes and copper consumption will be 22,176,000 tonnes. The growth of the global copper supply will reach a peak in 2014, but the growth will slow down from 2015 due to the slashing of capital contribution in the mines. As global economy is recovering, demand and supply of copper in 2015 will be tight. For the price of copper in 2014, it is expected that it will fluctuate within the price range of 2013.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

During the year 2013, with the benefits of efficient management, detailed organisation and continued commitment of our staff, the Company fully capitalised on its resources and vertically integrated industrial chain and industrial scale. The Company's production volume of molybdenum remained stable and the production volume of tungsten products achieved a steady growth.

In 2013, the production volume of molybdenum concentrates (including 47% Mo), molybdenum oxides (including 51% Mo), ferromolybdenum (including 60% Mo) and tungsten concentrates (including 100% WO_3) (excluding Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司)) ("**Yulu Company**") of the Company amounted to approximately 32,436 tonnes, 36,788 tonnes, 28,036 tonnes and 6,984 tonnes, respectively, representing a decrease of 0.1%, and an increase of 7.7%, 9.6% and 27.1% as compared with that of 2012, respectively. The production cost in cash of molybdenum metal (100%Mo) of the Company was RMB68,251/tonne in 2013 and its processing recovery rate was 84.6%; the production cost in cash of tungsten metal (100%WO_3) was RMB21,019/tonne and its processing recovery rate was 75.6%.

Based on the statistical data from Antaike (a metals information provider), the production volume of molybdenum concentrates in China (including 47% Mo) in 2013 was 80,129 tonnes. The Company's production volume of molybdenum concentrates accounted for approximately 19% of the total amount produced in China in 2013. According to an international research institution, the world's molybdenum production volume was approximately 536 million pounds for the year 2013, of which approximately 33.61 million pounds were produced by the Company, representing approximately 6.3% of the total production volume of the world.

Based on statistics from China Non-ferrous Metals Industry Association, the accumulative production volume of tungsten concentrates in China in 2013 was 138,043 tonnes (including 65% WO_3), with metal equivalents (WO_3) of 89,728 tonnes. The production of tungsten concentrate in which the Company holds equity interests (including 50% production of Yulu Company) represented approximately 10.35% of the total tungsten concentrate production of China in 2013.

In 2013, the mining volume of Northparkes copper and gold mine of the Company was 6.027 million tonnes, and the ore grade was 1.05% copper and 0.46g/t gold. The processing volume amounted to 6.007 million tonnes, and the head grade for copper and gold was 1.04% and 0.46g/t, respectively. The recovery rate for copper was 88% and that of gold was 75%. The production volume of copper concentrate was 168.3 thousand tonnes and the copper grade of such concentrates was 33%. Metal equivalents of the copper concentrate were 55,400 tonnes of copper, 67,200 ounces of gold and 582,300 ounces of silver. The acquisition transaction of Northparkes copper/gold mine and certain associated assets was completed on 1 December 2013. The Company has been holding 80% interest since 1 December 2013. The production of Northparkes for December 2013 is as follows: the production volume of copper concentrate was 14,636 tonnes and the copper grade of such concentrates was 33%. Among which, there were 4,820 tonnes of paid copper, 5,520 ounces of gold and 49,567 ounces of silver.

While the Company has been paying close attention to production, it actively implemented the strategy of internationalisation and capital operation in a bid to optimise asset allocation, initiate the market-oriented reform within the Group, and reinforce internal control, etc. These efforts have paid off and the achievements are specified as follows:

1. The Company actively exercised the strategy of internationalisation. The acquisition of 80% interest in Northparkes Joint Venture and certain associated assets by CMOC Mining, an indirect wholly-owned subsidiary of the Company, was completed on 1 December 2013. The acquisition has not only increased the shareholders' returns, but also facilitated the Company's diversification in the nonferrous metal segment to avoid being over-reliant on its principal businesses of molybdenum and tungsten.

2. The Company actively implemented the strategy of capital operation and connected to the capital market through various financing channels. It issued RMB5 billion debt financing instruments through private placement, and is applying for financing by convertible bond amounting to RMB4.9 billion, which will provide better capital support for the sustainable development of the Company.

3. The Company is devoted to optimising and mobilising its existing assets. By concerted efforts, Luoyang Fuchuan, a joint venture of the Company, has solved its major historical issues over the years. Xinjiang Luomu, a controlling subsidiary, has obtained the mining rights for the molybdenum mine in East Gobi, signifying the enrichment of the molybdenum reserve of the Company, which will enhance the competitiveness of the Company in the market. To raise the management efficiency and add to the overall value of the enterprise, the Company integrated and disposed of certain non-core assets.

4. The Company attached great importance to management to reduce costs and increase profits. In 2013, the total costs for mining, molybdenum concentrates, ferromolybdenum processing and tungsten concentrates of the Company reduced by RMB193 million, RMB99 million, RMB19.04 million and RMB50.30 million, respectively. The above reductions in aggregate increased by RMB360 million compared with that of last year. Domestic management expense and domestic selling expense incurred for the year decreased by RMB45.12 million and RMB4.45 million, respectively, compared with that of last year. It increased the shareholders' returns through tapping into internal potentials and creating profits.

5. The Company continuously strengthened the control of its internal system, hence corporate action was better regulated. In 2013, the Company formulated or amended China Molybdenum Co., Ltd.'s Rules for Accountability for Significant Error Disclosed in Annual Report, Articles of Association of China Molybdenum Co., Ltd., Rules for Management and Guarantee of Third Parties, Rules for External Investment Management, Terms of Reference and Operation Rules of the Audit Committee, Rules for Management of Funds Raised from Capital Market, Detailed Rules for Management of Disclosable Transactions, Detailed Rules for Management of Connected Transactions, Operation Rules of the Investment Committee, Board Diversity Policy, Rules for Internal Accountability, Rules for Management of Investor Relations, Company's Internal Control Document, and Rules for Meetings of Holders of Convertible Bonds.

6. The Company had shown initial results in its readjustment and planning of the management structure. According to the targets and measures laid out in the Proposal on Implementation of Reforms and Regulations (《改革整頓實施方案》) of the Company, the management structure of the Company was reorganised and adjusted, the number of management personnel in subsidiaries have been streamlined, the scope of responsibilities for each department has been rearranged and formulated. The management of the group companies in investment, tendering, procurement and sales has been strengthened, while problems were able to be solved in an effective manner. Through the reforms and reorganisations, the historical problems such as overstaffed institutions were addressed, breaking the tradition of cadres' career paths where one can occupy a position permanently without being dismissed. Those measures were in line with the principle of meritocracy and dynamic management of the cadres.

7. The Company actively performed its responsibilities to contribute to the society and achieved a "tripartite-win" solution for shareholders, the society and employees. Firstly, the Company made sure that the employees and the enterprise shared the results of reform and development with the salary higher than that in 2012, ensuring no reduction in the income of leaders and staff for the year. Secondly, the Company operated its business in accordance with the laws and regulations and actively performed social responsibilities. The Company paid taxes in the sum of RMB1,013 million and made contributions to the development of the economy and society. Meanwhile, the Company endeavored to carry out activities against poverty. Responding to the "Project of Realizing Dreams with Your Kind Heart (愛心圓夢工程)" conducted by the municipal party committee and municipal government of Luoyang City, the Company donated RMB15 million as social welfare and poverty funds and the Company was honoured with the title "Meritorious Enterprise with Donations to Poverty (捐資扶貧功勳企業)" by the county government of Luanchuan.

The Company not only effectively bolstered its sales volume and stabilized its customer base, but also better adjusted sales and marketing strategies with the aim to achieve greater efficiency. In 2013, the Company has sold 27,125 tonnes of ferromolybdenum, representing an increase of 0.64% as compared with last year. It sold 7,139 tonnes of tungsten, representing an increase of 10.63% as compared with last year.

Apart from accelerating the Company's business development, we also took further steps to cultivate corporate culture by highlighting practical and innovative management skills so as to increase the efficiency of corporate actions.

PROSPECTS OF THE COMPANY'S BUSINESS

In 2014, based on the future economic and market dynamics, we will tenaciously adhere to the development strategies of the Group to achieve sustainable, rapid and sound growth. Particular efforts will be put into the following areas: 1) spare no efforts in the management over the Group's existing business segments. In 2014, the Company plans to produce approximately 15,100 tonnes of molybdenum concentrates (containing 100% MO) with a planned cash cost of production of approximately RMB67,700 per tonne (net of resource tax, depreciation and amortisation, sales and general management), and approximately 7,000 tonnes of tungsten concentrates (containing 100% WO_3) with a planned cash cost of production of approximately RMB20,100 per tonne, (net of resource tax, depreciation and amortisation, sales and general management costs); the estimated output of the Northparkes Mine in Australia in 2014: saleable Cu metal approximately 43,000 tonnes (80% basis) with C1 cash cost of US$0.7 per pound. C1 cash cost refers to the cash cost of operation, including mining, processing, site administration expense, logistics, smelting/refining costs and exploitation taxes after deduction of the earnings generated from by-products. In addition, it will further enhance its management standards and operation efficiency, and thus maintain profitability of the Company's existing business segments; 2) adhere to the development strategy of the Company. In respect of its molybdenum and tungsten business, the Company will implement projects such as optimisation of mining and processing locations as soon as possible by taking advantage of the pilot base of the integrated use of tungsten, molybdenum and iron resources in Luanchuan, Henan, so as to improve the economic benefits derived from molybdenum and tungsten sectors. As for its copper business, the Company will maintain a proper management on the operation of Northparkes copper and gold mine in Australia and improve operation quality of its offshore assets, to facilitate the stable, rapid development of the copper and gold mine and to guarantee the expected profit target of this business segment to be achieved; 3) alter its economic growth pattern by adjusting and optimising industrial structure, vigorously conducting scientific and technological innovation and actively advocating energy-saving measures; 4) actively adjust marketing strategy endeavor to expand marketing channels and strengthen reputation and quality of its products, in a bid to increase its market shares; 5) step up human resources management, optimize the Company's talent structure and strive to attract and cultivate talents, in a bid to lay a solid talent base for future development of the Group; and 6) persist on its internationalisation strategy. Leveraging on the successful acquisition of Northparkes copper and gold mine in Australia, and making the best of the experience accumulated and the international development platform provided thereof, the Company will provide better and sustained returns while expanding its size and reinforcing its risk aversion through proactive acquisition of quality mining assets with stable cash flow. In the future, the Company will continue its diversification in the field of nonferrous metal to formulate a product portfolio combining base, special and precious metals and become a world-leading mining corporation through the mergers and acquisitions of quality mining resources at home and abroad.

OVERVIEW

For the year ended 31 December 2013, the net profit of the Group was RMB1,084.9 million, representing an increase of RMB68.5 million or 6.7% from RMB1,016.4 million for the year ended 31 December 2012. For the year ended 31 December 2013, net profit attributable to the owners of the parent company was RMB1,174.2 million, representing an increase of RMB123.9 million or 11.8% from RMB1,050.3 million for the year ended 31 December 2012.

The comparative analysis for the year ended 31 December 2013 and the year ended 31 December 2012 is as follows:

OPERATING RESULTS

For the year ended 31 December 2013, the Group recorded an operating revenue of RMB5,536.5 million, representing a decrease of RMB174.4 million or 3.1% from RMB5,710.9 million for the year ended 31 December 2012. For the year ended 31 December 2013, the gross profit of the Group was RMB1,803.0 million, representing an increase of RMB101.3 million or 6.0% from RMB1,701.7 million for the same period last year.

The table below sets out the turnover, cost of sales, gross profit and gross profit margin of our products in 2013 and 2012:

	For the year ended 31 December							
	2013				2012			
Product Name	**Turnover** *(RMB million)*	**Operating cost** *(RMB million)*	**Gross profit** *(RMB million)*	**Gross profit margin** *(%)*	Turnover *(RMB million)*	Operating cost *(RMB million)*	Gross profit *(RMB million)*	Gross profit margin *(%)*
Domestic market								
— Molybdenum additive materials	**2,455.8**	**1,697.3**	**758.5**	**30.9**	2,599.5	1,860.5	739.0	28.4
— Tungsten-related products	**1,111.9**	**136.7**	**975.2**	**87.7**	929.0	204.6	724.4	78.0
— Deep-processed molybdenum products	**75.0**	**73.3**	**1.7**	**2.2**	124.6	129.0	(4.4)	(3.5)
— Gold and silver and relevant products	**716.5**	**712.8**	**3.7**	**0.5**	965.5	805.9	159.6	16.5
— Electrolytic lead	**504.2**	**607.7**	**(103.5)**	**(20.5)**	578.8	606.5	(27.7)	(4.8)
— Sulfuric acid	**10.7**	**38.7**	**(28.0)**	**(262.9)**	21.9	41.7	(19.8)	(90.4)
— Others	**450.7**	**360.7**	**90.0**	**20.0**	447.5	320.3	127.2	28.4
Sub-total	**5,324.8**	**3,627.2**	**1,697.6**	**31.9**	5,666.8	3,968.5	1,698.3	30.0
International market								
— Molybdenum additive materials	**32.7**	**39.0**	**(6.3)**	**(19.1)**	33.2	29.7	3.5	10.5
— Deep-processed molybdenum products	**1.8**	**1.7**	**0.1**	**4.9**	10.9	11.0	(0.1)	(0.9)
— Copper concentrates	**172.2**	**65.6**	**106.6**	**61.9**	—	—	—	—
— Others	**5.0**	**—**	**5.0**	**100**	—	—	—	—
Sub-total	**211.7**	**106.3**	**105.4**	**49.8**	44.1	40.7	3.4	7.7
Total	**5,536.5**	**3,733.5**	**1,803.0**	**32.6**	5,710.9	4,009.2	1,701.7	29.8

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended 31 December 2013, the Group recorded an operating revenue of RMB5,536.5 million, representing a decrease of RMB174.4 million or 3.1% from RMB5,710.9 million for the year ended 31 December 2012. Such decrease in operating revenue was mainly attributable to: 1) the decrease in operating revenue driven by a significant decline in the market prices of gold and silver in 2013; and 2) the decrease in operating revenue due to the decrease in the selling prices of molybdenum additive materials in this year as affected by the market prices.

For the year ended 31 December 2013, the operating cost of the Group was RMB3,733.5 million, representing a decrease of RMB275.7 million or 6.9% from RMB4,009.2 million for the same period last year. Such decrease in the operating cost was mainly attributable to the fact that the Group intensified the internal control, which lowered the cost of molybdenum concentrates, the raw materials for processing tungsten and ferromolybdenum, and decreased the selling cost. Set out below is the component of cost of the major products of the Company:

Industry	Component of cost	Current period *(RMB million)*	Percentage over total cost for the current period	Amount for the same period last year *(RMB million)*	Percentage over total cost for the same period last year	Percentage of changes in amount during the year
Molybdenum-related products	materials	409.25	25%	505.60	29%	(19%)
	labor	313.17	19%	304.18	18%	3%
	depreciation	176.38	11%	173.92	10%	1%
	energy	262.00	16%	251.65	14%	4%
	manufacturing	477.81	29%	509.52	29%	(6%)
Tungsten-related products	materials	65.05	39%	66.80	42%	(3%)
	labor	46.02	28%	42.79	27%	8%
	depreciation	16.61	10%	16.35	10%	2%
	energy	33.37	20%	25.91	17%	29%
	manufacturing	4.00	2%	5.86	4%	(32%)
Gold and silver-related products	materials	338.67	53%	418.69	59%	(19%)
	labor	215.69	33%	202.70	28%	6%
	depreciation	26.91	4%	24.42	3%	10%
	energy	18.25	3%	15.51	2%	18%
	manufacturing	44.52	7%	53.58	8%	(17%)
Electrolytic lead	materials	493.15	91%	527.78	90%	(7%)
	labor	11.55	2%	12.08	2%	(4%)
	depreciation	23.12	4%	24.28	4%	(5%)
	energy	13.74	3%	20.31	3%	(32%)
	manufacturing	3.01	1%	3.25	1%	(7%)

For the year ended 31 December 2013, the average gross profit margin of the Group was 32.6%, representing an increase of 2.8% from 29.8% for the same period last year. Such increase was mainly attributable to: 1) the year-on-year increase in the gross profit margin of molybdenum additive materials following the cost reduction of molybdenum-related products as compared with the same period last year; 2) the year-on-year increase in the gross profit margin of tungsten-related products as driven by the price increase of tungsten-related products as compared with the same period last year and the cost reduction in the year; and 3) Northparkes copper and gold mine, in which the Company holds 80% equity interests, contributed RMB106.6 million to the Group's gross profit.

BUSINESS TAXES AND LEVIES

For the year ended 31 December 2013, the Group recorded a business taxes and levies of RMB270.7 million, representing an increase of RMB1.8 million or 0.7% from RMB268.9 million for the same period in 2012, basically levelled off with that of last year.

SELLING EXPENSES

For the year ended 31 December 2013, the selling expenses of the Group amounted to RMB26.9 million, representing an increase of RMB1.6 million or 6% from RMB25.3 million for the same period in 2012. Such increase was mainly attributable to the additional RMB6.0 million from the selling expenses of the subsidiary in Australia in the period.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2013, the administrative expenses of the Group was RMB686.2 million, representing an increase of RMB252.9 million or 58.4% from RMB433.3 million for the same period in 2012. Such increase was mainly attributable to the stamp duty and professional fees, etc. of RMB298.0 million incurred for the acquisition of the business in Australia made by the Group during the period. Excluding such factors, the domestic administrative expenses decreased by RMB45.1 million as compared with the same period last year.

For the year ended 31 December 2013, the Group's administrative expenses included a technology development fee of RMB103.3 million. The main projects included: the research and production of the new type MoO3 balls (新型氧化鉬球研製), the research on the integrated technology for the intensified mining of the open pit and treatment of the open-mined areas in Sandaozhuang and specification (三道莊露天礦強化開採與空區處理一體化工藝與規範研究), the research on the application of the shortened floatation column in the selection of molybdenum (浮選柱矮化在選鉬中的應用研究) and the research on the physical and chemical properties of production backwater and its influence on the selection of molybdenum and improvement measures (生產回水的理化性質及其對選鉬效果的影響和改善措施的研究).

FINANCE EXPENSES

For the year ended 31 December 2013, the finance expenses of the Group amounted to RMB103.2 million, representing an increase of RMB53.6 million or 108.1% from RMB49.6 million for the same period in 2012. Such decrease was mainly attributable to the additional financing expenses for the overseas acquisition project and the increased interest expenses due to the medium-term note of the Company.

INVESTMENT INCOME

For the year ended 31 December 2013, the investment income of the Group was RMB373.4 million, representing an increase of RMB222.4 million or 147% from RMB151.0 million for the same period in 2012. Such increase was mainly attributable to the income increase from the investment in treasury products and improvement in results of Yulu Company, an associated company, as compared with the same period last year.

NON-OPERATING INCOME

For the year ended 31 December 2013, the non-operating income of the Group amounted to RMB246.6 million, representing an increase of RMB192.4 million or 355% from RMB54.2 million for the same period last year. Such increase was mainly attributable to recognition of RMB200.5 million in respect of the bargain purchase generated from the acquisition of the business in Australia.

NON-OPERATING EXPENSES

For the year ended 31 December 2013, the non-operating expenses of the Group amounted to RMB20.38 million, representing an increase of RMB16.17 million or 384.09% from RMB4.21 million for the same period in 2012. Such increase was mainly due to the donations of RMB15.0 million made to Luanchuan County People's Government for poverty relief.

INCOME TAX EXPENSES

For the year ended 31 December 2013, the income tax expenses of the Group amounted to RMB151.3 million, representing an increase of RMB70.7 million or 87.7% from RMB80.6 million for the same period last year. Such increase was mainly attributable to a reverse of the income tax of 2011 due to the Company's entitlement to an income tax preferential rate of 15% recognised in last year, which decreased the figures in the same period last year, and the increase in the total profits as compared with the same period last year and the reversed deferred income tax assets including the production safety fee of domestic enterprises and provision for production maintenance fee.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2013, the net profit of the Group attributable to owners of the parent company amounted to RMB1,174.2 million, representing an increase of RMB123.9 million or 11.8% from RMB1,050.3 million for the year ended 31 December 2012. Such increase was mainly attributable to an increase in the net profit for the year ended 31 December 2013.

MINORITY INTERESTS

For the year ended 31 December 2013, the minority interests of the Group was RMB-89.3 million, representing a decrease of RMB55.4 million or 163% from RMB-33.9 million for the same period last year. Such decrease was mainly attributable to the decrease in the net profit of the Group's non-wholly owned subsidiaries during the year.

FINANCIAL POSITION

As of 31 December 2013, the total assets of the Group amounted to RMB21,899.1 million, comprising non-current assets of RMB14,726.5 million and current assets of RMB7,172.6 million. Equity attributable to shareholders of the parent company as at 31 December 2013 increased by RMB636.8 million or 5.5% to RMB12,178.3 million from RMB11,541.5 million as at 31 December 2012. Such increase was mainly due to the fact that the earnings in 2013 was more than the profit distribution in the same year.

CURRENT ASSETS

As of 31 December 2013, current assets of the Group decreased by RMB440.8 million or 5.8% to RMB7,172.6 million from RMB7,613.4 million as at 31 December 2012. The decrease in the current assets was mainly attributable to the decrease in the bank balances and cash due to the deposits placed by the Group for the long term borrowings of the subsidiary in Australia and CMOC Limited and the decrease in the raw materials inventories as a result of the strengthened management on the inventory liquidity of the lead smelters.

NON-CURRENT ASSETS

As of 31 December 2013, the non-current assets of the Group amounted to RMB14,726.5 million, representing an increase of RMB6,590.6 million or 81.0% from RMB8,135.9 million as at 31 December 2012. The increase in the non-current assets was mainly attributable to the additional fixed assets and intangible assets of RMB4,867.9 million generated from the Group's acquisition of the business in Australia in the period and the increase in other non-current assets due to the deposits placed by the Group for the long-term borrowings of the subsidiary in Australia and CMOC Limited.

CURRENT LIABILITIES

As of 31 December 2013, the current liabilities of the Group amounted to RMB2,044.0 million, representing an increase of RMB738.4 million or 56.6% from RMB1,305.6 million as at 31 December 2012. The increase in the current liabilities was mainly attributable to the additional current liabilities of RMB579.3 million generated from the acquisition of the business in Australia and the increase in the held-for-trading financial liabilities of RMB357.3 million as a result of the gold lease agreement entered into with the bank in the period.

NON-CURRENT LIABILITIES

As of 31 December 2013, the non-current liabilities of the Group amounted to RMB6,962.5 million, representing an increase of RMB4,890.2 million or 236% from RMB2,072.3 million as at 31 December 2012. The increase in the non-current liabilities was mainly due to the increase in the long-term borrowings of RMB4,664.1 million following the acquisition of the business in Australia.

As at 31 December 2013, the Group had the following contingent liabilities:

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (欒川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff contended that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believed that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company currently believes that the litigation would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

CONTINGENCY

The Northparkes joint venture of the Group provides indemnities to certain banks in respect of the guarantees given to various government agencies of New South Wales, Australia in relation to the operation of the business. The guarantees amounted to AUD18.36 million (equivalent to RMB100.16 million) as at 31 December 2013. The owners of the joint venture agreed with the enforcement of the guarantees arising from any obligations in relation to the business. As at 31 December 2013, no significant obligations for the guarantees were happened.

ASSETS-LIABILITIES RATIO

The gearing ratio (total liabilities/total assets) of the Group increased to 41.1% as of 31 December 2013 from 21.4% as of 31 December 2012. The increase in the assets-liabilities ratio was mainly attributable to the increase in the long-term borrowings of the Group.

CASH FLOW

As of 31 December 2013, the Group had cash and cash equivalents of RMB1,804.6 million, representing an increase of RMB341.0 million or 23.3% from RMB1,463.6 million as at 31 December 2012.

For the year ended 31 December 2013, net cash inflow generated from operating activities was RMB1,371.7 million; net cash outflow generated from investment activities was RMB4,310.4 million; net cash inflow generated from financing activities was RMB3,284.9 million, including the payment for dividends in 2012 of RMB609.14 million.

During 2013, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. As at the end of 2013, the Company had sufficient capital which enabled it to operate in a virtuous circle or satisfy the liquidity requirement for coping with the variations in the production capacity.

EXPOSURE TO PRICE FLUCTUATIONS OF MAJOR PRODUCTS

The income of the Company is primarily from the sales of molybdenum, tungsten and copper products, including ferromolybdenum, tungsten concentrates, copper concentrates and other molybdenum products. Its operational results are mainly influenced by fluctuations in the market prices of molybdenum, tungsten and copper. In the meantime, the Company sells gold, silver and lead products. Therefore, the price fluctuations of gold, silver and lead also have an impact on the Company. Since the fluctuations of exploration and smelting are relatively not significant, the Company's profit and profit margin in the reporting period are closely related with the price trend of commodities. If the prices of molybdenum, tungsten, copper, gold, silver and lead see a significant fluctuation in the future, the operational results of the Company will become unstable. In particular, if the prices of molybdenum, tungsten and copper plummet, the operational results of the Company will be affected.

EXPOSURE TO THE MINERAL RESOURCES

As an enterprise engaged in mineral exploitation, the Company is dependent on resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, the drop in the recovery rate, inflation or other factors, or restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. Therefore, full utilisation of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

EXPOSURE TO INTEREST RATE

The exposure to interest rate of the Company is mainly related to our short-term and long-term borrowings and deposits. The outstanding liabilities of the Company are calculated based on the benchmark interest rate amended by The People's Bank of China and the London inter-bank market from time to time. As of the date of this report, the Company has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

EXPOSURE TO EXCHANGE RATE

The Company's principal operations are in the PRC and recorded in RMB, the lawful currency of the PRC. As the production capacity of the Group increases along with its development in the markets and recovery in the overseas markets of molybdenum, tungsten and copper, export sales to different countries by the Company or through its subsidiary will increase. On 29 September 2013, the Company provided loans of approximately US$785 million for the mergers and acquisitions of CMOC Limited and CMOC Mining (wholly-owned subsidiaries of the Company). All the assets of CMOC Mining are located in Australia, and its income is denominated in U.S. Dollar while its cost is settled in Australian Dollar. The foreign currency risks of the Company are primarily generated from the sales of products in foreign currencies and the holding of foreign assets and liabilities. Currently, the Company has no formal hedging policy in place. The Company has not entered into any foreign currency exchange contracts or derivatives to hedge against the Company's currency risks.

EMPLOYEES

As at 31 December 2013, the Group had approximately 8,427 full time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	838	9.9%
Quality control, research and development	653	7.8%
Production	5,467	64.9%
Repair and maintenance, safety inspection and environmental protection	1,469	17.4%
Total	8,427	100%

The remuneration policy for the employees of the Company is principally a salary point and performance remuneration system, which determines the remuneration of the employees on the basis of their positions and responsibilities and their quantified assessment results. Performance remuneration is linked to the Company's overall economic efficiency and personal performances, which provides a consistent, fair and impartial remuneration system for all the employees. The Group has participated in the social insurance contribution plans introduced by the PRC local governments. In accordance with the relevant PRC national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. Pursuant to the current applicable PRC local regulations, the percentage of certain insurance polices are as follows: the pension insurance, medical insurance, unemployment insurance and the contribution to housing reserve fund of our PRC employees represent 20%, 6%, 3% and 5% to 12% of his or her total basic monthly salary respectively. Employees in Australia are enrolled under the requisite pension fund and health scheme as required by Australian law.

USE OF PROCEEDS

As at 31 December 2013, the proceeds raised by the Group from the public offering of H shares in April 2007 of approximately RMB7,694.0 million has been fully applied.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the Shanghai Stock Exchange at an issue price of RMB3.00 per share and the proceeds raised was RMB600.0 million. Deducting the total underwriting commission of RMB30.0 million, the actual proceeds received from the above-mentioned issuance of A shares were RMB570.0 million. After deducting other issuance expenses paid by the Company, the net actual proceeds were RMB558.1 million. The net proceeds from the initial public offering and listing of A shares and its interests were applied in full for the acquisition of 80% interest in Northparkes Joint Venture held by North Mining Limited and certain associated rights and assets, as considered and approved on the first extraordinary general meeting in 2013 held on 25 November 2013. On 25 November 2013, the Company invested the balance of RMB571.28 million (equivalent to US$93.77 million) in the designated account for proceeds, of which US$45.8 million was used as investment cost and US$48.0 million as working capital invested in CMOC Limited, a wholly-owned subsidiary based in Hong Kong, in a one-off manner. On the same day, CMOC Limited transferred the above amount in US dollar in full into the account of CMOC Mining (a wholly-owned subsidiary in Australia), the purchasing entity for the overseas acquisition project. On 29 November 2013, the investment cost of US$45.8 million was paid to the counterparty of the overseas acquisition project as part of the transaction consideration.

As at 31 December 2013, the balance of the above accounts was RMB40,000, being interests derived from the proceeds.

RESOURCES AND RESERVES

As at 31 December 2013, the mineral resources and reserves of the Company were as follows:

(I) Summary of molybdenum and tungsten resources and reserves of the Company

1. Summary of molybdenum and tungsten resources and reserves of Sandaozhuang Mine

1) Estimation of mineral resources under JORC Code — (31 December 2013)

Total *(million tonnes)*	Measured *(million tonnes)*	Indicated *(million tonnes)*	Inferred *(million tonnes)*	Mo %	WO_3 %
607.01	342.32	255.60	9.08	0.10	0.09

2) Estimation of mineral reserves under JORC Code — (31 December 2013)

Total *(million tonnes)*	Estimated proven reserves *(million tonnes)*	Estimated probable reserves *(million tonnes)*	Mo %	WO_3 %	Molybdenum metal *('000 tonnes)*	WO_3 metal *('000 tonnes)*
341.93	240.32	101.60	0.11	0.11	357.29	409.29

Notes: 1. at a 0.03% grade molybdenum cut-off;

2. The molybdenum and tungsten resources of Sandaozhuang Mine were estimated based on the independent technical review report issued by Minarco Asia Pacific Pty Limited appointed by the Company in 2007. The decrease in the molybdenum resources and reserves of the mine was attributable to the commencement of mining, while the data as at the end of the year had been confirmed by our own experts.

2. Summary of molybdenum resources and reserves of Shangfanggou Mine

Summary of molybdenum resources and reserves of Shangfanggou Mine

1) Estimation of mineral resources under JORC Code — (31 December 2013)

Total *(million tonnes)*	Measured *(million tonnes)*	Indicated *(million tonnes)*	Inferred *(million tonnes)*	Molybdenum %
463	14.59	291.41	156.83	0.139

2) Estimation of mineral reserves under JORC Code (31 December 2013)

Total (0'000 tonnes)	Molybdenum grade %	Measured reserves (0'000 tonnes)	Molybdenum grade %	Probable reserves (0'000 tonnes)	Molybdenum grade %
4,122.38	0.181	356.262	0.243	3,766.12	0.175

Notes: 1. The molybdenum resources and reserves of Shangfanggou Mine were estimated based on the independent technical report on Shangfanggou Mine issued by Wardrop Engineering Inc appointed by the Company in 2010. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts. The molybdenum mine did not operate in 2013 and its molybdenum resources and reserves remained the same as those disclosed in the annual report for 2012.

2. The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan, a joint venture of the Company. Its shareholding structure as at the date of this report is as follows: 10% equity interest of which is owned by Luanchuan Fuhai Business and Trading Company Limited* (欒川縣富凱商貿有限公司), its wholly-owned subsidiary and 90% equity interest of which is owned by Xuzhou Huanyu Molybdenum Co., Ltd.*(徐州環宇鉬業有限公司) ("Xuzhou Huanyu"), a joint venture of the Company (the Company holds 50% equity interest of Xuzhou Huanyu Molybdenum Co., Ltd., and Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司) holds 50% equity interests in Xuzhou Huanyu).

3. Molybdenum resources and reserves of Xinjiang Mine

1) Estimation of mineral resources reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Molybdenum metal Average grade (%)	(331+111b) (0'000 tonnes)	Molybdenum metal Average grade (%)	(332+122b) (0'000 tonnes)	Molybdenum metal Average grade (%)	(333) (0'000 tonnes)	Average grade (%)
441	50.8	0.115	12.94	0.134	8.34	0.128	29.53	0.106

2) Estimation of mineral reserve under the PRC standards

Mineral reserve (million tonnes)	Molybdenum metal (0'000 tonnes)	Average grade (%)	Molybdenum metal(111b) (0'000 tonnes)	Average grade (%)	Molybdenum metal(122b) (0'000 tonnes)	Average grade (%)
141.58	19.98	0.141	12.23	0.142	7.75	0.139

Note: The molybdenum ore resources and reserves at the Xinjiang Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in the Molybdenum Exploration Report in East Gobi, Hami, Xinjiang* (《〈新疆哈密市東戈壁鉬礦勘探報告〉礦產資源儲量評審意見書》) (Xin Guo Tu Zi Chu Ping [2011] No. 016) issued by Xinjiang Uygur Autonomous Region Mineral Resources Evaluation Center (新疆維吾爾自治區礦產資源儲量評審中心) in January 2011. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts in compliance with the PRC Resources/Reserves Category (1999).

(II) Summary of gold resources and reserves of Luoning Gold Mine of the Company:

(1) Estimation of mineral resources reserves under the PRC standards

Mineral resources reserves *(0'000 tonnes)*	Gold metal *(tonne)*	Average grade *(t/g)*	Mineral resources reserves (111b) *(0'000 tonnes)*	Average grade *(t/g)*	Mineral resources reserves (112b) *(0'000 tonnes)*	Average grade *(t/g)*	Mineral resources reserves (333) *(0'000 tonnes)*	Average grade *(t/g)*
1,323.16	56.92	4.3	25.04	3.98	71.66	3.89	1,226.46	4.33

(2) Estimation of mineral reserves under the PRC standards

Mineral reserves *(0'000 tonnes)*	Gold metal *(Kg)*	Average grade *(t/g)*	Gold metal (111b) *(Kg)*	Average grade *(t/g)*	Gold metal (122b) *(Kg)*	Average grade *(t/g)*
96.70	3,787.33	3.92	997.10	3.98	2,790.24	3.89

Note: Luoning Gold Mine includes five gold mines including Shanggong Gold Mine (上宮金礦), Sanguanmiao Gold Mine (三官廟金礦), Qiliping Gold Mine (七裡坪金礦), Ganshu Gold Mine (幹樹金礦) and Hugou Gold Mine (虎溝金礦). In particular, the resources and reserves of Shanggong Gold Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in Survey (General Prospecting and Exploration) Report on Handover Resources of Shanggong Gold Mine, Luoning County, Henan Province* (《〈河南省洛甯縣上宮金礦接替資源勘查(普查)報告〉礦產資源儲量評審意見書》) (Zhong Kuang Yu Chu Ping Zi [2011] No. 024) issued by 北京中礦聯諮詢中心 on 23 June 2011. The resources and reserves of the other four gold mines were estimated based on the Geological Survey report on Sanguanmiao, Qiliping, Ganshu and Hugou Gold Mines of Luoyang Kunyu Mining Co., Ltd.* (《洛陽坤宇礦業有限公司三官廟、七裡坪、幹樹、虎溝金礦地質勘查報告》) written by No. 2 geological team of Henan provincial Bureau of Geo-exploration (河南省地勘局第二地質隊). The resources and reserves of the gold mine had been confirmed by our own experts.

(III) Summary of Northparkes Mine ("NPM") copper, gold and silver resources and ore reserves of the Company

1) Copper, gold and silver mineral resources under the JORC Code

	Measured resources As at 31 December 2013				Indicated resources As at 31 December 2013				Inferred resources As at 31 December 2013				Total resources 31 December 2013				Total metal		
	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Cu *(Kilotonnes)*	Au *(kOz)*	Ag *(kOz)*
Total volume from NPM	36.15	0.65	0.27	2.03	324.75	0.56	0.19	1.79	126.56	0.56	0.17	1.69	487.46	0.57	0.19	1.78	2,755.0	2,844.1	26,966.8

2) *Copper, gold and silver ore reserves under the JORC Code*

	Estimated proven Reserves As at 31 December 2013				Estimated probable reserves As at 31 December 2013				Total ore reserves As at 31 December 2013				Total metal		
	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Tonnage *(million tonnes)*	Cu grade *(%)*	Au grade *(g/t)*	Ag grade *(g/t)*	Cu *(Kilotonnes)*	Au *(kOz)*	Ag *(kOz)*
Total metal	8.21	0.40	0.24	2.19	102.06	0.64	0.26	2.36	110.27	0.62	0.26	2.35	682.175	898.342	8,051.5

Note:
1. NPM mineral resources and ore reserves as at 31 December 2013 were calculated by the NPM technical team based on the experiences and knowledge in the operation of NPM, and had been confirmed by the qualified experts on the NPM mines. Ore reserves and mineral resources are estimated in accordance with the JORC 2012 Code.
2. Mineral resources are exclusive of ore reserves.
3. Total metal has not had recovery factors applied.

II. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

During the year, the Company had exploration projects only in NPM. Details of the works are as follows:

As an important development strategy of the Company and NPM, the exploration is a part of this strategy. A total of 18,356 meters of drilling was undertaken during the year which was 2,356 meters more than the planned 15,999 meters in various projects. Drilling completed during the year including 6,361 meters of diamond drilling, 5,375 meters of reverse circulation drilling and 6,620 meters of air core drilling. The 76 air core drilling holes totaling 2,194 meters were conducted in December in the Exploration Lease 5323 area under regional air core drilling project.

(II) Development

1. Sandaozhuang Mine

During the year, the Company did not have any significant development in Sandaozhuang Mine.

2. Luoning Gold Mine

During the year, the Company continued to implement the systematic construction relating to the exploration of the inner part of Luoning Gold Mine. The construction is favorable for the Mine to resolve the problem of a lack of mining capacity and the conflicts in the ratio of mining to processing, which is in line with the interest of long-term development of the mine. At present, the construction progresses smoothly.

3. Shangfanggou Mine

During the year, the Company did not have any significant development in Shangfanggou Mine.

4. Xinjiang Mine

During the year, the Company did not have any significant development in Xinjiang Mine.

5. NPM Copper Mine

During December 2013, E48 Extension Project of 132 meters of lateral development was completed. During the year, a total of 2,042 meters of lateral development was completed in the E48 Extension Project. Total development costs were AUD12,500,000 (AUD1,180,000 for December).

(III) Mining

	2013
Sandaozhuang molybdenum mine Production volume of open-pit mining *(kilotonnes)*	16,693
NPM copper mine Production volume of underground mining *(kilotonnes)*	528.17
Luoning Gold Mine Production volume of underground mining *(kilotonnes)*	899.72

Remarks: 1. The mining production volume of NPM copper mine only reflects the production volume for December 2013;

2. The mining production volume of molybdenum of Sandaozhuang Mine, the mining production volume of NPM copper mine and the mining production volume of Luoning Gold Mine were calculated on basis of the statistics prepared by the Company and had been confirmed by our own experts.

Xinjiang Mine and Shangfanggou Mine

During the year, no mining activities were conducted.

III. EXPLORATION, DEVELOPMENT AND MINING FEES OF THE COMPANY

For the year ended 31 December 2013, the summary of the expenditure of exploration, development and mining activities of the Company is as follows:

(i) Exploration fees: NPM exploration fees in December 2013 amounted to US$939,564 (the acquisition was completed on 1 December 2013, therefore the Company owns 80% interest in NPM from 1 December 2013).

(ii) Development fees: 1) the fees relating to the development of the inner part of Luoning Gold Mine amounted to RMB27.72 million; and 2) the exploration fees of NPM amounted to US$1,006,717.

(iii) Mining fees: 1) The mining fees of Sandaozhuang Mine amounted to RMB505.19 million; 2) the mining fees of Luoning Gold Mine amounted to RMB162.12 million; and 3) the NPM mining fee amounted to US$2.44 million.

(*Note:* the above fees exclude the fees of ore processing)

A. MATERIAL EVENTS

1. Approval granted to the registration of debt financing notes through private placement of the Company

On 26 July 2013, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, according to which, the registration of the debt financing notes through private placement of the Company has been accepted. The registered principal amount is RMB5 billion and valid for 2 years from the date of issue of the notice. With China CITIC Bank Corporation Limited and China Construction Bank Corporation as the joint lead underwriters, the notes can be issued in tranches by the Company (since the interest rate in the market did not meet with the Company's expectation, the Company did not issue debt financing notes through private placement. At present, the authorization period would expire soon, the Board would propose to the shareholders at the general meeting to extend the authorization for the issue of debt financing notes through private placement to the date of the 2015 annual general meeting, in order to meet development strategy of the Company and increase financing channels). The matter in relation to the aforementioned debt financing notes through private placement was considered and passed in the seventh extraordinary meeting of the third session of the Board and the 2012 annual general meeting. For details, please refer to *China Securities Journal, Shanghai Securities News, Securities Daily* and *Securities Times* dated 16 May 2013 and 8 June 2013 respectively, as well as websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.chinamoly.com).

2. Xinjiang Luomu, a non-wholly owned subsidiary of the Company obtaining mining permit

On 24 September 2013, the Company published an announcement that Xinjiang Luomu, a non-wholly owned subsidiary of the Company, obtained the mining permit issued by the Ministry of Land and Resources of the PRC. For details, please refer to the announcement of the Company dated 24 September 2013 for details.

3. Completion of acquisition of 80% interest in Northparkes Joint Venture and associated assets by CMOC Mining, a wholly-owned subsidiary of the Company

On 3 July 2013, the eighth extraordinary meeting of the third session of the Board of the Company considered and approved the Resolution on Acquisition of 80% Interest in Northparkes Joint Venture and Associated Assets (《關於公司收購Northparkes Joint Venture 80%權益及相關資產的議案》), pursuant to which, the acquisition of 80% interest and associated rights and assets in Northparkes Joint Venture held by North Mining Limited by the Company was approved. On 2 December 2013, the Company published an announcement that all the conditions precedent under the asset sale and purchase agreement with respect to the acquisition had been fulfilled and the transaction was completed on 1 December 2013. For details, please refer to announcements dated 30 July, 23 August, 2 September, 30 September, 9 October, 1 November, 22 November, 25 November and 2 December 2013, and the circular dated 8 November 2013 of the Company.

4. Public issuance of A Share Convertible Bonds of the Company is underway

The Company convened the eighth meeting of the third session of the Board on 29 September 2013 in which relevant proposals including Proposal concerning the Plan of the Issuance of A Share Convertible Bonds (《關於公開發行A股可轉換公司債券方案的議案》) were considered and approved. The said proposal was considered and approved in the 2013 first extraordinary general meeting, the 2013 second class meeting of holders of A shares and the 2013 second class meeting of holders of H shares held by the Company on 25 November 2013. Relevant materials have been submitted to China Securities Regulatory Commission. The plan is being proceeded according to the procedures. For details, please refer to the announcements dated 29 September, 15 November and 25 November 2013, and the circular dated 8 November 2013 of the Company for details.

MATERIAL EVENTS

B. HONOURS

1. The Company was granted "Certification for Comprehensive Utilisation of Resources in Henan Province"

In June 2013, the Company was granted the "Certification for Comprehensive Utilisation of Resources in Henan Province" (河南省資源綜合利用認定證書) by Henan Province Development and Reform Commission (河南省發展和改革委員會). Pursuant to the review result, refined scheelite products and tailings of molybdenum flotation sector of the Company are qualified as comprehensive utilisation of resources encouraged by the government.

2. The Company was honoured as one of the "Top 100 Enterprises in Henan Province"

In October 2013, the Company was ranked 41st in the 2013 Top 100 Enterprises in Henan Province Activity and was granted the "Top 100 Enterprises in Henan Province" (河南省100強企業) certificate by Henan Province Enterprise Confederation (河南省企業聯合會) and Henan Province Entrepreneurs' Association (河南省企業家協會).

3. The Company was awarded the honorary title "Meritorious Enterprise of Donation and Poverty Alleviation in Luanchuan County"

In December 2013, the Company was awarded the honorary title "Meritorious Enterprise of Donation and Poverty Alleviation in Luanchuan County" (欒川縣捐資扶貧功勳企業) by CPC Luanchuan Party Committee and people's government of Luanchuan County.

C. DOMESTIC INDUSTRY POLICIES

1. Export Quotas

On 21 December 2012, the Ministry of Commerce of the PRC promulgated the Notification on List of Exporters (or Suppliers) of Tungsten, Antimony and Other Non-ferrous Metals and Export Quotas (the First Batch) for 2013 (《關於公佈二零一三年鎢、銻等有色金屬出口(或供貨)企業名單並下達第一批出口配額的通知》). Under the notification, the Company was entitled to export 4,878 tonnes of primary products (molybdenum oxides and ferromolybdenum), 86 tonnes of molybdenum chemical products and 52 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. (洛陽高科鉬鎢材料有限公司) ("**Louyang High-Tech**"), a joint venture of the Company, was 73 tonnes.

On 18 June 2013, the Ministry of Commerce of the PRC promulgated a notification on export quotas (the second batch for 2013) of tungsten, molybdenum and tin. Under the notification, the Company was entitled to export 3,054 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 67 tonnes of molybdenum chemical products and 34 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High-Tech, a joint venture of the Company, was 50 tonnes.

On 13 December 2013, the Ministry of Commerce of the PRC promulgated the Notification on State-owned Enterprise Involving Tungsten, Antimony and Silver Export, List of Exporter of Rare Earth, Indium, Molybdenum and Tin and Export Quotas (the first batch) for 2014 (《關於公佈2014年鎢、銻、白銀出口國營貿易企業,稀土、銦、鉬、錫出口企業名單並下達第一批出口配額的通知》). Under the notification, the Company was entitled to export 1,107 tonnes of molybdenum additive materials, 428 tonnes of molybdenum chemical products and 172 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High-Tech, a joint venture of the Company, was 290 tonnes.

The Board hereby presents this Corporate Governance Report in the Group's annual report for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has strived to uphold high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the period from 1 January 2013 to 31 December 2013, save as the deviation from the code provision A.6.7 of the CG Code.

Pursuant to the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of shareholders' views. One non-executive Director of the Company, due to other business engagements, was unable to attend all general meetings in 2013 of the Company while two independent non-executive directors of the Company, due to other business engagement, were unable to attend the 2013 First Extraordinary General Meeting and 2013 Second Class Meetings of Holders of A Shares and H Shares. The Company will optimize the planning of general meetings, give adequate time to all Directors to accommodate their work arrangement and provide all necessary support for their presence and participation in general meetings such that all Directors will be able to attend future general meetings of the Company.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code. The Company also adopted the policy on Board diversity pursuant to code provision A.5.6 of the CG Code as amended on 1 September 2013.

THE BOARD

During the year ended 31 December 2013, the Company held 13 Board meetings in total for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Group and oversees the Group's businesses, strategic decisions and performances. The Group's senior management is delegated the authority and responsibilities by the Board to manage the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively.

Every Director carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

BOARD COMPOSITION

The Board currently comprises eleven members, consisting of five executive Directors, two non-executive Directors and four independent non-executive Directors.

The list of all Directors is set out under "Corporate Information" on page 54 and the independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board of the Company comprises the following Directors:

Existing Executive Directors

Li Chaochun, Chairman (appointed as the Chairman of the Company on 14 January 2014)
Li Faben, General Manager (also the chief executive within the meaning of the CG Code)
Wang Qinxi
Gu Meifeng (appointed on 7 June 2013)
Wu Wenjun (resigned as the chairman of the Company on 14 January 2014)

Existing Non-executive Directors

Zhang Yufeng
Yuan Honglin (appointed on 25 November 2013)

Existing Independent Non-executive Directors

Bai Yanchun
Xu Shan
Cheng Gordon
Xu Xu (tendered his resignation on 7 February 2014 but will continue to perform his duties until formal appointment of his replacement)

Former Non-Executive Director

Shu Hedong (resigned on 6 September 2013)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules.

During the year ended 31 December 2013, the Board, at all times, met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received an annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgment to the Board. Through active participation in Board meetings or meetings of Board committees, supervising management issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors make various contributions that affect the direction of the Company.

CHAIRMAN AND GENERAL MANAGER

The roles and duties of the Chairman and the General Manager are carried out by different individuals and their respective responsibilities have been clearly defined in writing.

The existing Chairman, Mr. Li Chaochun, provides leadership for the Board and is also responsible for chairing the meetings, leading the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner.

The existing General Manager, Mr. Li Faben is responsible for running the Company's business operations and implementing the Group's strategic plans and business goals.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the non-executive Directors of the Company is appointed for a term commencing from the date on which the resolution regarding his/her appointment/re-appointment was passed until the conclusion of the annual general meeting of the Company to be held in 2015 and is subject to retirement by rotation. In accordance with the Company's Articles of Association (the "**Articles of Association**"), all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall submit himself for election by shareholders at the first general meeting after appointment. The Nomination Committee and the Board selected candidates of Directors with reference to major shareholders' recommendations and certain criteria and procedures. The relevant criteria mainly include the candidate's professional background, especially his or her experience in the industry where the Group establishes its presence, his or her financial and past track record with other similar companies and the recommendations from management and other knowledgeable individuals. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee established on 17 August 2012 is responsible for reviewing the Board composition, monitoring the appointment, nomination and succession plan of Directors and assessing the independence of independent non-executive Directors.

INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment so as to ensure that he has an appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are regularly updated with legal and regulatory developments as well as business and market changes to facilitate the discharge of their responsibilities. Briefings and continual professional development schemes for Directors will be arranged whenever necessary.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2013, all the Directors attended the training session organised by the Company on directors' duties and responsibilities, corporate governance and regulatory development.

BOARD MEETINGS

Board Practices and Conduct of Meetings

General meeting schedules and draft agendas for each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, notice is generally given pursuant to the Articles of Association and the respective Terms of Reference and Operation Rules of the committees.

The agenda of Board meeting and the accompanying Board papers are sent to all Directors at least three days before each Board meeting or committee meeting for their review and to keep the Directors apprised of the latest developments and financial position of the Company so as to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary for inquiries or additional information.

The senior management will attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, operation, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions where such Directors or any of their associates have a material interest.

DIRECTORS' ATTENDANCE RECORDS

The attendance records of each Director at the meetings of the Board, remuneration committee, audit committee, nomination committee and the general meetings during the year ended 31 December 2013 are set out below:

	Number of Attendance in person/ Number of Meetings					
Name of Directors	Board Meeting	Remuneration Committee Meeting (5)	Audit Committee Meeting	Meeting of Nomination Committee	Annual General Meeting(6)	Extraordinary General Meeting(7)
Mr. Li Chaochun	13/13	N/A	N/A	2/2	1/1	5/5
Mr. Li Faben	13/13	N/A	N/A	N/A	1/1	5/5
Mr. Wang Qinxi	13/13	N/A	N/A	N/A	1/1	5/5
Ms. Gu Meifeng (1)	7/7	N/A	N/A	N/A	N/A	5/5
Mr. Wu Wenjun	13/13	N/A	N/A	2/2	1/1	5/5
Mr. Zhang Yufeng	12/13	N/A	6/7	N/A	0/1	0/5
Mr. Shu Hedong (2)	8/9	2/2	N/A	N/A	1/1	2/2
Mr. Yuan Honglin (3)	1/1	—/—	N/A	N/A	N/A	2/2
Mr. Bai Yanchun	13/13	2/2	N/A	2/2	1/1	2/5
Mr. Xu Shan	12/13	N/A	6/7	1/2	1/1	2/5
Mr. Cheng Gordon	13/13	N/A	7/7	1/2	1/1	5/5
Mr. Xu Xu (4)	13/13	2/2	N/A	2/2	1/1	5/5

Notes:

(1) Appointed on 7 June 2013.

(2) Resigned on 6 September 2013.

(3) Appointed on 25 November 2013.

(4) Tendered his resignation on 7 February 2014 but will continue to perform his duties until formal appointment of his replacement.

(5) The former remuneration committee comprises two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu, and one non-executive Director, namely Mr. Shu Hedong, with Mr. Bai Yanchun as the chairman. The existing remuneration committee comprises two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Bai Yanchun as the chairman. Two remuneration committee meetings were held during the year ended 31 December 2013.

(6) The Annual General Meeting was held on 7 June 2013.

(7) The Company had held one extraordinary general meeting during the year ended 31 December 2013 on 25 November 2013. In addition, the Company had held two class meetings of A Shareholders and two class meetings of H Shareholders on 7 June 2013 and 25 November 2013 respectively.

JOINT COMPANY SECRETARIES

During the year ended 31 December 2013, Mr. Zhang Xinhui, the board secretary, acted jointly with Ms. Ho Siu Pik as joint company secretaries of the Company. Mr. Zhang Xinhui reports to the Company's existing Chairman, Mr. Li Chaochun and former Chairman, Mr. Wu Wenjun (resigned on 14 January 2014). Ms. Ho of Tricor Services Limited, is an external service provider, her primary contact person at the Company is Mr. Zhang Xinhui.

The two joint company secretaries have confirmed that they have undertaken no less than 15 hours of relevant professional training during the year.

SECURITIES TRANSACTIONS MADE BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Specific enquiry has been made on all Directors and they have confirmed that the Model Code has been complied with throughout the year ended 31 December 2013. The Company has also formulated written guidelines equally stringent as the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of noncompliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

DELEGATION BY THE BOARD

The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are complied with. In appropriate circumstances, Directors may seek independent professional advice relating to such queries at the Company's expense upon making such request to the Board.

The day-to-day management, administration and operations of the Company are delegated to the General Manager and the senior management. The delegated functions and work tasks are reviewed periodically. Prior to any significant transactions entered into by the abovementioned officers, approvals have to be obtained from the Board.

The Board has established a number of committees, including the remuneration committee, audit committee, nomination committee and strategic committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies regarding remuneration of Directors and senior management personnel of the Group. Details of the remuneration of each of the Directors and senior management members of the Company for the year ended 31 December 2013 are set out in note (vi). 6 to the consolidated financial statements.

DISCLOSURES OF DIRECTORS AND SUPERVISORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Directors' remuneration

The adjustments to the remuneration of the Directors of the Company are as follows: -

- Annual remuneration for each of Mr. Wu Wenjun and Mr. Li Faben, executive Directors, has been increased to RMB400,000 since 14 March 2013. Annual remuneration for Mr. Wang Qinxi, executive Director, has been increased to RMB370,000 since 14 March 2013.
- Annual remuneration for Mr. Li Chaochun, executive Director, has been increased to RMB400,000 since 14 January 2014.

Directors' and Supervisors' Positions Held

- On 25 November 2013, Mr. Yuan Honglin was appointed as a non-executive Director.
- On 14 January 2014, Mr. Li Chaochun, executive Director, has been elected as the Chairman of the Board and the chairman of the strategic committee.
- On 7 February 2014, Mr. Xu Xu tendered his resignation as an independent non-executive Director but will continue to perform his duties until formal appointment of his replacement (please refer to the announcement of the Company dated 7 February 2014 for details).

Save for the disclosures above, as at 31 December 2013, there is no other changes to the Directors' and supervisors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REMUNERATION COMMITTEE

The Company has established a remuneration committee and set out its specific terms of reference. As at the date of this report, the remuneration committee comprises two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu*, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Bai Yanchun as the chairman. The majority of committee members of the remuneration committee are independent non-executive Directors.

The roles and functions of the remuneration committee are set out in its terms of reference. Its primary functions include: making recommendations to the Board on the Company's remuneration policy and structure for all remuneration packages of the executive Directors and the senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and facilitating the determination of remuneration by reference to the performance of each individual and the Company as a whole as well as market practice and conditions.

The primary goal of the remuneration policy on executive Directors' packages is to enable the Company to retain and motivate executive Directors by linking their compensation with performance and measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. In determining guidelines for each element of the remuneration package, the Company refers to the remuneration surveys conducted by independent external consultants on companies operating in similar businesses.

In order to motivate the senior management of the Company in a scientific and reasonable way so that they can maximize the value for the shareholders and the Company, the remuneration committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar listed companies overseas and at home in the industry, and consideration of granting special awards regarding the special projects and contributions, as well as referred to the advice from the professional intermediaries. During the year, the members of the remuneration committee have discussed the mechanism for evaluating the performance of the senior management for many times, provided that a detailed appraisal proposal has yet to form.

The remuneration committee held two meetings during the year ended 31 December 2013 and the attendance records are set out under "Directors' Attendance Records" on page 32.

AUDIT COMMITTEE

The written terms of reference of the audit committee are based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides an important link between the Board and the Company's auditor in matters falling within the Group's scope of the audit.

The audit committee reviewed the effectiveness of the external audit and internal controls and evaluated risks, and provided comments and advice to the Board. As at the date of this report, the audit committee comprises two independent non-executive Directors of the Company, namely Mr. Xu Shan and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Zhang Yufeng, with Mr. Xu Shan as the chairman of the committee. The audit committee has reviewed with management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2013, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

The main duties of the audit committee include the following:

- To review the consolidated financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors submitted to the Board;
- To be acquainted with the work performed by the auditor, their fees and terms of engagement, in order to review the relationship between the Company and the external auditor, and to make recommendations to the Board on the appointment, re-appointment and removal of external auditors;
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures;
- To review the drafts of annual report, including reports submitted by the general manager and the management;

- To supervise Directors to ensure that they perform annual review in respect of adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, the training programmes of the staff and the budget;
- To review the audit activities with external and internal auditors, and the internal auditor shall specify the important issues and results which the committee shall know or pay attention to. To prepare for such review, the internal auditor will provide internal audit reports or report summaries of the Group to members of the committee through the secretary of the committee when necessary. Report on the activities of the committee in each financial year will also be submitted to the Board;
- To communicate with executive Directors, other executives or employees, external auditors and internal auditors without any restrictions. External auditors and internal auditors are entitled to consult the committee without notifying the management. The committee is also entitled to consult the external auditors and internal auditors without notifying the management or consult the management without notifying the external auditors and internal auditors;
- To review arrangements for employees to raise concerns about possible improprieties in financial reporting; and
- To perform corporate governance functions set out in the code provision D.3.1 of the CG code.

The audit committee supervises the internal control system of the Company, reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2013, the audit committee reviewed the annual results for the year ended 31 December 2012, the first quarter results for the three months ended 31 March 2013, the interim results for the six months ended 30 June 2013 and the third quarter results for the nine months ended 30 September 2013. The audit committee also considered the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management systems and processes and the re-appointment of the external auditors.

The audit committee held seven meetings during the year ended 31 December 2013 and the attendance records are set out under "Directors' Attendance Records" on page 32. During the year ended 31 December 2013, the audit committee also met the external auditors twice without the presence of the executive Directors.

NOMINATION COMMITTEE

The nomination committee is responsible for advising the Board as to the scale, structure, and composition (including skills, knowledge, experience and terms of office) of the Board in light of the business activities, size of assets, shareholding structure and the policy on Board diversity of the Company, researching on the criteria and procedures for the selection or appointment of Directors, the general manager and other senior management members and making recommendations to the Board. It is also responsible for extensively seeking suitable candidates for Directors and general manager and making recommendations to the Board, advising the current session of the Board as to the candidates for the next session of the Board during elections of members for the next session of the Board, advising the Board as to the appointment of candidates electing for general manager upon expiry of the term of office of the general manager, evaluating the work progress of Directors, the general manager and other senior management members and providing advice or recommendations on the change of Directors, the general manager or other senior management members with reference to the results of evaluation as and when necessary, and assessing the independence of independent nonexecutive Directors. The nomination committee held two meetings during the year ended 31 December 2013. During the year ended 31 December 2013, the nomination committee considered and approved, among other things, the proposal of nominating Ms. Gu Meifeng as the candidate of executive Director for election to the third session of the Board and Mr. Yuan Honglin as the candidate for non-executive Director for augment to the third session of the Board. The attendance records are set out under "Directors' Attendance Records" on page 32.

The Company adopted a policy on board diversity on 22 August 2013. All appointments to the Board will be made on a merit basis.

The nomination committee reviews and evaluates the composition of the Board, makes recommendations to the Board in relation to the appointment of new directors of the Company, as well as monitors the Board to conduce annual review in an effective way. When reviewing and evaluating the composition of the Board, the nomination committee will follow the board diversity policy to consider from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In recommending candidates for appointment to the Board, the nomination committee will consider candidates on merit against objective criteria and with due regard for the benefit of diversity in the Board. In monitoring the effectiveness of the annual review of the Board, the nomination committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and its diversity representation.

The nomination committee will discuss and agree annually all measurable objectives for implementing diversity on the Board and recommend them to the Board.

For the year ended 31 December 2013, the nomination committee had evaluated and reviewed the effectiveness of the Board and no material matter was identified by the nomination committee during the period under review.

As at the end of the reporting period, the nomination committee comprises the following five directors: Mr. Bai Yanchun (independent non-executive Director), Mr. Li Chaochun (executive Director), Mr. Xu Shan (independent non-executive Director), Mr. Cheng Gordon (independent non-executive Director) and Mr. Xu Xu* (independent non-executive Director), with Mr. Bai Yanchun as the chairman and Mr. Li Chaochun as vice chairman of the nomination committee.

STRATEGIC COMMITTEE

The strategic committee is responsible for formulating the overall development plans and investment decision-making procedures of the Group. The existing members of strategic committee comprises two executive Directors (executive Director Mr. Wu Wenjun, former chairman of the committee, had resigned from the position in the committee on 14 January 2014), namely Mr. Li Chaochun and Mr. Li Faben, and two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu*, with Mr. Li Chaochun as the chairman of the committee (approved by the twelfth extraordinary meeting of the third session of the Board held on 14 January 2014). During the year ended 31 December 2013, the strategic committee held three meetings.

CORPORATE GOVERNANCE FUNCTIONS

The audit committee is responsible for performing the functions of corporate governance.

During the year ended 31 December 2013, the audit committee has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

SUPERVISORY COMMITTEE

As at the date of this report, the supervisory committee of the Company comprises three members, namely Mr. Zhang Zhenhao (chairman), Mr. Yin Dongfang and Mr. Deng Jiaoyun. The supervisory committee is responsible for exercising supervision over the Board and its members and the senior management; and preventing them from abusing their power and authorities and jeopardising the legal interests of the shareholders, the Company and its employees. During the year ended 31 December 2013, the supervisory committee held five meetings to review the financial positions and the internal control of the Company and launched various activities to adhere to the principle of good faith.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2013.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides explanations and information to the Board for approval so as to enable the Board to make an informed assessment and to consider and approve the financial information and position of the Company.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditors' Report" on page 56.

INTERNAL CONTROL

The Board has overall responsibility for maintaining the soundness and effectiveness of the internal control system and risk management procedures of the Group, including setting up a management structure and its terms of reference to ensure efficient and effective use of the Group's resources to assist the Group in achieving its operation objectives, safeguarding the Group's assets against any unauthorized use or disposal and ensuring an appropriate maintenance of relevant records.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditors and senior management shall evaluate operational controls and risk management on a regular basis and report to the audit committee on any findings concerning internal controls and risk management.

During the year ended 31 December 2013, the Board has conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board has not identified any major issues during their course of review.

AUDITORS' REMUNERATION

During the year ended 31 December 2013, the remuneration paid to the auditor of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) are set out below:

Category of services	**Fee paid/payable** *RMB'000*
Annual audit service	2,950
Internal control audit	1,150
Other services	1,789

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The chairman as well as chairmen of the audit committee, remuneration committee, nomination committee and strategic committee shall attend the forthcoming annual general meeting to answer questions of the shareholders.

The forthcoming annual general meeting of the Company will be held on 9 May 2014 ("**AGM**"), and the notice of AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules and the Articles of Association of the Company.

During the year under review, the Company has amended its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange.

SHAREHOLDER RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue (including the election of individual Directors).

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company, the Hong Kong Stock Exchange and the Shanghai Stock Exchanges after the general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Shareholders either individually or collectively holding more than 10% of the shares of the Company may, through signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the supervisory committee to convene the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the supervisory committee to issue the notice of the general meeting within required time frame shall be deemed as failure of the supervisory committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his/her/their own.

Where the supervisory committee or shareholders decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall file with the dispatched office of the CSRC at the locality of the Company and the stock exchange. The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The supervisory committee or the convening shareholder shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

When the Company convenes a general meeting, the Board, supervisory committee or the shareholders either individually or collectively holding 3% or more of the Company's shares may put forward proposals to the Company.

Shareholders either individually or collectively holding 3% or more of the Company's shares may submit their provisional motions to the convener 10 days before the date fixed for convening of the meeting. The convener shall issue a supplementary notice of the general meeting two days after the motions have been received and announce the name of the shareholder submitting the provisional motions, shareholding percentage and the contents of the motions.

Other than the circumstances referred to in the preceding paragraph, after the convener has issued the notice on the general meeting, no changes shall be made to the motions listed in the notice of the meeting nor new motions shall be added.

The general meeting shall not vote on or resolve motions not listed in the notice of the general meeting or motions which do not meet the following requirements:

Content of proposals at the shareholders' general meeting shall be matters falling within the functions and powers of general meeting. It shall have definite topics to discuss and specific matters to resolve and comply with the laws, administrative regulations and the requirements in the Articles of Association.

SHAREHOLDERS' ENQUIRIES

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the office of the Board at the Company's principal place of business in the PRC (for holder of A shares) or at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holder of H shares).

The address and contact details of the Company's principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China
Telephone No.: (+86) 379 6865 8017
Facsimile No.: (+86) 379 6865 8030

The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990 / (+852) 2529 6087

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the office of the Board, by email: cmoc03993@gmail.com, fax: (+86) 379 6865 8030, or mail to North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the People's Republic of China (Attention: Mr. Zhang Xinhui). Shareholders may call the Company at (+86) 379 6865 8017 for any assistance.

Note: Shareholders' information may be disclosed as required by law.

REPORT OF THE DIRECTORS

Dear Shareholders,

The Directors of the Company are pleased to present their 2013 report and the audited consolidated financial statements of the Company for the year ended 31 December 2013.

ESTABLISHMENT OF THE COMPANY

The Company was incorporated in the PRC on 25 August 2006 as a joint stock limited company in preparation for the listing of the Company's H shares on the Hong Kong Stock Exchange. Details are set out in the H share prospectus of the Company dated 13 April 2007.

On 26 April 2007, the Company completed its initial public offer of H shares and the H shares of the Company were successfully listed on the Hong Kong Stock Exchange.

On 24 September 2012, the Company completed its initial public offering of A shares. On 9 October 2012, the A shares of the Company were successfully listed on the Shanghai Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activities of the Company are mining, flotation, roasting, smelting and downstream processing of molybdenum, tungsten, copper, gold and other precious metals.

Details of the principal activities of the substantial subsidiaries are set out in note (iv) to the consolidated financial statements. During the year, there was no material change on the nature of the principal activities of the Group.

FINAL DIVIDEND

In order to maintain the continuity and stability of the Company's dividend policy and to adhere to the commitment of providing shareholders with cash return, in accordance with the Company's principle of profit distribution and cash dividend policy, the Board recommended the payment of a final dividend of RMB0.14 per share (tax inclusive) for the year ended 31 December 2013. Final dividend for the year ended 31 December 2013 is subject to the approval of shareholders of the Company at the forthcoming AGM.

The Company will dispatch a circular containing, among other matters, further information relating to the proposed distribution of final dividend and the AGM to shareholders of the Company as soon as practicable.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

As at 31 December 2011, the proceeds raised by the Group from the public offering of H shares in April 2007 of approximately RMB7,694.0 million have been fully applied.

The Company received aggregate net proceeds of approximately RMB558.1 million from the issuance of A shares at the time of its listing on the Shanghai Stock Exchange. Such net proceeds were derived after deduction of related issuance expenses. On 25 November 2013, the 2013 First Extraordinary General Meeting of the Company considered and approved the proposal in respect of the change in use of proceeds, and agreed to use the whole net proceeds of A share and their yields for the acquisition of 80% interest in Northparkes Joint Venture and certain associated rights and assets held by North Mining Limited by CMOC Mining, a wholly-owned subsidiary of the Company. The abovementioned proceeds have been fully applied (except for the interest of approximately RMB40,000).

FINANCIAL INFORMATION SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements for the year ended 31 December 2013, is set out on page 156. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes to the property, plant and equipment of the Company and the Group during the year are set out in note (xi). 9 and note (v). 11 to the consolidated financial statements.

SHARE CAPITAL

Details of changes in the Company's share capital during the year are set out in note (v). 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

On 26 July 2013, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, confirming the acceptance of the registration of the debt financing notes through private placement in the registered amount of RMB5 billion, which will be valid for a period of two years from the registration date. Since the interest rate in the market did not meet with the Company's expectation, the Company did not issue debt financing instruments through private placement. At present, the authorization period would expire soon, the Board would propose to the shareholders at the general meeting to extend the authorisation for the issue of debt financing instruments through private placement to the date of the 2015 annual general meeting, in order to meet development strategy of the Company and increase financing channels. At the 2013 first extraordinary general meeting convened on 25 November 2013, the Company approved the issuance of A Share Convertible Bonds of no more than RMB4.9 billion, for a term of six years. For the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

DISTRIBUTABLE RESERVE

The amount of the Company's reserves available for distribution as at 31 December 2013, calculated in accordance with PRC rules and regulation, was RMB2,393.3 million.

CHARITABLE DONATIONS

During the year, the Group made charitable donations totaling RMB15.7 million (2012: RMB1.7 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the proportions of purchase and sales from our major suppliers and major customers to our total purchase and sales were as follows:

PURCHASES

The total purchases from our largest supplier was approximately 14.07% of our total purchase value.

The total purchases from our five largest suppliers was approximately 36.78% of our total purchase value.

SALES

The total sales to our largest customer was approximately 5.65% of our total sales value.

The total sales to our five largest customers was approximately 19.76% of our total sales value.

During the year, to the best of the Directors' knowledge, none of the Directors or supervisors or their associates or any shareholder who holds more than 5% of our shares, held any material interest or rights in our five largest customers and our five largest suppliers.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, supervisors and senior management of the Company during the year are:

Executive Directors

Mr. Li Chaochun	(appointed as the chairman on 14 January 2014)
Mr. Li Faben	
Mr. Wang Qinxi	
Ms. Gu Meifeng	(appointed on 7 June 2013)
Mr. Wu Wenjun	(resigned as the chairman on 14 January 2014)

Non-executive Directors

Mr. Zhang Yufeng	
Mr. Yuan Honglin	(appointed on 25 November 2013)
Mr. Shu Hedong	(resigned on 6 September 2013)

Independent Non-executive Directors

Mr. Bai Yanchun	
Mr. Xu Shan	
Mr. Cheng Gordon	
Mr. Xu Xu	(tendered his resignation on 7 February 2014 but will continue to perform his duties until formal appointment of his replacement)

Supervisors

Mr. Zhang Zhenhao
Mr. Yin Dongfang
Mr. Deng Jiaoyun

Senior Management

Mr. Yang Jianbo	
Mr. Wang Bin	
Mr. Jiang Zhongqiang	(appointed as deputy general manager on 14 January 2014)
Mr. Zhang Xinhui	

Mr. Shu Hedong resigned as a non-executive Director due to work reassignment on 6 September 2013; Mr. Xu Xu has tendered his resignation as an independent non-executive Director on 7 February 2014 (but will continue to perform his duties until formal appointment of his replacement) (please refer to the announcements of the Company dated 6 September 2013 and 7 February 2014 for details).

Pursuant to the Articles of Association, all Directors and supervisors are subject to a term of three years with the expiry date at the annual general meeting to be held in 2015, and are eligible for re-election. The Company has received an annual confirmation from each of Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu in respect of their independence, and was of the opinion that they are still independent as at the date of this report.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S PROFILES

Profile details of the Directors and supervisors of the Company and the senior management of the Group are set out on pages 49 to 53 of the annual report.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Directors' and supervisors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of the Company with reference to Directors' and supervisors' duties, responsibilities and performance and the results of the Group. In compliance with the CG Code, the Company has a remuneration committee to formulate remuneration policies. Details of the Directors' and supervisors' remuneration are disclosed in note (vi). 6 to the consolidated financial statements.

The remuneration of the senior management for the year ended 31 December 2013 fell within the following bands (Note 1):

Remuneration bands	Number of Individual(s) YEAR 2013
Below RMB900,000	3

Note 1: Directors and supervisors of the Company were excluded and Ms. Ho Siu Pik, the joint company secretary, is an external service provider, as such, she is not part of the Company's senior management.

DIRECTORS' AND SUPERVISORS' MANAGEMENT CONTRACTS

Each of our Directors and supervisors of the Company has entered into a service contract with our Company for a term of not more than three years until the annual general meeting of the Company to be held in 2015. None of the Directors and supervisors has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

None of the Directors and supervisors had material interests, either directly or indirectly, in any contract of significance to the business of the Group subsisting or entered into by the Company, its holding company or any of its subsidiaries during or at the end of the year.

MANAGEMENT CONTRACTS

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

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As of 31 December 2013, none of the Directors, chief executives and supervisors and their respective associates had interests or short positions in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), which require the Company and the Hong Kong Stock Exchange to be notified pursuant to Part XV of the SFO or which, pursuant to section 352 of the SFO, require such interests or short positions to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2013, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors and supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors or supervisors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

To the best knowledge of all Directors and supervisors, as at 31 December 2013, the persons or companies (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
Luoyang Mining Group Co., Ltd. ("**LMG**")	1,776,593,475	Beneficial owner	A share	47.19%
Luoyang Guohong Investment Group Co., Ltd.[1]	1,776,593,475	Interest of controlled corporation	A share	47.19%
Cathay Fortune Corporation ("**CFC**")	1,726,706,322	Beneficial owner	A share	45.86%
	101,000,000 (L)	Interest of controlled corporation	H share	7.70%
Cathay Fortune Investment Limited[2]	101,000,000 (L)	Beneficial owner	H share	7.70%
Mr. Yu Yong[3]	1,726,706,322	Interest of controlled corporation	A share	45.86%
	101,000,000 (L)	Interest of controlled corporation	H share	7.70%
National Council for Social Security Fund of the PRC	20,000,000	Beneficial owner	A share	0.53%
	117,896,000 (L)	Beneficial owner	H share	8.99%

Note: (L) — Long position

(1) On 29 November 2013, the Board was informed by the State-owned Assets Supervision and Administration Commission of the Municipal Government of Luoyang City* (洛陽市人民政府國有資產監督管理委員) that it has agreed to transfer all its interests in LMG to Luoyang Guohong Investment Group Co., Ltd. (Please refer to the announcements of the Company dated 27 January 2014 and 29 November 2013 for details). As at the date of this report, the business licence of LMG is subject to approval.

(2) Cathay Fortune Investment Limited is a wholly-owned subsidiary of CFC in Hong Kong.

(3) Mr. Yu Yong holds 99% interest in CFC.

Save as disclosed above, as at 31 December 2013, the Directors were not aware of any other person (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

To facilitate the resolution of the historical issue in Shangfanggou mine* (上房溝礦), LMG, a controlling shareholder of the Company, extended a sum of RMB250 million (the "**Loan**") to Luoyang Fuchuan (a joint venture of the Company, and was then owned as to 10% by Luanchuan Huqi Mining Company Limited* (欒川縣滬七礦業有限公司), a wholly-owned subsidiary of the Company and as to 90% by Xuzhou Huanyu Molybdenum Co., Ltd.* (徐州環宇鉬業有限公司), a joint venture of the Company which was owned as to 50% by the Company and as to 50% by Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司), an independent third party of the Company and its connected person) in February 2013. The Loan was due to mature on 27 August 2013 but as a result of an extended period of suspension of production activity; Luoyang Fuchuan did not have sufficient liquid assets to repay the amount outstanding. As Luoyang Fuchuan is an integral part of the Group, owner of the mining permit for Shangfanggou mine, operator of Shangfanggou mine and would resume its production activities, its inability to repay its debt when they fall due would adversely affect the operations and reputation of the Group. On 26 August 2013, the Company entered into an entrusted loan agreement with Luoyang Fuchuan (as borrower) and Luoyang Luanchuan branch of Bank of China* (中國銀行股份有限公司欒川支行) (as entrusted lender) for the principal amount of RMB150 million for the term of one year with an interest rate of 0.55% per month (the "**Entrusted Loan**"). To secure its obligations (including the repayment of the principal amount, interested accrued thereon, penalty and any legal or other costs and expenses) under the Entrusted Loan, Luoyang Fuchuan pledged a number of its fixed assets and land in the value of RMB300 million in favour of the Company. As the proceeds of the Entrusted Loan would be applied by Luoyang Fuchuan for the settlement of the Loan, the Entrusted Loan therefore constituted a connected transaction for the Company pursuant to Rule 14A.13(3) of the Listing Rules. As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) were less than 5%, the Entrusted Loan was subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. (Please refer to the announcements of the Company dated 26 August 2013 and 22 August 2013 for details).

Save as the disclosed above, for the year ended 31 December 2013, the related party transactions set out in Note VI to the consolidated financial statements did not constitute connected transaction for the Company under Chapter 14A of the Listing Rules and the Group had not entered into any connected transactions with connected persons as defined in the Listing Rules.

NON-COMPETE AGREEMENTS

On 6 September 2006, non-compete agreements were entered into between our Company with CFC and LMG, respectively. CFC and LMG agreed not to compete with us in our businesses and granted us certain options and right of first refusal pursuant to the non-compete agreements. Details of the non-compete agreements have already been disclosed in the prospectus of the Company dated 13 April 2007, under the section headed "Relationship with Controlling Shareholders - Non-Compete Agreements". CFC and LMG had executed a Non-competition Undertaking Letter with the Company on 30 January 2011 and 18 May 2011 respectively, pursuant to which each of them had undertaken not to compete with the Company in the businesses it operated or businesses to be further expanded. Details of the Non-competition Undertaking letters had been disclosed in ''Peer Competition and Connected Transactions (同業競爭與關聯交易) set out in Section VII to the prospectus of A shares dated 8 October 2012. CFC and Luoyang Guohong Investment Group Co., Ltd had executed the Acquisition Report of China Molybdenum Co., Ltd.* on 23 January 2014 and 23 November 2013 respectively, pursuant to which each of them undertook not to compete with the Company in the businesses it operated. Details of the acquisition reports were disclosed in the announcements, dated 23 January 2014 and 27 January 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information and to the knowledge of the Directors, at least 28.99% of the Company's total issued share capital was held by the public as of the date of this report. The Company has been maintaining the public float required by the Hong Kong Listing Rules.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2013 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership).

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), as the auditor of the Company, with term of office until the conclusion of the next annual general meeting of the Company.

By order of the Board
Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC
26 February 2014

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the reporting period, the supervisory committee of the Company complied with the PRC Company Law, the laws and regulations of Hong Kong and the Articles of Association. We exercised supervision function legally and independently, carried out various work prudently and actively, facilitated standardized operation of the Company and protected the legal interests of the Company, shareholders and staff. The supervisory committee conducted supervision and inspection on the Company's finance, implementation of resolutions passed at general meetings, the legitimacy and compliance of material procedures in decision-making by the Board and the operational and management activities of the Company and the performance of duties by the Board and the senior management, with a view to fostering sustainable and healthy development of the Company.

I. MEETINGS CONVENED DURING THE REPORTING PERIOD

During the reporting period, the supervisory committee held five meetings. Apart from holding supervisory committee meetings, the supervisory committee of the Company had also attended and observed the Board official meetings of the Company for five times and extraordinary meetings for eight times, general meetings for six times in 2013 and had listened to and adopted important proposals and resolutions from the Company. We understood the formation process of the material decisions of the Company, had a grasp on the operational results of the Company, and at the same time performed the functions of acknowledgement, monitoring and investigation of the supervisory committee.

II. MAJOR DUTIES OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the year, the supervisory committee prudently reviewed the operational and development plans of the Company. The supervisory committee also raised reasonable recommendations and opinions to the Board. It also effectively supervised as to whether the important and specific decisions made by the management were in compliance with the national laws and regulations and the Articles of Association, and whether they were made to the benefit of the shareholders.

During the reporting period in 2013, the current session of the supervisory committee was primarily engaged in the following activities:

1. Inspection of the implementation of resolutions passed at the general meetings

The current session of the supervisory committee exercised supervision and inspection of the implementation of resolutions passed at the general meetings by the Board, Directors and the management of the Company through attending general meetings and Board meetings of the Company. The supervisory committee is of the opinion that the Board has diligently performed their duties by making earnest efforts to execute all resolutions of the general meetings, and has not conducted any act which jeopardized the interests of the Company and shareholders. All resolutions of the Board are in compliance with laws and regulations such as the Company Law and the Articles of Association.

2. Inspection of legal compliance of the Company's operations

In 2013, in accordance with the relevant stipulations of relevant PRC laws, regulations, Listing Rules and Articles of Association, etc., the supervisory committee exercised inspection and supervision over the procedures for convening general meetings and Board meetings of the Company, items to be resolved; execution of resolutions passed at general meetings by the Board, the conduct codes of senior management of the Company and internal control system of the Company. Upon inspection, the supervisory committee of the Company is of the view that the decision making procedures on the general meetings and on Board meetings of the Company are lawful, and the internal control system of the Company is well established. Each of the Directors is diligent and responsible. No violation of any laws, regulations, Listing Rules and Articles of Association has been found in the performance of duties of senior management, and they fairly completed the annual production and operation targets of the Company. No act which might jeopardize the benefits of the Company and the interests of the shareholders had been found.

3. Inspection of the Company's internal control

The supervisory committee exercised supervision over the Company's operating activities. The supervisory committee is of the opinion that the Company has established a sound internal control system and has made great progress in the formulation and implementation of its internal work procedures, thus effectively controlled its exposure to various operating risks. The Company's operation is in compliance with the PRC laws and regulations, the Articles of Association and its work procedures. The supervisory committee considered the 2013 Internal Control Evaluation Report. The supervisory committee has no objection on this Report.

4. Inspection of the Company's financial status

In 2013, the supervisory committee of the Company exercised effective supervision and inspection over the financial work of the Company. Upon inspection, the supervisory committee is of the view that the financial operation of the Company was conducted in strict compliance with the financial management and the internal control system of the Company. Through the inspection over each auditing materials (including the financial information) provided by the Company, the Company has basically built a relatively sound financial internal control system, which could guarantee the efficient operation of corporate funding and the safety and integrity of the Company's properties. The Company has neither acted against the wishes of the shareholders nor violated the internal management system of the Company during the course of business. The utilisation of fund is in the interests of the shareholders and fit in the principle of maximising the Company's benefits. The financial position of the Company was solid, the financial data was valid, and there is no false record, misrepresentations, or major omissions. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) audited and provided a standard and unqualified audit report on the annual financial report.

5. Inspection of the use of the Company's proceeds

In order to fully exert the usage efficiency of the fundraising proceeds and decrease the Company's financial costs, the Company applied all the proceeds raised together with and yields of approximately RMB570.5 million (excluding interest of RMB40,000) from the IPO of A shares for the acquisition of 80% interest in Northparkes Joint Venture and certain associated rights and assets held by North Mining Limited by CMOC Mining, a wholly-owned subsidiary of the Company. The utilisation of fundraising proceeds was authorized by the general meeting of the Company. The Supervisory Committed was of the view that the issue was considered and approved at the eighth meeting of the third session of the Board and the 2013 first extraordinary general meeting. The procedure was in compliance with the relevant requirements. The utilisation of fundraising proceeds of the Company was in compliance with the relevant stipulations of the "Regulations on Listed Companies' Management of Raised Funds of the Shanghai Stock Exchange" and "Management System for Raised Fund of China Molybdenum Co., Ltd."

6. Inspection of the implementation of the information disclosure system

In the reporting period, the Company was in strict accordance with the requirements of supervisory policies to fulfill the responsibility of information disclosure, faithfully execute each information disclosure management system, duly and fairly disclose information. The information disclosed in the reporting period is true, accurate and complete.

7. Participating in training

In order to consistently increase professional knowledge and improve professional level, strictly comply with laws, regulations and the Articles of Association, execute the supervisory function of the supervisory committee in a better way, on 30 May 2013, Mr. Deng Jiaoyun of the supervisory committee completed his participation in the first session of the training courses for the directors, supervisors and senior management of the listed companies organized by the Listed Companies Association of Henan; on 12-13 November 2013, Mr. Zhang Zhenhao and Mr. Yin Dongfang completed their participations in the second session of the training courses for the directors, supervisors and senior management of the listed companies organized by the Listed Companies Association of Henan.

III. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR OPERATION IN THE REPORTING PERIOD

Supervisory Committee was of the view that the Board of the Company duly performed its operation in strict compliance with the requirements under the laws and regulations including the Companies Law, the Articles of Association and Hong Kong and Shanghai Stock Exchange Listing Rules. The Company kept the duly process of the production and operation, and furthest ensured the stability of the production and operation of the Company and the interests of the shareholders.

In this year, the major business decisions making procedures of the Company were legitimate and effective. The Directors and senior management of the Company duly performed its duties seriously, proactively and normatively conducted its work in accordance with the national laws, regulations, the Articles of Association and resolutions of the general meeting and the Board. The supervisory committee had not found any acts in breach of laws and regulations and the Articles of Association or against the interests of the Company and the shareholders. The supervisory committee deeply appreciated that.

IV. WORKING PLAN

In 2014, the supervisory committee of the Company will adhere firmly to the strategies of the Company, focus on the operation goals, continually in strict compliance with the national laws and regulations, and the power and authority granted by the Articles of Association. With the supervising focus on financial conditions, we will diligently exercise our responsibilities, monitor the Company's financial situation in accordance with the laws, urge the Company into standardized operation to further improve its governance structure as a legal person, and enhance corporate governance; continuing to strengthen the implementation of supervision functions; attending the Board in accordance with the law; grasping the decision making process and its legitimacy of significant events of the Company; implementing strictly the Rules of Procedure for Supervisory Committee Meetings and organising work meetings of the Supervisory Committee on a regular basis.

The supervisory committee is extremely grateful for the continuous support for its work offered by all the shareholders, Board of Directors, staff and workers.

By order of the supervisory committee
Zhang Zhenhao
Chairman

DIRECTORS

Executive Directors

Mr. Li Chaochun, aged 37, is an executive Director since January 2007 and chairman of the Board since January 2014. He is also the vice chairman of our nomination committee since 17 August 2012 and the chairman of our strategic committee since 14 January 2014. Mr. Li graduated from Shanghai Jiaotong University with a bachelor's degree in law in July 1999. From July 1999 to December 1999, he was a staff accountant of the tax division of Arthur Andersen (Shanghai) Business Consulting Co., Ltd. He was with Arthur Andersen Hua Qiang CPA from January 2000 to March 2002, where his last position was a senior consultant of the tax division. From April 2002 to February 2003, he was a deputy manager of planning and strategy implementation of the general representative office of The Hong Kong and Shanghai Banking Corporation Limited. From July 2003 to January 2007, Mr. Li was an executive director of the investment department of Cathay Fortune Corporation, one of the promoters of the Company. Mr. Li has been a director of China Molybdenum (Hong Kong) Company Limited, Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd., CMOC Mining Pty Limited, CMOC Limited, and CMOC Mining Services Pty. Limited since 16 August 2007, 27 May 2010, 25 July 2013, 27 August 2013 and 9 September 2013, respectively. From January 2007 to 14 January 2014, Mr. Li was the vice-chairman of the Board.

Mr. Li Faben, aged 50, professor-level Senior Engineer, has been our executive Director since August 2006. He is also the general manager and a member of the strategic committee of the Company since October 2012. Mr. Li graduated from the Central South Mining & Metallurgical College (subsequently renamed as the Central South University of Technology, now known as the Central South University) with a bachelor's degree in engineering in 1983 (major in mining engineering) and the Xi'an University of Architecture and Technology with a master's degree in engineering in 2004 (specialised in mining engineering). From August 1988 to January 1999, Mr. Li held various positions at Luoyang Luanchuan Molybdenum Company, in which he served as the deputy head and head of the technical division, quarry supervisor, head of the open-pit mining construction department and deputy manager of Luoyang Luanchuan Molybdenum Company. Mr. Li served as deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd. between January 1999 and November 2002. From November 2002 to August 2006, Mr. Li was the deputy general manager and vice chairman of Luoyang Luanchuan Molybdenum Group Co., Ltd. as well as a director of Luoyang Mining Group Co., Ltd. from July 2006 to November 2009. Mr. Li was the standing deputy general manager of the Company from August 2006 to October 2012. Mr. Li is also a director of China Molybdenum (Hong Kong) Company Limited since 16 August 2007.

Mr. Wang Qinxi, aged 49, Senior Engineer, has been our Director and deputy general manager since August 2006. Mr. Wang graduated from Beijing Steel College with a bachelor's degree in engineering majoring in ore flotation in 1987. Mr. Wang has over 20 years of experience in ore flotation. From 1987 to January 1999, Mr. Wang was a technician and head of No.1 ore processing branch of Luanchuan Molybdenum Mine of Henan Province, head of the ore processing plant of Luoyang Luanchuan Molybdenum Company Mucheng Company, deputy manager of Luoyang Luanchuan Molybdenum Company Mucheng Enterprise Company, deputy head and head of Majuan Ore Processing Plant of Luoyang Luanchuan Molybdenum Company and deputy manager of Luoyang Luanchuan Molybdenum Company. From January 1999 to August 2006, Mr. Wang served as vice chairman and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From January 2006 to December 2006, Mr. Wang also served as vice chairman of Luoyang Baima Group.

Ms. Gu Meifeng, aged 49, has been our chief financial officer of the Company since August 2006 and our executive Director since June 2013. Ms. Gu graduated from Henan University in 1995 and obtained a master degree in accounting from the Chinese University of Hong Kong in December 2009. From 1986 to 1994, Ms. Gu worked on cost accounting with China YTO Group Corporation Equipment Reparation & Manufacturing Plant. From 1994 to June 2006, Ms. Gu was a deputy general manager of Luoyang Zhonghua Certified Public Accountants Co., Ltd. Between 2000 and 2006, Ms. Gu served as an independent supervisor of Luoyang Glass Company Limited, a company listed on both the Shanghai Stock Exchange (stock code: 600876) and the Hong Kong Stock Exchange (stock code: 01108). In addition, Ms. Gu has been serving as a director of Xinjiang Luomu Mining Co., Ltd since July 2011 and as a supervisor of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. since May 2010. Ms. Gu is a certified public accountant, registered asset appraiser and senior accountant.

Mr. Wu Wenjun, aged 47, Senior Engineer, has been our executive Director since 2007 as well as the vice chairman of Luoyang Association of Science and Technology. Mr. Wu graduated from Luoyang Institute of Technology in July 1987 with a bachelor's degree in engineering majoring machinery processing and equipment and with a master's degree in technological economics from Tsinghua University School of Economics and Management in June 1993. Between July 1993 and February 1994, Mr. Wu worked as an engineer with CITIC Heavy Machinery Inc. Computing Center and between February 1994 and December 2000, he worked as department manager and deputy general manager of CITIC Heavy Machinery Inc. Foreign Trade Company. From December 2000 to March 2003, he served as the general manager of CITIC Heavy Machinery Inc. Foreign Trade Company. From March 2003 to December 2006, he acted as the deputy mayor of the Luanchuan County. From January 2007 to October 2012, Mr. Wu was the general manager of the Company. From October 2012 to 14 January 2014, Mr. Wu was the chairman of the Board. From 24 October 2012 to 20 January 2014, Mr. Wu was a director of China Molybdenum (Hong Kong) Company Limited. From 27 August 2013 to 20 January 2014, Mr. Wu was also a director of CMOC Limited.

Non-Executive Directors

Mr. Yuan Honglin, aged 46, has been our non-executive Director and a member of remuneration committee since November 2013. He has over 20 years of experience in the banking industry. Mr. Yuan graduated from Nanjing University in July 1990 with a bachelor's degree in economics. In July 2004, Mr. Yuan obtained a MBA degree from Shanghai Jiaotong University. From August 1990 to May 2000, Mr. Yuan worked at Bank of China Limited, Nantong Branch where he held various positions including vice president of the Rudong sub-branch and manager of the credit management department. Between June 2000 and August 2007, Mr. Yuan worked at China Merchants Bank Limited, Shanghai Branch where he held various positions including president of Jiang Wan sub-branch and general manager of corporate banking department. From September 2007 to September 2012, Mr. Yuan worked at PingAn Bank Co., Ltd. where he held various positions including assistant to the president of the Shanghai branch, vice president (responsible for the overall business operations) of the Shanghai Branch and general manager of the corporate banking department responsible for the northern region of China. From October 2012 to the present, Mr. Yuan has been the deputy general manager of Cathay Fortune Capital Limited, a wholly-owned subsidiary of Cathay Fortune Corporation, a controlling shareholder of the Company.

Mr. Zhang Yufeng, aged 39, has been our non-executive Director since August 2006 and a member of the audit committee. Mr. Zhang was an executive director of Ledong Binhai City Construction Development Co., Ltd.* (樂東濱海城市建設開發有限公司) and has been a director of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司) since October 2011. Mr. Zhang graduated from Shanghai Jiaotong University in 1996 with a bachelor's degree in engineering. Mr. Zhang is a non-practicing member of CICPA (Chinese Institute of Certified Public Accountants). From January 1997 to August 1998, Mr. Zhang worked in project and investment department of Shanghai Caohejing Hi-Tech Park West Zone Development Co., Ltd.* (上海漕河涇開發區西區發展有限公司) and from August 1998 to July 2001, he served in the investment and consultancy department of DTZ Debenham Tie Leung Limited* (戴德梁行). From July 2001 to September 2002, Mr. Zhang worked for Shanghai Bao Rui Technology Investment Company* (上海寶瑞科技投資公司). Mr. Zhang was engaged in investment services for China Fortune Securities Co., Ltd.* (中富證券有限責任公司) from December 2002 to July 2003. From August 2003 to the present, Mr. Zhang has been the general manager of the No. 2 Investment Department of Cathay Fortune Corporation.

Independent Non-Executive Directors

Mr. Bai Yanchun, aged 47, has been our independent non-executive Director, chairman of both of the nomination committee and remuneration committee and a member of the strategic committee since August 2012. He is currently a member of All China Lawyers Association holding a practising solicitor certificate in the PRC. Mr. Bai graduated from China University of Political Science and Law with a bachelor's degree of laws in 1988. He studied the postgraduate courses at the Center for Chinese and American Studies of Johns Hopkins University in the United States in 1992 and obtained a master's degree from the School of Law of Stanford University in the United States in 2003. From 1988 to 1992, he worked at the China Council for the Promotion of International Trade. In 1993, he participated in the founding of King & Wood Mallesons and has been engaging in professional legal services such as securities, mergers and acquisitions. Mr. Bai currently serves as an arbitrator of China International Economic and Trade Arbitration Commission. Mr. Bai was appointed as a member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission in 2008. Mr. Bai currently engages in legal services for Commerce & Finance Law Offices in Beijing.

Mr. Cheng Gordon, aged 38, has been our independent non-executive Director and a member of the audit committee and nomination committee since August 2012. Mr. Cheng graduated from the University of Sydney (Australia) with bachelor degree in commerce (1996) and bachelor degree in law (1998). He is the President and Managing Partner of GD China Clean Energy Capital Partners. He also serves as the senior advisor of Deutsche Bank Global Climate Change Advisors and United Nations Industrial Development Organization (UNIDO) in China. From 2010 to 2011, Mr. Cheng had been the China Chief Representative of LaSalle Fund. Prior to 2010, he served as the Chief Financial Officer and Chief Investment Officer of Sunshine 100 Real Estate Development Group ("**Sunshine 100**"). Before joining Sunshine 100, he served as the Executive Vice President of Vimicro International Corporation ("**Vimicro**"), which was successfully listed at NASDAQ in 2005. Before joining Vimicro, he has worked for reputable global investment banks, including J.P. Morgan and Credit Suisse. Mr. Cheng has extensive experience in financing, investing as well as merger and acquisitions, both globally and in China.

Mr. Xu Shan, aged 45, has been our independent non-executive Director since August 2012. He is also the chairman of our audit committee and a member of the nomination committee. He is a PRC certified public accountant and a PRC registered tax agent. Mr. Xu graduated from the Department of Computing and Systematic Science of Xiamen University in 1991 and obtained a doctor's degree in management (accounting) from Xiamen University in 2001. At present, he concurrently acts as the chairman of Xiamen Tianjian Consulting Firm* (廈門天健諮詢公司) and an independent director of Sunshine Insurance Group Corporation Limited* (陽光保險集團股份有限公司), Beijing Kalends Science & Technology Company Limited* (北京昆侖萬維科技股份有限公司) and Xin Hee Co., Ltd. (欣賀股份有限公司), a part-time professor of the MPAcc Program of Xiamen University and a consultant of the Private Banking Center of Xiamen Branch of China Construction Bank. Mr. Xu served as the manager of Xiamen Nongxin Accounting Firm* (廈門農信會計師事務所) from June 1994 to August 1996, the manager of the Accounting Firm of Xiamen University* (廈門大學會計師事務所) from September 1996 to December 1998 as well as a director and partner of Tianjian Zhengxin Accounting Firm* (天健正信會計師事務所) from December 1998 to December 2011. He concurrently served as a special member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission from 2007 to 2008.

Mr. Xu Xu*, aged 62, has been our independent non-executive Director and a member of the nomination committee, remuneration committee and strategic committee since August 2012. Mr. Xu graduated from the English department of the Advance Learning Institute for Civil Servants of State Economic and Trade Commission (國家經貿部幹部進修學院) in 1984. Mr. Xu acquired his MBA degree from the School of Management, University at Buffalo, the State University of New York in 2001 and doctoral degree in industrial economics from the School of Business in Renmin University of China in 2005. In April 1975, Mr. Xu joined the Ministry of Foreign Trade (國家對外貿易部) (subsequently renamed as the Ministry of Foreign Trade and Economic Cooperation (經貿部), the Ministry of Foreign Trade and Economic (外經貿部), the Ministry of Commerce (商務部)) and served in various positions including third-class secretary, director, deputy director and special commissioner at Chinese embassies. From November 2008 to May 2012, Mr. Xu served as the president of China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters. From 2004 to 2008, Mr. Xu served as a member of the Certification and Accreditation Administration of the PRC.

* Mr. XU has tendered his resignation as an independent non-executive Director but will continue to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the formal appointment of his replacement. For details, please refer to the Company's announcement dated 7 February 2014.

SUPERVISORS

Mr. Zhang Zhenhao, aged 40, has been our Supervisor and chairman of the supervisory committee since August 2009. Mr. Zhang concurrently acts as a director of Cathay Fortune Corporation, a director of Cathay Fortune Investment Limited.(鴻商投資有限公司), a director of Cathay Fortune International Company Limited (鴻商產業國際有限公司), a director of Cathay Fortune Singapore Pte. Ltd. (鴻商產業新加坡(私人)有限公司), a director of Shanghai CFC Puyuan Investment Management Co., Ltd (上海鴻商普源投資管理有限公司), a director of Shanghai CFC Datong Industrial Co., Ltd. (上海鴻商大通實業有限公司), a director of Shanghai Shanglue Trading Co., Ltd (上海商略貿易有限公司), a director of Beijing Huiqiao Investment Co., Ltd (北京滙橋投資有限公司) and a supervisor of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司) Mr. Zhang graduated from Tianjin Polytechnic University with a bachelor's degree in textile engineering. Mr. Zhang also obtained a master degree in finance from the Graduate School of The Chinese Academy of Social Sciences and the CFA qualification from the CFA Institute. From 1993 to 1999, Mr. Zhang held positions at Tianjin Yarn-dyed Company (天津色織公司), Tianjin Weaving Materials Exchange, Hainan Zhongshang Futures Exchange* (海南中商期貨交易所). From May 1999 to December 2001, Mr. Zhang was employed by Zhongfu Securities Dealer Co. Ltd. as member of the preparatory division, general manager of the business management department and Supervisor of the company. From January 2002 to May 2007, Mr. Zhang was employed by Zhongfu Securities Co. Ltd. as member of the preparatory division, general manager of the sales department of Haikou Securities, executive director of the sales management department, secretary to the board of directors of the company and general manager of the chief executive office and the human resources department. Since June 2007, Mr. Zhang has been the general manager of the finance department of Cathay Fortune Corporation.

Mr. Yin Dongfang, aged 52, has been our Supervisor since January 2007. Mr. Yin concurrently acts as the manager of the investment and management department of the Luoyang City Branch of Henan Province Association of Municipal and Township Collectively-Owned Industries* (河南省城鎮集體工業聯合社洛陽市聯社), vice chairman, director and general manager of Luoyang City State-owned Assets Management Co., Ltd.* (洛陽市國資國有資產經營有限公司), director of China YTO Group Corporation* (中國一拖集團有限公司) and the deputy general manager and director of Luoyang Guohong Investment Group Co., Ltd (洛陽國宏投資集團有公司). Mr. Yin graduated from Zhengzhou University with a diploma in law in June 1988 and obtained his lawyer's qualification certificate in May 1989. Between 1994 and 1998, Mr. Yin practiced as a lawyer in Luoyang City No. 2 Law Firm* (洛陽市第二律師事務所) and between August 1998 and December 2004, he set up his own legal firm with two other partners. Between August 2002 and December 2004, Mr. Yin was appointed as the standing deputy chairman of Luoyang City Bar Association* (洛陽市律師協會). He has been the manager of the investment and management department of the Luoyang City Branch of Henan Province Association of Municipal and Township Collectively-Owned Industries since May 2005, a Supervisor of the Company since January 2007, vice chairman, director and general manager of Luoyang City State-owned Assets Management Co., Ltd.* (洛陽市國資國有資產經營有限公司) since June 2007, director and deputy general manager of Luoyang Mining Group Co., Ltd. since July 2008, director of China YTO Group Corporation since June 2009, and Supervisor of Bank of Luoyang Co., Ltd. from January 2011 to December 2013.

Mr. Deng Jiaoyun, aged 61, has been our Supervisor since August 2006. From July 1969 to June 1984, Mr. Deng worked at the Wood Construction Bureau, No. 2 Light Industry Bureau, and Planning Committee of Luanchuan County. From June 1984 to January 1988, Mr. Deng was the deputy chief of Luanchuan County Bureau of Statistics and from 1988 to 1989, he was appointed as the deputy head of the policy research office of Luanchuan County CCP Committee. In addition, from April 1989 to March 1993, Mr. Deng served as the head of the finance department, labor and personnel department and organization department of Luoyang Luanchuan Molybdenum Company. From 1999 to August 2006, Mr. Deng also served as the head of organization department, director and chairman of the labor union of Luoyang Luanchuan Molybdenum Group Co., Ltd..

JOINT COMPANY SECRETARIES

Mr. Zhang Xinhui, aged 35. Mr. Zhang previously served as the deputy financial officer of the Company, and is presently acting as the secretary to the Board and the joint company secretary of the Company. Mr. Zhang has been serving as a director of CMOC Limited since January 2014. Mr. Zhang obtained a bachelor's degree in economics in 1999 and a master's degree in economics in 2003 from Fudan University. Prior to joining the Company, Mr. Zhang worked respectively at the investment banking department of Tebon Securities Co., Ltd. (德邦證券有限責任公司) and the No. 1 Investment Department of Cathay Fortune Corporation.

Ms. Ho Siu Pik, aged 50, is the joint company secretary of the Company for the purpose of Rule 8.17 of the Listing Rules. Ms. Ho is a director of Corporate Services Division of Tricor Services Limited and a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho has over 20 years of experience in the company secretarial area. She is currently the joint company secretary of SITC International Holdings Company Limited and Yashili International Holdings Ltd, and the company secretary of Sun Art Retail Group Limited, China Polymetallic Mining Limited and Natural Beauty Bio-Techonology Limited, all companies are listed on the Hong Kong Stock Exchange.

SENIOR MANAGEMENT

Our senior management comprises our executive Directors, our joint company secretaries and the following persons:

Mr. Yang Jianbo, aged 48, Senior Engineer. Mr. Yang graduated from Northeast Industrial College in 1988 with a bachelor's degree in ore processing. From 1988 to 1992, Mr. Yang served as a technician of the Lengshui ore processing plant and deputy head of the control center of Luoyang Luanchuan Molybdenum Company. From 1992 to 1999, Mr. Yang served as deputy manager of Luoyang Luanchuan Molybdenum Company, deputy head of the Lengshui ore processing plant and deputy head of the Majuan ore processing plant. From 1999 to 2002, Mr. Yang served as deputy head of the science and technology department of Luoyang Luanchuan Molybdenum Group Co., Ltd. and manager of the No. 2 ore processing branch company of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From November 2002 to August 2006, Mr. Yang served as a director and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. He served as deputy general manager of the Company since August 2006.

Mr. Wang Bin, aged 47, Professional-level Senior Engineer. Mr. Wang graduated from Central South University of Technology (now known as Central South University) in 1989 with a bachelor's degree in geological and mineral exploration. Mr. Wang obtained his MBA degree from Hunan University of Science and Technology in December 2013. From 1989 to 1996, Mr. Wang was a technician and a deputy head of Luanchuan County Mineral Company. From 1996 to 1998, Mr. Wang served as an office secretary of Luanchuan County People's Government. From 1998 to 1999, Mr. Wang was a deputy manager of LCMCC. From 1999 to 2002, Mr. Wang served Luoyang Luanchuan Molybdenum Group Co., Ltd. in the positions of board secretary, deputy head of the business planning department and manager of the mine branch company. From November 2002 to August 2006, Mr. Wang served as a director and deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd.. From January 2005 to January 2009, Mr. Wang concurrently acted as an executive director and general manager of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd.. Mr. Wang served as deputy general manager of the Company since August 2006. Mr. Wang was awarded as Ten Outstanding Young Persons in Henan Province (河南省十大傑出青年), Outstanding Expert in Luoyang City (洛陽市優秀專家) and Technical Specialist on Metallurgy and Building Materials Enterprises in the Group of Top Talents and Specialists for Developing Henan through Science and Education (省科教興豫高級人才專家團冶金建材企業科技專家) in 2006.

Mr. Jiang Zhongqiang, aged 47,has been our deputy general manager since January 2014. Mr. Jiang graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) in July 1989 with a bachelor's degree in engineering. Mr. Jiang previously served as the supervisor of the Shanghai office of the sales department of Beijing State-owned Factory No. 798 (北京國營第798廠); the business manager of Beijing Murata Electronics Co., Ltd. (北京村田電子有限公司); the deputy director of sales and deputy director of production at Beijing Leader & Harvest Electric Technologies Co., Ltd. (北京利德華福電子技術有限公司). Mr. Jiang joined the Company in December 2012 and assumed the positions of assistant general manager, manager of sales and head of marketing administration department.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Li Chaochun *(Chairman)*
Li Faben
Wang Qinxi
Gu Meifeng
Wu Wenjun

Non-Executive Directors

Yuan Honglin
Zhang Yufeng

Independent Non-executive Directors

Bai Yanchun
Cheng Gordon
Xu Shan
Xu Xu*

Supervisors

Zhang Zhenhao *(Chairman of the supervisory committee)*
Yin Dongfang
Deng Jiaoyun

BOARD COMMITTEES

Remuneration Committee

Bai Yanchun *(Chairman)*
Xu Xu*
Yuan Honglin

Audit Committee

Xu Shan *(Chairman)*
Cheng Gordan
Zhang Yufeng

Strategic Committee

Li Chaochun *(Chairman)*
Li Faben
Bai Yanchun
Xu Xu*

Nomination Committee

Bai Yanchun *(Chairman)*
Li Chaochun *(Vice Chairman)*
Xu Shan
Cheng Gordon
Xu Xu*

Supervisory Committee

Zhang Zhenhao *(Chairman)*
Yin Dongfang
Deng Jiaoyun

BOARD SECRETARY

Zhang Xinhui

REGISTERED OFFICE IN THE PRC

North of Yihe, Huamei Shan Road,
Chengdong New District, Luanchuan County,
Luoyang City, Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

North of Yihe, Huamei Shan Road,
Chengdong New District, Luanchuan County,
Luoyang City, Henan Province, the PRC

PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre, 183 Queen's Road East,
Hong Kong

LEGAL REPRESENTATIVE

Li Chaochun

AUTHORIZED REPRESENTATIVES

Li Chaochun
Ho Siu Pik

* Mr. Xu had resigned from the position of independent non-executive director but will continue to discharge his duties as an independent non-executive director as well as the committee members of nomination committee, remuneration committee and strategic committee of the Company until formal appointment of his replacement. Please refer to the announcement dated 7 February 2014 of the Company for the details.

JOINT COMPANY SECRETARIES

Zhang Xinhui
Ho Siu Pik (FCS, FCIS)

ENQUIRY DEPARTMENT OF THE COMPANY

Office of the Board of Directors

INFORMATION ENQUIRY TELEPHONE NO. OF THE COMPANY

(+86) 379 6865 8017

SHANGHAI A SHARE REGISTRAR

China Securities Depository and
Clearing Company Limited, Shanghai Branch
36/F, China Insurance Building,
No. 166 Lujiazui Road East,
Pudong New Area,
Shanghai, the PRC

HONG KONG H SHARE REGISTRAR

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

PLACES OF LISTING

Place of listing of A share - Shanghai Stock Exchange
Place of listing of H share -
The Stock Exchange of Hong Kong Limited

NAME OF THE STOCK

China Molybdenum Co., Ltd. (CMOC)

STOCK CODE

Stock code of A share: 603993
(Listed on 9 October 2012)
Stock code of H share: 03993
(Listed on 26 April 2007)

PRINCIPAL BANKERS

1. Industrial and Commercial Bank of China Limited
2. Agricultural Bank of China Limited
3. China Construction Bank Corporation
4. Bank of China Limited
5. China Minsheng Banking Corp., Ltd.
6. China CITIC Bank Corporation Limited
7. China Development Bank Corporation

AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP
(Special General Partnership)

LEGAL ADVISORS

As to Hong Kong law:

Morrison & Foerster
33/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC law:

Llinks Law Offices
19/F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai
China

INTERNAL CONTROL ADVISER

SHINEWING Risk Services Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

COMPLIANCE ADVISER

First Shanghai Capital Limited
19/F, Wing On House
71 Des Voeux Road Central
Hong Kong

WEBSITE

www.chinamoly.com

Deloitte.
德勤

De Shi Bao (Shen) Zi (14) No. P0060

To the Shareholders of China Molybdenum Co., Ltd.

We have audited the accompanying financial statements of China Molybdenum Co., Ltd. ("the Company"), which comprise the Company's and consolidated balance sheets as at 31 December 2013, and the Company's and consolidated income statements, the Company's and consolidated statements of changes in shareholders' equity and the Company's and consolidated cash flows statements for the year then ended, and the notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

2. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing 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 audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the 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.

3. OPINION

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu Certified
Public Accountants LLP

Shanghai, China

Chinese Certified Public Accountant:
Mou Zheng Fei
Wang Jie
26 February 2014

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

Unit: RMB

ITEM	*NOTES*	**Closing balance**	Opening balance
Current assets:			
Bank balances and cash	(V) 1	**1,882,647,897.27**	2,710,070,379.19
Held-for-trading financial assets	(V) 2	**—**	10,891,273.49
Bills receivable	(V) 3	**1,591,402,447.61**	1,220,159,395.98
Accounts receivable	(V) 4	**805,679,742.94**	640,733,755.79
Prepayments	(V) 6	**297,345,943.53**	227,396,412.53
Interest receivable		**452,860.33**	11,504,773.64
Other receivables	(V) 5	**72,517,407.57**	70,336,012.59
Inventories	(V) 7	**820,996,265.56**	1,310,298,697.22
Other current assets	(V) 8	**1,701,577,473.05**	1,412,014,904.49
Total current assets		**7,172,620,037.86**	7,613,405,604.92
Non-current assets:			
Long-term equity investments	(V) 9,10	**1,598,462,198.92**	1,678,402,125.96
Fixed assets	(V) 11	**5,876,304,885.87**	3,623,670,473.44
Construction in progress	(V) 12	**493,586,919.64**	398,038,691.38
Inventories	(V) 7	**334,515,072.36**	—
Intangible assets	(V) 13	**4,425,899,735.38**	2,057,651,702.79
Long-term deferred expenses	(V) 14	**128,517,647.63**	135,300,540.93
Deferred tax assets	(V) 15	**140,019,796.25**	133,435,838.06
Other non-current assets	(V) 17	**1,729,212,246.72**	109,410,215.00
Total Non-current assets		**14,726,518,502.77**	8,135,909,587.56
TOTAL ASSETS		**21,899,138,540.63**	15,749,315,192.48
Current liabilities:			
Short-term borrowings	(V) 18	**224,344,311.98**	10,000,000.00
Held-for-trading financial liabilities	(V) 19	**357,251,970.00**	—
Bills payable	(V) 20	**27,910,000.00**	75,891,401.38
Accounts payable	(V) 21	**197,385,526.41**	267,690,496.16
Receipts in advance	(V) 22	**61,827,310.76**	49,024,118.34
Employee benefits payable	(V) 23	**146,914,601.55**	120,121,388.57
Taxes payable	(V) 24	**(63,559,475.84)**	(168,792,483.06)
Interests Payable	(V) 25	**55,733,935.24**	41,166,666.66
Dividends payable	(V) 26	**57,085,715.06**	150,547,472.71
Other payables	(V) 27	**568,214,130.26**	481,230,559.29
Non-current liabilities due within one year	(V) 28	**390,708,567.70**	262,320,927.26
Other current liabilities	(V) 29	**20,202,200.99**	16,433,778.49
Total current liabilities		**2,044,018,794.11**	1,305,634,325.80

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

Unit: RMB

ITEM	*NOTES*	Closing balance	Opening balance
Non-current liabilities:			
Long-term borrowings	(V) 30	**4,664,128,500.00**	—
Bonds payable	(V) 31	**2,000,000,000.00**	2,000,000,000.00
Provision	(V) 32	**261,261,918.67**	46,983,083.13
Other non-current liabilities	(V) 33	**37,077,021.10**	25,303,634.90
Total non-current liabilities		**6,962,467,439.77**	2,072,286,718.03
TOTAL LIABILITIES		**9,006,486,233.88**	3,377,921,043.83
SHAREHOLDERS' EQUITY:			
Share capital	(V) 34	**1,015,234,105.00**	1,015,234,105.00
Capital reserve	(V) 35	**8,102,977,121.92**	8,102,977,121.92
Special reserve	(V) 36	**199,586,093.33**	78,938,263.32
Surplus reserve	(V) 37	**704,898,171.11**	704,898,171.11
Undistributed profits	(V) 38	**2,206,609,158.00**	1,641,545,905.43
Exchange differences arising on translation of financial statements denominated in foreign currencies		**(51,029,120.69)**	(2,058,590.46)
Total equity attributable to the shareholders of the parent company		**12,178,275,528.67**	11,541,534,976.32
Minority interests		**714,376,778.08**	829,859,172.33
TOTAL SHAREHOLDERS' EQUITY		**12,892,652,306.75**	12,371,394,148.65
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**21,899,138,540.63**	15,749,315,192.48

The accompanying notes form part of the financial statements.

The financial statements were signed by the following:

Legal Representative: Li Chao Chun *Person in Charge of the Accounting Body*: Gu Mei Feng
Chief Accountant: Zhang Hong Wei

BALANCE SHEET OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM	*NOTES*	**Closing balance**	Opening balance
Current assets:			
Bank balances and cash	(XI) 1	**1,296,225,259.30**	2,033,082,435.07
Held-for-trading financial assets	(XI) 2	—	9,437,760.00
Bills receivable	(XI) 3	**1,532,198,858.49**	1,190,664,406.12
Accounts receivable	(XI) 4	**79,874,780.99**	200,685,773.67
Prepayments	(XI) 5	**15,611,911.69**	4,613,139.78
Interest receivable		**131,263,834.40**	91,675,640.19
Dividends receivable		**108,312,560.31**	47,086,082.08
Other receivables	(XI) 6	**1,731,121,391.74**	1,890,551,021.80
Inventories	(XI) 7	**158,400,078.53**	184,200,381.46
Other current assets		**1,685,456,006.01**	1,009,139,902.79
Total current assets		**6,738,464,761.46**	6,661,136,542.96
Non-current assets:			
Long-term equity investments	(XI) 8	**5,357,935,660.44**	3,784,154,738.50
Fixed assets	(XI) 9	**1,658,096,510.88**	1,768,028,862.34
Construction in progress		**96,286,476.83**	101,588,826.44
Intangible assets	(XI) 10	**558,953,398.22**	698,060,076.40
Long-term deferred expenses		**122,350,554.82**	128,877,574.21
Deferred tax assets	(XI) 11	**36,735,752.23**	48,308,654.47
Other non-current assets	(XI) 13	**1,641,635,056.42**	1,190,611,455.00
Total non-current assets		**9,471,993,409.84**	7,719,630,187.36
TOTAL ASSETS		**16,210,458,171.30**	14,380,766,730.32

BALANCE SHEET OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM	*NOTES*	Closing balance	Opening balance
Current Liabilities:			
Short-term borrowings	(XI) 14	**127,568,106.88**	—
Held-for-trading financial liabilities	(XI) 15	**356,963,220.00**	—
Accounts payable		**92,199,139.88**	83,367,838.00
Receipts in advance		**1,658,254.42**	1,034,625.18
Employee benefits payable		**79,940,117.22**	81,268,838.23
Taxes payable	(XI) 16	**(28,101,095.82)**	(52,191,317.44)
Interests payable		**64,730,326.94**	46,715,089.16
Dividend payable		**—**	119,701,676.04
Other payables		**942,347,593.73**	482,209,385.83
Non-current liabilities due within one year		**466,111.70**	16,202,199.26
Other current liabilities	(XI) 17	**79,072,854.40**	7,697,911.20
Total Current Liabilities		**1,716,844,629.35**	786,006,245.46
Non-current Liabilities:			
Bonds payable	(V) 31	**2,000,000,000.00**	2,000,000,000.00
Provision	(XI) 18	**47,570,371.67**	46,983,083.13
Other non-current liabilities		**30,293,625.10**	19,901,510.90
Total Non-current Liabilities		**2,077,863,996.77**	2,066,884,594.03
TOTAL LIABILITIES		**3,794,708,626.12**	2,852,890,839.49
SHAREHOLDERS' EQUITY:			
Share capital	(V) 34	**1,015,234,105.00**	1,015,234,105.00
Capital reserve	(V) 35	**8,102,977,121.92**	8,102,977,121.92
Special reserve		**199,381,120.18**	78,466,587.27
Surplus reserve	(V) 37	**704,898,171.11**	704,898,171.11
Undistributed profits		**2,393,259,026.97**	1,626,299,905.53
TOTAL SHAREHOLDERS' EQUITY		**12,415,749,545.18**	11,527,875,890.83
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,210,458,171.30**	14,380,766,730.32

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM			NOTES	Amount for the current year	Amount for the prior year
I.	**Total operating revenue**		(V) 39	**5,536,469,246.73**	5,710,893,904.27
	Including:	Operating revenue		**5,536,469,246.73**	5,710,893,904.27
	Less:	Operating costs	(V) 39	**3,733,468,267.20**	4,009,216,807.89
		Business taxes and levies	(V) 40	**270,681,417.11**	268,890,022.83
		Selling expenses		**26,909,956.33**	25,330,075.67
		Administrative expenses	(V) 41	**686,204,836.52**	433,331,447.59
		Financial expenses	(V) 42	**103,227,553.28**	49,597,057.16
		Impairment losses of assets	(V) 43	**87,704,184.08**	27,853,560.45
	Add:	Gains (losses) from changes in fair values	(V) 44	**8,269,939.71**	(738,261.14)
		Investment income	(V) 45	**373,417,961.32**	151,042,583.91
	Including:	Income from investments in associates and joint ventures		**185,933,456.10**	116,760,141.81
II.	**Operating profit**			**1,009,960,933.24**	1,046,979,255.45
	Add:	Non-operating income	(V) 46	**246,601,099.22**	54,187,319.00
	Less:	Non-operating expenses	(V) 47	**20,379,818.34**	4,209,530.52
	Including:	Losses from disposal of non-current assets		**4,610,406.83**	1,036,818.99
III.	**Total profit**			**1,236,182,214.12**	1,096,957,043.93
	Less:	Income tax expenses	(V) 48	**151,271,401.35**	80,581,368.21
IV.	**Net profit**			**1,084,910,812.77**	1,016,375,675.72
	Net profit attributable to shareholders of the parent company			**1,174,203,715.57**	1,050,304,676.57
	Profit or loss attributable to minority interests			**(89,292,902.80)**	(33,929,000.85)
V.	**Earnings per share:**		(V) 49		
	(I)	Basic earnings per share		**0.23**	0.21
	(II)	Diluted earnings per share		**Not applicable**	Not applicable
VI.	**Other comprehensive losses**		(V) 50	**(48,970,530.23)**	(215,779.49)
	Items to be classified into the profits and losses when meet the prescribed conditions in the future accounting period			**(48,970,530.23)**	(215,779.49)
	Exchange differences arising on translation of financial statements denominated in foreign currencies			**(48,970,530.23)**	(215,779.49)
	Items not to be classified into the profits and losses in the future accounting period			**—**	—
VII.	**Total comprehensive income:**			**1,035,940,282.54**	1,016,159,896.23
	Total comprehensive income attributable to shareholders of the parent company			**1,125,233,185.34**	1,050,088,897.08
	Total comprehensive income attributable to minority interests			**(89,292,902.80)**	(33,929,000.85)

INCOME STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM			NOTES	Amount for the current year	Amount for the prior year
I.	**Operating revenue**		(XI) 19	**3,005,999,313.31**	2,923,723,430.48
	Less:	Operating costs	(XI) 19	**1,276,218,140.01**	1,470,275,082.59
		Business taxes and levies	(XI) 20	**254,663,353.33**	255,156,246.41
		Selling expenses		**—**	127,955.20
		Administrative expenses	(XI) 21	**255,102,527.64**	271,017,835.98
		Financial expenses	(XI) 22	**64,336,874.55**	5,616,850.69
		Impairment loss of assets	(XI) 23	**10,190,979.01**	5,114,829.48
	Add:	Gains (losses) from changes in fair values		**3,761,820.00**	(730,800.00)
		Investment income	(XI) 24	**390,976,887.34**	160,085,694.65
	Including:	Income from investments in associates and joint ventures		**218,922,546.37**	126,714,141.81
II.	**Operating profit**			**1,540,226,146.11**	1,075,769,524.78
	Add:	Non-operating income	(XI) 25	**46,267,390.20**	49,962,157.31
	Less:	Non-operating expenses	(XI) 26	**15,614,223.01**	2,137,446.22
	Including:	Losses from disposal of non-current assets		**42,583.27**	—
III.	**Total profit**			**1,570,879,313.30**	1,123,594,235.87
	Less:	Income tax expenses	(XI) 27	**194,779,728.86**	35,698,815.76
IV.	**Net profit**			**1,376,099,584.44**	1,087,895,420.11
V.	**Other comprehensive income**			**—**	—
VI.	**Total comprehensive income**			**1,376,099,584.44**	1,087,895,420.11

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM		NOTES	Amount for the current year	Amount for the prior year
I.	**Cash flows from operating activities:**			
	Cash receipts from the sale of goods and the rendering of services		**5,842,111,942.08**	6,451,030,149.92
	Receipts of tax refunds		**—**	2,873,917.14
	Other cash receipts relating to operating activities	(V) 51(1)	**74,521,419.31**	114,756,555.13
	Sub-total of cash inflows from operating activities		**5,916,633,361.39**	6,568,660,622.19
	Cash payments for goods purchased and services received		**2,772,092,075.27**	3,237,677,311.10
	Cash payments to and on behalf of employees		**635,434,743.94**	569,691,084.76
	Payments of various types of taxes		**922,476,327.89**	966,545,831.93
	Other cash payments relating to operating activities	(V) 51(2)	**214,915,838.49**	188,579,244.31
	Sub-total of cash outflows from operating activities		**4,544,918,985.59**	4,962,493,472.10
	Net cash flow from operating activities		**1,371,714,375.80**	1,606,167,150.09
II.	**Cash flows from investing activities:**			
	Cash receipts from disposals and recovery of investments	(V) 51(3)	**4,980,406,928.42**	7,005,092,483.35
	Cash receipts from investment income		**430,012,687.91**	157,165,921.03
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**3,261,701.50**	816,784.27
	Net cash receipts from acquisition or disposals of subsidiaries and other business units		**186,832,429.95**	—
	Other cash receipts relating to investing activities		**—**	38,750,000.00
	Sub-total of cash inflows from investing activities		**5,600,513,747.78**	**7,201,825,188.65**
	Cash payments for acquisitions or disposals of subsidiaries and other business units		**4,846,769,844.81**	—
	Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**593,705,253.52**	426,224,076.38
	Cash payments to acquire investments	(V) 51(4)	**4,345,000,000.00**	9,442,456,683.35
	Other cash payments relating to investing activities	(V) 51(5)	**125,391,150.21**	—
	Sub-total of cash outflows from investing activities		**9,910,866,248.54**	9,868,680,759.73
	Net cash flow from investing activities		**(4,310,352,500.76)**	(2,666,855,571.08)
III.	**Cash flows from financing activities:**			
	Cash receipts from capital contributions		**—**	570,000,000.00
	Including: cash receipts from capital contributions from minority owners of subsidiaries		**—**	—
	Cash receipts from borrowings		**5,800,113,211.98**	2,525,000,000.00
	Other cash receipts relating to financing activities	(V) 51(6)	**352,728,000.00**	—
	Sub-total of cash inflows from financing activities		**6,152,841,211.98**	3,095,000,000.00
	Cash repayments of borrowings		**660,000,000.00**	2,879,275,124.00
	Cash payments for distribution of dividends or profits or settlement of interest expenses		**854,729,859.54**	458,689,181.23
	Other cash payments relating to financing activities	(V) 51(7)	**1,353,186,087.58**	11,853,300.29
	Sub-total of cash outflows from financing activities		**2,867,915,947.12**	3,349,817,605.52
	Net cash flow from financing activities		**3,284,925,264.86**	(254,817,605.52)
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(5,340,750.27)**	(54,198.69)
V.	**Net increase in cash and cash equivalents**		**340,946,389.63**	(1,315,560,225.20)
	Add: Opening balance of cash and cash equivalents	(V) 52(2)	**1,463,636,840.70**	2,779,197,065.90
VI.	**Closing balance of cash and cash equivalents**	(V) 51(2)	**1,804,583,230.33**	1,463,636,840.70

CASH FLOW STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM		Amount for the current year	Amount for the prior year
I.	**Cash flows from operating activities:**		
	Cash receipts from the sale of goods and the rendering of services	**3,301,108,314.64**	3,193,271,183.28
	Receipts of tax refunds	**—**	—
	Other cash receipts relating to operating activities	**53,456,788.14**	97,632,445.61
	Sub-total of cash inflows from operating activities	**3,354,565,102.78**	3,290,903,628.89
	Cash payments for goods purchased and services received	**883,645,252.23**	980,514,568.94
	Cash payments to and on behalf of employees	**322,114,170.28**	337,425,216.25
	Payments of various types of taxes	**899,155,839.47**	849,900,651.95
	Other cash payments relating to operating activities	**100,715,349.91**	121,248,697.79
	Sub-total of cash outflows from operating activities	**2,205,630,611.89**	2,289,089,134.93
	Net cash flow from operating activities	**1,148,934,490.89**	1,001,814,493.96
II.	**Cash flows from investing activities:**		
	Net cash receipts from acquisition or disposals of subsidiaries and other business units	**217,881,222.82**	—
	Cash receipts from disposals and recovery of investments	**3,408,265,038.05**	5,579,535,800.00
	Cash receipts from investment income	**394,592,512.40**	152,853,588.19
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**2,444,661.02**	334,569.53
	Other cash receipts relating to investing activities	**5,283,987,296.50**	2,536,965,349.92
	Sub-total of cash inflows from investing activities	**9,307,170,730.79**	8,269,689,307.64
	Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**43,167,552.73**	179,276,300.46
	Cash payments to acquire investments	**3,886,011,897.48**	7,297,500,000.00
	Other cash payments relating to investing activities	**5,478,090,881.44**	2,192,938,448.61
	Sub-total of cash outflows from investing activities	**9,407,270,331.65**	9,669,714,749.07
	Net cash flow from investing activities	**(100,099,600.86)**	(1,400,025,441.43)
III.	**Cash flows from financing activities:**		
	Cash receipts from capital contributions	**777,568,106.88**	570,000,000.00
	Cash receipts from borrowings	**—**	2,400,000,000.00
	Other cash receipts relating to financing activities	**3,509,992,003.53**	1,045,174,806.15
	Sub-total of cash inflows from financing activities	**4,287,560,110.41**	4,015,174,806.15
	Cash repayments of borrowings	**650,000,000.00**	2,550,000,000.00
	Cash payments for distribution of dividends or profits or settlement of interest expenses	**838,977,375.08**	439,276,476.45
	Other cash payments to financing activities	**3,836,643,064.91**	1,041,191,459.44
	Sub-total of cash outflows from financing activities	**5,325,620,439.99**	4,030,467,935.89
	Net cash flow from financing activities	**(1,038,060,329.58)**	(15,293,129.74)
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**	**—**	—
V.	**Net increase in cash and cash equivalents**	**10,774,560.45**	(413,504,077.21)
	Add: Opening balance of cash and cash equivalents	**1,232,946,372.40**	1,646,450,449.61
VI.	**Closing balance of cash and cash equivalents**	**1,243,720,932.85**	1,232,946,372.40

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM	Amount for the current year Attributable to owners of the Company Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profits	Foreign currency exchange differences	Minority interests	Total shareholders' equity
I. Opening balance of 2013	**1,015,234,105.00**	**8,102,977,121.92**	**78,938,263.32**	**704,898,171.11**	**1,641,545,905.43**	**(2,058,590.46)**	**829,859,172.33**	**12,371,394,148.65**
II. Changes for the year	–	–	–	–	–	–	–	–
(I) Net profit	–	–	–	–	1,174,203,715.57	–	(89,292,902.80)	1,084,910,812.77
(II) Other comprehensive income	–	–	–	–	–	(48,970,530.23)	–	(48,970,530.23)
Subtotal of (I) and (II)	–	–	–	–	1,174,203,715.57	(48,970,530.23)	(89,292,902.80)	1,035,940,282.54
(III) Owners' contributions and reduction in capital	–	–	–	–	–	–	–	–
1. Capital contribution from owners	–	–	–	–	–	–	–	–
(IV) Profit distribution	–	–	–	–	–	–	–	–
1. Transfer to surplus reserve	–	–	–	–	–	–	–	–
2. Distributions to shareholders	–	–	–	–	(609,140,463.00)	–	(26,239,916.39)	(635,380,379.39)
(V) Special reserve	–	–	–	–	–	–	–	–
1. Transfer to special reserve in the year	–	–	432,511,763.58	–	–	–	16,539,261.34	449,051,024.92
2. Amount utilised in the year	–	–	(311,863,933.57)	–	–	–	(16,488,836.40)	(328,352,769.97)
III. Closing balance of 2013	**1,015,234,105.00**	**8,102,977,121.92**	**199,586,093.33**	**704,898,171.11**	**2,206,609,158.00**	**(51,029,120.69)**	**714,376,778.08**	**12,892,652,306.75**

ITEM	Amount for the prior year Attributable to owners of the Company Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profits	Foreign currency exchange differences	Minority interests	Total shareholders' equity
I. Opening balance of 2012	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	1,048,096,576.11	(1,842,810.97)	868,853,735.28	11,258,987,107.99
II. Changes for the year								
(I) Net profit	–	–	–	–	1,050,304,676.57	–	(33,929,000.85)	1,016,375,675.72
(II) Other comprehensive income	–	–	–	–	–	(215,779.49)	–	(215,779.49)
Subtotal of (I) and (II)	–	–	–	–	1,050,304,676.57	(215,779.49)	(33,929,000.85)	1,016,159,896.23
(III) Owners' contributions and reduction in capital								
1. Capital contribution from owners	40,000,000.00	518,146,699.71	–	–	–	–	–	558,146,699.71
(IV) Profit distribution								
1. Transfer to surplus reserve	–	–		–	–	–	–	–
2. Distributions to shareholders	–	–			(456,855,347.25)	–	(5,065,562.10)	(461,920,909.35)
(V) Special reserve								
1. Transfer to special reserve in the year	–	–	424,495,681.83	–	–	–	10,437,744.81	434,933,426.64
2. Amount utilised in the year	–	–	(424,474,327.76)	–	–	–	(10,437,744.81)	(434,912,072.57)
III. Closing balance of 2012	1,015,234,105.00	8,102,977,121.92	78,938,263.32	704,898,171.11	1,641,545,905.43	(2,058,590.46)	829,859,172.33	12,371,394,148.65

STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013

Unit: RMB

ITEM	Amount for the current year					
	Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Opening balance of 2013	**1,015,234,105.00**	**8,102,977,121.92**	**78,466,587.27**	**704,898,171.11**	**1,626,299,905.53**	**11,527,875,890.83**
II. Changes for the year	—	—	—	—	—	—
(I) Net profit	—		—	—	**1,376,099,584.44**	**1,376,099,584.44**
(II) Owners' contributions and reduction in capital	—	—	—	—	—	—
1. Capital contribution from owners	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	—
1. Transfer to surplus reserve	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	**(609,140,463.00)**	**(609,140,463.00)**
(IV) Special reserve	—	—	—	—	—	—
1. Transfer to special reserve in the year	—	—	**394,498,225.30**	—	—	**394,498,225.30**
2. Amount utilised in the year	—	—	**(273,583,692.39)**	—	—	**(273,583,692.39)**
III. Closing balance of 2013	**1,015,234,105.00**	**8,102,977,121.92**	**199,381,120.18**	**704,898,171.11**	**2,393,259,026.97**	**12,415,749,545.18**

Unit: RMB

ITEM	Amount for the current year					
	Share capital	Capital reserve	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Opening balance of 2012	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	995,259,832.67	10,339,139,440.24
II. Changes for the year						
(I) Net profit	—	—	—	—	1,087,895,420.11	1,087,895,420.11
(II) Profit distribution						
1. Transfer to surplus reserve	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	(456,855,347.25)	(456,855,347.25)
(III) Special reserve						
1. Transfer to special reserve in the year	—	—	387,063,411.71	—	—	387,063,411.71
2. Amount utilised in the year	—	—	(387,513,733.69)	—	—	(387,513,733.69)
III. Closing balance of 2012	1,015,234,105.00	8,102,977,121.92	78,466,587.27	704,898,171.11	1,626,299,905.53	11,527,875,890.83

(I) BASIC INFORMATION ABOUT THE COMPANY

China Molybdenum Co., Ltd. (the "Company") was incorporated in the PRC on 25 August 2006 as a joint stock limited company in preparation for the listing of the Companies on the Hong Kong Stock Exchange by 洛陽礦業集團有限公司Luoyang Mining Group Co., Ltd. ("LMG") and 鴻商產業控股集團有限公司Cathay Fortune Corporation ("CFC").

On 3 December 2006, the Extraordinary General Assembly resolutions and the China Securities Supervision and Administration Commission Guo He Zi [2007] No. 7, approved to issue not more than 1,246.1 million shares of overseas listed shares (including the over-allotment of 162.5 million shares), with a par value of Renminbi ("RMB") 0.2 each ordinary share. On 25 April 2007 the company issued 1,083.6 million shares of overseas listed shares with a par value of RMB 0.2, and traded on the Hong Kong Stock Exchange on 26 April 2007. After the public offering on the Hong Kong Stock Exchange, the company's share capital totaled 4,767.81 million shares.

On 4 May 2007, the Company issued 108.36 million shares of the over-allotment shares with a par value of RMB 0.2, after the over-allotment, the Company's share capital totaled 4,876.17 Million shares.

On 16 July 2012, according to Commission license [2012] No. 942 "The initial public offering (IPO) on the approval of Luoyang Molybdenum Co., Ltd." issued by China Securities Regulatory Commission, the Company was approved to issue no more than 542 million RMB ordinary shares (A share). Up to 26 September 2012, the Company had issued 200, 000,000 shares of RMB ordinary shares (A shares) with a nominal value of RMB0.20 per share. Those shares are traded on the Shanghai Stock Exchange from 9 October 2012. The Company's share capital totaled 5,076.17 million shares after the issuance of A shares.

Details are set out in Note (V).34.

The Company together with its subsidiaries (collectively as "the Group") is an integrated producer of molybdenum in the People's Republic of China ("PRC"). Its operations consist of molybdenum mining, floating, smelting and refining to produce molybdenum and other related products, including molybdenum oxide, ferromolybdenum, molybdenum concentrate, tungsten concentrate, mining and exploring to produce copper, gold and silver and sulfuric acid.

The registered office and principle and principal place of business is North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, PRC.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MoF"). The Group early adopted the newly published ASBE in 2014 as well, details refer to Note (II). 3. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2010), Hong Kong Company Ordinance, and the Listing Rules of Hong Kong Stock Exchange.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

2. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended.

3. Changes in accounting policies

When preparing this consolidated financial statement, the Group early adopted the newly published Chinese Accountant Standards (CAS) in January and February 2014, including: Amendment to ASBE 9 - Employee Benefits, Amendments to ASBE 30 - Presentation of Financial Statements, ASBE 39 - Fair Value Measurement, ASBE 40 - Joint Arrangement and Amendments to ASBE 33 - Consolidated Financial Statements.

Amendment to ASBE 9 - Employee Benefits

According to Amendment to ASBE 9 - Employee Benefits, post-employment benefits are classified as defined contribution plan and defined benefit plan. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Standard requires an entity to recognise contributions to a defined contribution plan as liabilities and recorded in profit and loss or relevant assets, when an employee has rendered service in exchange for those contributions. Accounting for defined benefit plans are required to measure the obligation, using an actuarial technique and the projected unit credit method, to make a reliable estimate of the cost to the entity of the benefit that employees have earned in return for their service and charged to the profit and loss of current period, then determining the remeasurements of the net defined benefit liability or asset to be recognised in other comprehensive income. Furthermore, the Standard also prescribes the accounting of short term employee benefits and other long term employee benefit. The Company considered that the application of the Amendments to ASBE 9 did not have significant impact on the consolidated financial statements of the Group.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

3. Changes in accounting policies *(Continued)*

Amendments to ASBE 30 - Presentation of Financial Statements

The amendments to ASBE 30 - Presentation of Financial Statements further require a proper presentation of the financial statements. Also, the Standards require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The Group has adopted these amendments and followed the presentation requirements of the financial statements accordingly.

ASBE 39 - Fair Value Measurement

ASBE 39 - Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Also, The Standard includes extensive disclosure requirements. The application of the Standard results in more disclosures on the fair value information of the assets and liabilities in the Group's consolidated financial statements for the year ended 31 December 2013. Other than the additional disclosures, the application of the Standard has not had any material impact on the recognition and measurement of the amounts recognised.

ASBE 40 - Joint Arrangement

ASBE 40 - Joint Arrangement deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under the Standard, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the other applicable standards. The Group has accounted for the newly acquired joint venture of Northparkes Copper/gold Mine in Australia in current year as a joint operation in accordance with the Standards.

Amendments to ASBE 33 - Consolidated Financial Statements

According to the Amendments to ASBE 33 - Consolidated Financial Statements, consolidated financial statements shall be prepared based on the existence of control. The Amendment gives the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. Additional guidance has been included in the Amendment to explain when an investor has control over an investee. The application of the Amendments to ASBE 33 did not have significant impact on amounts reported in the consolidated financial statements of the Group.

The Company consider that the adoption of above new Standards did not have significant impact on amounts reported in the consolidated financial statements of the Group. Proper presentation and disclosure in accordance with these Standards above have been considered when preparing these consolidated financial statements.

The directors of the Company considered the Interpretation of the Accounting Standards for Enterprises No.6 (hereinafter referred to as "Interpretation") issued on 17 January 2014 by MoF would not have significant impact on the financial position and results of operations of the Group.

4. Accounting period

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

5. Functional currency

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiary chooses Hong Kong dollars as its functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

6.1 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.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities 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 is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

6.2 Business combinations not involving enterprises under common control and goodwill

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.

The cost of combination 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. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is 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 cost of combination. If after that reassessment, the cost of combination is 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.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognised in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. An investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

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

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

8. Recognition criteria of cash and cash equivalents

Cash comprises 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.

9. Translation of transactions and financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into the functional currency of the entity 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 are recognised in profit or loss for the period, except that (1) 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; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Translation of transactions and financial statements denominated in foreign currencies *(Continued)*

9.1 Transactions denominated in foreign currencies (continued)

When the consolidated financial statements include foreign operations, if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "exchange differences arising on translation of financial statements denominated in foreign currencies " in owner's equity, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. 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. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB 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 income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

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

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

10. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

10.1 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, etc.

10.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.3 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale ("AFS") financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

10.3.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if: (1) It has been acquired principally for the purpose of selling 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 that is not designated and effective as a 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.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) The financial asset is allowed to be designated as a hybrid instrument related to an embedded derivative which is measured at fair value through profit or loss according to Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

10.3.2. 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. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

10.3.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, other receivable, Other current assets and other non-current assets, etc.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

10.3.4. AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as available-for- sale or are not classified as (1) financial assets at FVTPL, (2) loans and receivables, and (3) held-to-maturity investments.

AFS financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value (other than impairment losses and foreign exchange gains and losses resulted from foreign currency monetary assets which are recognised in profit or loss for the current period) are recognised directly in shareholders' equity, and are reversed and recognised in profit or loss for the period when such financial assets are derecognised.

Interest received during the period in which the Group holds the AFS financial assets and cash dividends declared by the investee are recognised as investment income.

Derivative financial assets linked to and which must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be measured reliably are subsequently measured at cost.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. 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 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.

Objective evidence that a financial asset is impaired includes the following observable events:

(1) Significant financial difficulty of the issuer or obligor;

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

— Adverse changes in the payment status of borrower in the group of assets;

— Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

(9) Other objective evidence indicating there is an impairment of a financial asset.

— Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. 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. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. 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.

— Impairment of AFS financial assets

Where AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognised directly in capital reserve are reversed and charged to profit or loss for the current period. The reversed accumulated losses are the asset's initial acquisition costs after deducting amounts recovered and amortised, current fair value and impairment losses previously recognised in profit or loss.

If, in a subsequent period, the carrying amount of financial assets increases and the increase can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment losses are reversed. The reversal of impairment losses of AFS equity instruments is recognised in equity, and the impairment losses of AFS debt instruments are recognised in profit or loss for the current period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Impairment of financial assets (Continued)

— Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

10.5 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) 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 (3) although the financial asset has been transferred, 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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it 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. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

10.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

10.6.1. Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

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.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) The financial asset is allowed to be designated as a hybrid instrument related to an embedded derivative which is measured at fair value through profit or loss according to Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.6 Classification, recognition and measurement of financial liabilities

10.6.2. Other financial liabilities

For a derivative liability 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, it is subsequently measured at cost. Other financial liabilities exclude financial guarantee contracts liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

10.6.3. 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 that are not designated as financial liabilities at fair value through profit or loss are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 - Contingencies; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 - Revenue.

10.7 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. 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 is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.8 Derivatives and embedded derivatives

Derivative financial instruments include commodity futures contracts (standard lead, gold and silver future scontracts of Shanghai Futures Exchange) and commodity forward contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if 1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

10.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

10.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Receivables

11.1 Receivables that are individually significant and for which bad debt provision is individually assessed

Basis or monetary criteria for determining an individually significant receivable	A receivable that exceeds RMB5,000,000.00 is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

11.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis

Basis for determining a credit risk characteristics portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Bad debt provision method for a credit risk characteristics portfolio	When implemented Impairment testing based on a credit risk characteristics portfolio, the amount of the provision for bad debts is based on the structure of a portfolio of receivables and the similar credit risk characteristics, which determined by the historical loss experience, current economic conditions and the existing losses in the expected portfolio of receivables. The provision for bad debts is derived from the aging analysis. The proportion of provision for bad debts based on aging analysis detailed below Form as 10.3 Form.

11.3 Portfolios that aging analysis is used for bad debt provision:

Aging analysis

Aging	**Accounts receivable Proportion** *(%)*	**Other receivables Proportion** *(%)*
Within 2 years	—	—
Above 2 years	100	100

12. Inventories

12.1 Categories of inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Inventories *(Continued)*

12.3 Basis for determining net realisable value of inventories and provision methods for decline in value of inventories

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.
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. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

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.

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

12.5 Amortisation method for low cost and short-lived consumable items and packaging materials

Packaging materials and low cost and short-lived consumable items are amortised using the immediate write-off method.

13. Long-term equity investments

13.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the 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 long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

13.2 Subsequent measurement and recognition of profit or loss

13.2.1 Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

13. Long-term equity investments *(Continued)*

13.2 Subsequent measurement and recognition of profit or loss (continued)

13.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

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 of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. 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. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

13.2.3 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

13.3 Basis for determining joint control and significant influence over investee

An investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

Jointly controlled operations refer to the situation that the Group uses its own assets or other economic resources to carry out certain economic activities jointly with other venturers (and such economic activities do not constitute an independent accounting entity), and exercises joint control over the economic activities under contractual arrangements. The Group recognises in its financial statements the assets, under its control, used in and liabilities incurred for the jointly controlled operations as well as the costs incurred for and its share of income generated by the jointly controlled operations.

13.4 Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. 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. 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.

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. Meanwhile 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.

14.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method and units-of-production basis since the month subsequent to the one in which it is ready for intended use. 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** *(%)*
Land, buildings and mining structures	8~45	0~5	2.1~11.9
Mining engineering (China)	Expected useful life of Mine	0	5%-7.69%
Mining engineering (Australia)	Expected useful life of Mine	0	Based on the mining quantity
Plant and machinery	8~10	5	9.5~11.9
Furniture, fixtures and equipment	5	5	19.0
Motor vehicles	8	5	11.9

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on 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. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

14.4 Other explanations

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 account for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include 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 not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on 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. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

17. Intangible assets

17.1 Intangible assets

Intangible assets include land use rights, patents, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised on a straight-line or units-of-production basis over its estimated useful life. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

17.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

(1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) The Group has the intention to complete the intangible asset and use or sell it;

(3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

17.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on 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. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Exploration assets

Exploration assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration assets are stated at cost less any accumulated impairment losses. Exploration assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration assets are reclassified as mining rights or property, plant and equipment.

19. Long-term deferred expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term deferred expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

20. Provision

Provision is recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision 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. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

21. Joint Arrangement

Joint Arrangement is an arrangement of which two or more parties have joint control. Under the Standard, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint Operation

Each joint venturer shall account for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation on single basis or agreed proportion in accordance with the joint venture agreement.

22. Revenue

22.1 Revenue from sale of goods

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

22.2 Revenue from rendering of services

Revenue from rendering hotel and room services is recognised when the hotel and room services are provided and the rights to charge a service fee are obtained.

23. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. 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. The government grants are classified into government grants related to assets and government grants related to income according to the granted objects and natures specified in government documents.

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.

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.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Deferred tax assets/ deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

24.1 Current income tax

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.

24.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those 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 is generally recognised for all temporary differences. Deferred tax assets for 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. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

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 shareholders' equity, in which case they are recognised in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

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. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

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 either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

25. Operating leases and finance 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.

25.1 The Group as lessee under operating leases

Operating lease payments are recognised on a 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. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

25.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

26. Other significant accounting policies, accounting estimates, and preparation of financial statements

26.1.1 Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

26.1.2 Employee benefits

The domestic companies of the Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the Chinese government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

The employees of the Group's oversea subsidiaries only participate in the defined contribution plan established by the local organization. Benefits under the defined contribution component of the plan are limited to the amounts of contributions made. The employee are entitled to their accumulation account balance upon separation from the employer. The accumulated account balance consist of participant and employer contributions, voluntary employee contributions, any other contributions or rollovers received into the plan relevant to the employee and accrued investment returns on the account balance. Defined contribution pension plan costs related to this plan are included in the income or the relevant assets statement in the period to which the contributions relate.

The liability for long service leave of the Group's oversea subsidiaries is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to estimated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounting using market yields at the reporting date.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

26.2 Provision for production maintenance fee

According to the existing state regulations, the domestic companies of the Group accrued keeping simple re-production costs (hereinafter referred to as "Provision for production maintenance fee") based on the following basis, recorded as RMB18.00 per each tonne of raw mines explored from the metal mines.

When the Company accrues the "Provision for production maintenance fee" based on the required standard, debit "manufacturing costs" account, and credit "special reserve" account.

When using the reserve for acquisition and construction of production maintenance related equipment and machinery, for the amount recorded in the cost of related assets, debit "construction in progress", credit "bank and cash", when the status of the project is ready for intended use, the costs of such production maintenance expenditure should be recognised as fixed assets, meanwhile, to offset against the special reserve in accordance with the formation of the cost of fixed assets, and recognise the same amount of accumulated depreciation, debit "special reserve", credit "accumulated depreciation", Such fixed assets in subsequent periods is no longer depreciated. But the carry-forward amount is to be offset against the special reserve account with a zero balance limit.

When using such special reserve to incur maintain production maintenance expenditures, it should be offset against the special reserves, debit "special reserve", credited "bank and cash", the carry-forward amount is to be offset against the special reserve account with a zero balance limit.

26.3 Production safety fee

Before 14 February 2012, in accordance with national regulations, the Group's mining enterprises accrued production safety feeas of RMB4.00 per ton mined open pit ore production, and RMB8.00 per ton mined underground ore production. (hereinafter referred to as " Production safety fee "), after 14 February 2012, according to Cai Qi [2012] No. 16 on the notice of the "Management Approach of The enterprise Production Safety Fee Extraction and Utilisation", the Group's mining enterprises accrued Production safety fee as of RMB5.00 per ton mined open pit ore production, and RMB10.00 per ton mined underground ore production.

Before 14 February 2012, in accordance with national regulations, the provision of Group's metallurgical enterprise safety production costs is based on the actual sales revenue for the year, which is extracted monthly by taking excess regressive manner in accordance with the following standard:

- Actual sales income of RMB10 million and below, accrued in accordance with 4%;
- Actual sales income of RMB10 million to RMB100 million (inclusive), accrued in accordance with 2%;
- Actual sales income of RMB100 million to RMB1,000 million (inclusive), accrued in accordance with 0.5%;
- Actual sales income above 1,000 million, accrued in accordance with 0.2%.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

26. Other significant accounting policies, accounting estimates, and preparation of financial statements *(Continued)*

26.3 Production safety fee (Continued)

After 14 February 2012, according to Cai Qi [2012] No. 16 on the notice of the Management Approach of The enterprise Production Safety Fee Extraction and Utilisation", the provision of Group's metallurgical enterprise safety production costs is based on the actual sales revenue for the year, which is extracted monthly by taking excess regressive manner in accordance with the following standard:

- Actual sales income of RMB10 million and below, accrued in accordance with 3%;
- Actual sales income of RMB10 million to RMB100 million (inclusive), accrued in accordance with 1.5%;
- Actual sales income of RMB100 million to RMB1,000 million (inclusive), accrued in accordance with 0.5%;
- Actual sales income of RMB1,000 million to RMB5,000 million (inclusive), accrued in accordance with 0.2%;
- Actual sales income of RMB5,000 million to RMB10,000 million (inclusive), accrued in accordance with 0.1%;
- Actual sales income above RMB10,000 million, accrued in accordance with 0.05%.

When the Company extracts the Production safety fee based on the required standard, debit "manufacturing costs" account, and credit "special reserve" account.

When using the reserve for asset acquisition and construction to maintain the Production safety fee of the relevant machinery and equipment, for the amount recorded in the cost of related assets, debit "construction in progress", credit "bank and cash", when the status of the project is ready for intended use, the costs of such Production safety feeshould be recognised as fixed assets, meanwhile, to offset against the special reserve in accordance with the formation of the cost of fixed assets, and confirm the same amount of accumulated depreciation, debit "special reserve", credited "accumulated depreciation", Such fixed assets in subsequent periods is no longer depreciated. But the carry-forward amount is to be offset against the special reserve account with a zero balance limit.

When using such special reserve to incur Production safety fee, it should be offset against the special reserves, debit "special reserve", credited "bank and cash", the carry-forward amount is to be offset against the special reserve account with a zero balance limit.

27. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of mineral reserve estimates

The Group estimates its mineral reserves based on information compiled by Competent Persons or other similar jurisdictional authoritative guidance. Mineral reserves, and for certain mines, other mineral resources, determined in this way are used in the calculation of depreciation and amortisation charges, the assessment of indications of impairments, the assessment of life-of-mine and for forecasting the timing of the payment of close down and restoration and rehabilitation costs.

In assessing the life-of-mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating mineral reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast price of commodities, exchange rates, production costs or recovery rates my change the economic status of reserves and may, ultimately result in the reserves being restated.

Useful lives of fixed assets

The directors determine the estimated useful lives and related depreciation charges for its fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions and on the assumption that the PRC government will continue to renew the mining rights certificate upon its expiration. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles. The directors will increase the depreciation charges where useful lives are less than previously estimated lives, or they will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Critical accounting judgments and key sources of estimation uncertainty *(Continued)*

Provision for decline in value of inventories

As described in Note (II).12, inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Operational procedures have been in place to monitor this risk as a significant proportion of the Company's of working capital is devoted to inventories. The management reviews the inventory aging list on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regard, the management of the Company are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

Impairment of accounts receivable

Impairment loss of trade and other receivables is made when there is objective evidence that the recoverability of trade and other receivables becomes doubtful. The impairment loss calculations contain uncertainties because the management is required to make assumptions and to apply judgment regarding historical settlement experience, debt aging, financial status of debtors and general economic conditions. There is no reason to believe that there will be a material change in the future estimates or assumptions which are used in the calculations of impairment loss of trade and other receivables. However, when the actual outcome or expectation in future is different from the original estimates, the carrying value of trade and other receivables and impairment loss may change.

Provision for closure, restoration, rehabilitation and environmental costs

Provision for closure restoration, rehabilitation and environmental costs has been determined by the directors based on their best estimates. The directors estimated this liability for final reclamation and mine closure based upon detailed calculations of the amount and timing of future cash flows spending for a third party to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the future. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities.

Deferred tax assets

The management determines the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

(III) TAXATION

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
VAT	The Company is an ordinary Value- Added Tax payer. Value-added Tax ("VAT") on sales is paid after deducting input VAT on purchases.	Output VAT on sales is calculated at 17% on revenue according to the relevant requirement of tax laws. Gold related products is exempt from VAT.
Business tax	Taxable revenue	5%
City maintenance and construction tax	Actual turnover tax	For city urban area tax rate is 7%; For county town, tax rate is 5%; For other, tax rate is 1%.
Price adjustment fund	Actual turnover tax	1%
Resource tax	Raw ore production	Note 1
Mineral resources compensation fee	Mineral sales revenue at current period	2%
Income tax	The income tax provision is calculated based on the accounting results for the year as adjusted in accordance with the relevant tax laws.	Note 2
Educational surtax and surcharge	Actual turnover tax	3%
Regional educational surtax and surcharge	Actual turnover tax	2%
Tariff	Export sales of the molybdenum iron, molybdenum oxide and rolling molybdenum plate, etc. during the current period.	Molybdenum-iron 20%; molybdenum oxide, ammonium molybdate, molybdate, molybdenum powder and unwrought molybdenum 5% -15%; Molybdenum ores and concentrates Molybdenum waste and scrap 15%
Goods and services tax ("GST")	Charge on selling price of most goods, services and other items sold or consumed in Australia. Companies can generally claim a credit for any GST included in the price they pay for things for their business. When companies export their goods, they do not need to charge GST, but they can claim back their GST paid.	Calculated at 10% on sales price of goods and services
Australia mining royalty	Royalties on minerals are either charged on a quantum or ad valorem basis. Quantum Royalty: Quantum royalties are levied on a production basis (i.e. a flat rate royalty is charge per unit of mineral recovered). Ad Valorem Royalty: Ad valorem royalties are levied at 4% of the total value of minerals recovered, or the ex-mine value.	4% ex-mine value

Note 1: The Group's molybdenum ore resource tax is recorded as RMB 8 per ton of crude ore production. On 1 February 2012, the Ministry of Finance and the State Administration of Taxation issued " The applicable tax rate standard notice of the Ministry of Finance and the State Administration of Taxation on the adjustment of the tin ore resource tax " (Cai Shui [2012] 2) ("Notice"). According to the noticed requirements,, the Group's molybdenum ore resource tax rate had been adjusted to RMB12 per ton of crude ore production since 1st February 2012.

The Group's Rock gold ore is subject to RMB3 per ton or RMB5 per ton in accordance with the production of different level of crude ore.

Note 2: Applicable tax rate:

The Group and its domestic subsidiaries were subject to PRC Enterprise Income Tax levied at a rate of 25% on their taxable incomes determined in accordance with the relevant laws and regulations in the PRC.

China Molybdenum (Hong Kong) Company Limited and CMOC Co., Ltd was incorporated in Hong Kong, thus was subject to Income Tax levied at a rate of 16.5%.

CMOC Mining Pty Limited and CMOC Mining Services Pty. Limited was incorporated in Australia in 2013, thus was subject to Income Tax levied at a rate of 30%.

2. Tax incentive and approval

The Company has obtained the identification of "Utilising the Industrial Waste Resources for Products of Tungsten Concentrate" issued by Henan Development and Reform Commission on 1 July 2009, the recognition certificate is valid from 1 July 2009 to 30 June 2013. According to the update identifications issued by Henan Development and Reform Commission on 26 June 2013, the company has renewed the certificate. The renewed certificate is valid from 1 July 2013 to 30 June 2015. Accordance to the relevant tax law, the Company obtained the allowance of the reduced rate of 90% in total revenue for selling the Tungsten concentrate, which is recorded in the taxable income for the year.

Pursuant to the "Notice of Recognition of the 2011 Second Batch of New and High Technology Enterprises in Henan Provinces " (Yuke [2012] No. 39) dated 16 March 2012, jointly issued by the Science and Technology Department of Henan Province, Finance Department of Henan Province, State Tax Bureau of Henan Province and Provincial Tax Bureau of Henan Province, the Company was recognised as one of the enterprises in the 2011 second batch of new and high technology enterprises in Henan Province. According to the provisions of Article 28 "Enterprise Income Tax Law of the People's Republic of China ", the application income tax rates of the Company during 1 January 2011 to 31 December 2013 are 15%.

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Information of subsidiaries

(1) Subsidiaries established or acquired through investments

Unit: RMB

Full name of the subsidiary	Abbreviation	Type	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the year	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	The amount in minority interests used to write down the minority interests	The amount of owners' equity attributable to the parent company used to absorb the excess of loss for the current period attributable to the minority shareholders of subsidiaries over the minority shareholders' share of the opening balance of owners' equity of the subsidiaries	Remark
洛陽欒川鉬業集團冶煉有限責任公司 Luomu Group Refining Co., Ltd.	Refining	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB5,660,000	Manufacturing of molybdenum oxide, molybdenum steel and related products	RMB5,660,000	–	100.00	100.00	Yes	–	–	–	
洛陽欒川鉬業集團鎢鉬銷售貿易有限公司 Luomu Group Sales and Trading Co., Ltd.	Sales and Trading	Limited liability company	Luanchuan, Henan	Trading of mineral products	RMB2,000,000	Trading of molybdenum products	RMB2,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽大川鉬鎢科技有限責任公司 Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd.	Dachuan	Limited liability company	Luanchuan, Henan	Processing and sales of mineral products	RMB157,500,000	Manufacturing of ammonium molybdate, and molybdenum powder	RMB157,500,000	–	100.00	100.00	Yes	–	–	–	
洛陽坤宇礦業有限公司 Luoyang Kunyu Mining Co., Ltd.	Kunyu	Limited liability company	Luoning, Henan	Production and sales of mineral products	RMB531,230,000	Production of various non-ferrous metals	RMB371,860,000	–	70.00	70.00	Yes	RMB177,360,000	–	–	
洛陽鉬都國際飯店有限公司 Luoyang Mudu International Hotel Co., Ltd.	International Hotel	Limited liability company	Luoyang, Henan	Hotel	RMB210,000,000	Hotel and catering	RMB210,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽欒川鉬業集團鎢業有限公司 Luomu Group Tungsten Co., Ltd.	Tungsten	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB100,000,000	Sales, processing and recovery of molybdenum and tungsten	RMB100,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽鉬業集團貴金屬投資有限公司 Luomu Group Precious Metals Investment Co. Ltd.	Metals Investment	Limited liability company	Luoyang, Henan	Processing and sales of mineral products	RMB500,000,000	Sales of precious metals, investment on precious metals	RMB500,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽鉬業(香港)有限公司 China Molybdenum (Hong Kong) Company Limited	Hong Kong Co.	Limited liability company	Hong Kong	Trading of mineral products	HKD1	Trading of molybdenum products	HKD 1	–	100.00	100.00	Yes	–	–	–	
洛陽鉬業集團金屬材料有限公司 Luomu Group Metal Material Company Limited	Metal Material	Limited liability company	Luoyang, Henan	Processing and sales of mineral products	RMB650,000,000	Manufacturing and trading of molybdenum products	RMB650,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽永甯金鉛冶煉有限公司 Luoyang Yongning Gold & Lead Refining Co., Ltd.	Yongning Gold & Lead	Limited liability company	Luoning, Henan	Lead smelting, processing and sales of mineral products	RMB400,000,000	Lead smelting, sale and manufacturing of mineral products	RMB300,000,000	–	75.00	75.00	Yes	RMB(9,970,000)	RMB 109,970,000	–	
新疆洛鉬礦業有限公司 Xinjiang Luomu Mining Co., Ltd	Xinjiang Luomu	Limited liability company	Xinjiang	Production and sales of mineral products	RMB1,505,380,000	Extracting, processing and sales of molybdenum products	RMB980,000,000	–	70.00	70.00	Yes	RMB420,210,000	–	–	
洛陽欒川鉬業集團銷售有限公司 Luomu Group Sales Co., Ltd.	Sales subsidiary	Limited liability company	Luanchuan, Henan	Trading of mineral products	RMB50,000,000	Trading of molybdenum products	RMB50,000,000	–	100.00	100.00	Yes	–	–	–	
洛陽鉬業控股有限公司 CMOC Co., Ltd	Hong Kong CMOC	Limited liability company	Hong Kong	Investment & Holding	USD 93,870,000	Mining investment, investment management and consulting, minerals marketing	USD 93,870,000	–	100.00	100.00	Yes	–	–	–	Note 1
CMOC Mining Pty Limited	CMOC Mining	Limited liability company	Australia	Production and sales of mineral products	USD 346,000,000	Copper and other nonferrous metal ore exploration, mining and sales of related products	USD 346,000,000	–	100.00	100.00	Yes	–	–	–	Note 1
CMOC Mining Services Pty. Limited	CMOC Services	Limited liability company	Australia	Mining services	AUD 1	Copper and other nonferrous metal ore exploration, mining and sales of related products	AUD 1	–	100.00	100.00	Yes	–	–	–	Note 1

Note 1: Hong Kong CMOC, CMOC Mining and CMOC Services were newly established in current year. CMOC is established for acquisition of the 80% interests of an unincorporated joint venture Northparkes mines and certain related assets of Northparkes copper and gold operations held by North Mining Limited which is owned by the subsidiary of Rio Tinto Limited, North Mining Limited. Details refer to Note(X)4(1).

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Information of subsidiaries *(Continued)*

(2) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of the subsidiary	Abbreviation	Type	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the year	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	The amount in minority interests used to write down the minority interests	The amount of owners' equity attributable to the parent company used to absorb the excess of loss for the current period attributable to the minority shareholders of subsidiaries over the minority shareholders' share of the opening balance of owners' equity of the subsidiaries	Remark
欒川縣滬七礦業有限公司 Luanchuan Huqi Mining Company Limited	Huqi	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB10,000,000	Trading processing of molybdenum	RMB10,000,000	–	100.00	100.00	Yes	–	–	–	Note 2
欒川縣富凱商貿有限公司 Luanchuan Fu Kai Trading Co., Ltd.	Fukai	Limited liability company	Luanchuan, Henan	Trading of molybdenum products	RMB100,000	Trading of molybdenum products	RMB100,000	–	100.00	100.00	Yes	–	–	–	Note 2
欒川縣啟興礦業有限公司 Luanchuan Qixing Mining Company Limited	Qixing	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB6,000,000	Trading molybdenum products	RMB6,000,000	–	90.00	90.00	Yes	RMB(90,000)	RMB690,000	–	Note 3
洛陽建投礦業有限公司 Luoyang Construction Investment and Mining Co., Ltd.	Construction Investment	Limited liability company	Luoyang, Henan	Investment	RMB5,000,000	Trading of molybdenum products	RMB5,000,000	–	100,00	100.00	Yes	–	–	–	Note 3
欒川縣富潤礦業有限公司 Luanchuan Furun Minging Co., Ltd.	Furun	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB1,000,000	Sales and processing molybdenum products	RMB1,000,000	–	100.00	100.00	Yes	–	–	–	
欒川縣大東坡鎢鉬礦業有限公司 Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd.	Dadongpo	Limited liability company	Luanchuan, Henan	Refining and sales of mineral products	RMB65,650,000	Ore processing	RMB33,480,000	–	51.00	51.00	Yes	RMB58,410,000	–	–	
欒川縣九揚礦業有限公司 Luanchuan County Jiuyang Mining Co., Ltd.	Jiuyang	Limited liability company	Luanchuan, Henan	Refining and sales of minerals products	RMB33,390,000	Ore processing	RMB17,030,000	–	51.00	51.00	Yes	RMB14,830,000	–	–	
欒川縣三強鉬鎢有限公司 Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd.	Sanqiang	Limited liability company	Luanchuan, Henan	Refining and sales of minerals products	RMB55,480,000	Ore processing	RMB28,290,000	–	51.00	51.00	Yes	RMB53,630,000	–	–	

Note 2: On November 22, 2012, the Board of Directors considered and approved "on the existence of discrete motion Luanchuan Huqi Mining Limited", agreed to Huqi Mining subsisting split up into two companies. The company received business licenses of Huqi and Fukai issued by Luanchuan Industry and Commerce Administration on August 8, 2013 and completed the subsisting on two separate new company business registration formalities.

Note 3: Qixing is the subsidy of Construction Investment. On November 22, 2012, the Board of Directors considered and approved "About the deregistration of Luoyang Construction Mining Co., Ltd.", agreed to deregister construction investment. The company received approval notice issued by Luanchuan Industry and Commerce Administration for deregistration Construction Investment on September 18, 2013. Qixing became an directly owned subsidiary of the Company.

(3) No bond was issued by the subsidiaries of the Company as at both 31 December 2013 and 31 December 2012.

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Entity that are excluded from consolidation in the current period

Unit: RMB

Name	Net assets at the date of disposal	Net profit (loss) from the beginning of the current period to the date of disposal
Luomu Group Carbide Co., Ltd.	189,405,641.28	(5,051,011.63)

3. Business combinations not involving enterprises under common control occurred in the current period

Unit: RMB

Acquiree	Acquisition discounts	Method of calculating goodwill
The newly acquired of Northparkes Copper/gold Mine Business in Australia *(Note)*	200,525,471.80	The fair value assessment

Note: Details refer to Note(X).4.

4. Exchange rates for translating major financial statement items of foreign operations

Currency	Average exchange rate		Exchange rate at the end of the year	
	2013	2012	**2013**	2012
HK dollars	**0.79**	0.81	**0.79**	0.81
AU dollars	**5.50**	Not applicable	**5.45**	Not applicable
US dollars	**6.13**	Not applicable	**6.10**	Not applicable

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bank balances and cash

Unit: RMB

Item	Closing balance Foreign currency	Closing balance Exchange rate	Closing balance Amount in RMB	Opening balance Foreign currency	Opening balance Exchange rate	Opening balance Amount in RMB
Cash:						
RMB			**371,777.94**			823,393.53
AU dollars	**2,092.24**	**5.45**	**11,402.71**			
Bank balances:						
RMB			**1,230,049,261.97**			976,941,525.90
US dollars	**69,335,428.93**	**6.10**	**422,946,116.47**	3,522,756.18	6.29	22,142,283.97
HK dollars	**2,888,419.71**	**0.79**	**2,281,851.57**	517,518.42	0.81	419,603.93
AU dollars	**8,976,664.16**	**5.45**	**48,922,819.67**			
Other cash equivalents:						
RMB			**178,064,666.94**			1,709,743,571.86
Total			**1,882,647,897.27**			2,710,070,379.19

The Group's other cash equivalents at year end as described above include structured deposit of RMB100,000,000.00 (31 December 2012: RMB1,620,000,000.00), pledged deposits for bank acceptance bills and letter of credit of RMB56,524,625.47 (31 December 2012: RMB76,433,538.49), commodity futures margin RMB21,540,041.47 (31 December 2012: Nil)), and funds in transit of RMB Nil (31 December 2012: RMB13,310,033.37).

As at 31 December 2013, RMB41,195,739.86 (31 December 2012: RMB11,746,043.93) was deposited in banks in Hong Kong, RMB416,137,945.89 (31 December 2012: RMB Nil) was deposited in banks in Australia.

2. Held-for-trading financial assets

(1) Details of held-for-trading financial assets are as follows:

Unit: RMB

Item	Closing fair value	Opening fair value
1. Held-for-trading investments in equity instruments	—	10,891,273.49
— Listed in Hong Kong	—	1,453,513.49
— Listed in mainland China	—	9,437,760.00
Total	—	10,891,273.49

The management of the Company considers that there were no significant restriction in the realisation of its held-fortrading financial assets.

3. Bills receivable

(1) Categories of bills receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptances	**1,591,402,447.61**	1,220,159,395.98
Total	**1,591,402,447.61**	1,220,159,395.98

As at 31 December 2013, the book value of RMB479,322,828.24 (31 December 2012: RMB105,274,340.51) bank acceptances was pledged to issue bank bills, among which, RMB201,062,781.49 bank acceptances was pledged to the Group's financing guarantee for USD45 million loan, RMB272,260,046.75 bank acceptances was plealged to the non-financing guarantee for USD40 Million, RMB6,000,000.00 of bank acceptances was pledged to issue bank acceptances bills.

As at 31 December 2013 and 2012, there was no discounted bank acceptances for bank borrowings.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Bills receivable *(Continued)*

(2) *Top 5 bills receivable which have been pledged as security as at 31 December 2013:*

Unit: RMB

Name of drawer	Date of issue	Maturity date	Amount
CompanyA	29 August 2013	28 February 2014	10,524,000.00
CompanyB	12 July 2013	12 January 2014	10,000,000.00
CompanyC	19 July 2013	19 January 2014	10,000,000.00
CompanyD	9 August 2013	9 February 2014	10,000,000.00
CompanyC	23 August 2013	23 February 2014	10,000,000.00
Total			50,524,000.00

(3) *As at 31 December 2013 and 2012, there was no bills receivable reclassified to accounts receivable due to the issuers' inability to settle the bills on maturity. Bills endorsed by the Group to other parties which are not yet due as at 31 December 2013 was amounting to RMB53,093,050.76 (31 December 2012: RMB60,450,000.00), the bills receivable was derecognized.*

4. Accounts receivable

(1) *Disclosure of accounts receivable by categories:*

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant	727,482,654.45	87.61	4,229,626.57	17.12	554,563,227.17	85.21	–	–
Accounts receivable that are not individually significant	102,907,712.98	12.39	20,480,997.92	82.88	96,264,041.07	14.79	10,093,512.45	100.00
Total	830,390,367.43	100.00	24,710,624.49	100.00	650,827,268.24	100.00	10,093,512.45	100.00

Explanations of categories of accounts receivable:

The Group determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable *(Continued)*

(1) Disclosure of accounts receivable by categories: (Continued)

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)		Amount	Proportion (%)	(%)	Amount	Proportion
Within 1 year	**754,642,158.64**	**90.88**	**–**	**754,642,158.64**	621,103,094.19	95.43	–	621,103,094.19
More than 1 year but not exceeding 2 years	**55,925,095.89**	**6.73**	**4,887,511.59**	**51,037,584.30**	19,634,127.92	3.02	3,466.32	19,630,661.60
More than 2 years but not exceeding 3 years	**10,995,975.09**	**1.32**	**10,995,975.09**	**–**	1,642,396.83	0.25	1,642,396.83	–
More than 3 years	**8,827,137.81**	**1.07**	**8,827,137.81**	**–**	8,447,649.30	1.30	8,447,649.30	–
Total	**830,390,367.43**	**100.00**	**24,710,624.49**	**805,679,742.94**	650,827,268.24	100.00	10,093,512.45	640,733,755.79

(2) Reversals and collections during the current period:

Unit: RMB

Content of accounts receivable	Reasons for reversals or collections	Basis of determining the original bad debt provision	Accumulated bad debt provision prior to reversals or collections	Amount of reversals or collections
Sales of goods	Collections of account receivable	Under the Group's Policy	641,466.55	641.466.55

(3) There is no accounts receivable written off in the reporting period.

(4) There is no balance of accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power as at 31 December 2013 and 2012.

(5) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable (%)
CompanyE	Third Party	169,894,424.78	Within one year	20.46
CompanyC	Third Party	85,042,566.58	Within one year	10.24
CompanyF	Third Party	75,498,575.30	Within one year	9.09
CompanyG	Third Party	46,597,678.99	Note	5.61
CompanyH	Third Party	41,462,591.95	Within one year	4.99
Total		418,495,837.60		50.39

Note: The aging of carrying amount RMB4,895,996.00 was within one year, and the aging of RMB41,701,682.99 was more than 1 year but not exceeding 2 years.

(6) There are no accounts receivable that have been derecognised during the reporting period.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision				Carrying amount	
	Amount	Proportion (%)		Amount	Proportion (%)		Amount	Proportion (%)
Other receivable that are individually significant	**52,625,210.53**	**61.32**	**–**	**–**	52,625,210.53	63.18	–	–
Other receivable that are not individually significant	**33,194,892.76**	**38.68**	**13,302,695.72**	**100.00**	30,668,899.59	36.82	12,958,097.53	100.00
Total	**85,820,103.29**	**100.00**	**13,302,695.72**	**100.00**	83,294,110.12	100.00	12,958,097.53	100.00

Explanations of categories of other receivables:

The Group determines that other receivable of more than RMB5,000,000 is considered as individually significant other receivable.

Aging analysis of other receivables is follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)		Amount	Proportion (%)		Amount	Proportion (%)
Within 1 year	**12,936,110.24**	**15.07**	**105,078.52**	**12,831,031.72**	10,902,805.83	13.09	–	10,902,805.83
More than 1 year but not exceeding 2 years	**1,652,423.77**	**1.93**	**1,039,488.20**	**612,935.57**	5,517,499.67	6.62	2,909,503.44	2,607,996.23
More than 2 years but not exceeding 3 years	**4,968,166.65**	**5.79**	**4,121,553.69**	**846,612.96**	65,665,731.68	78.84	8,840,521.15	56,825,210.53
More than 3 years	**66,263,402.63**	**77.21**	**8,036,575.31**	**58,226,827.32**	1,208,072.94	1.45	1,208,072.94	–
Total	**85,820,103.29**	**100.00**	**13,302,695.72**	**72,517,407.57**	83,294,110.12	100.00	12,958,097.53	70,336,012.59

(2) Reversals and collections during the current period:

Unit: RMB

Content of accounts receivable	Reasons for reversals or collections	Basis of determining the original bad debt provision	Accumulated bad debt provision prior to reversals or collections	Amount of reversals or collections
Others	Collections of other receivable	Under the Group's policy	5,000.00	5,000.00

(3) There is no balance of other receivables due from shareholders holding at least 5% of the Company's shares with voting power.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Other receivables *(Continued)*

(4) Top five entities with the largest balances of other receivables

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable *(%)*
Company I	Third Party	21,250,000.00	More than 3 years	24.76
Huanyu	Joint Venture	21,200,000.00	More than 3 years	24.70
Individual *(Note)*	Third Party	10,175,210.53	More than 3 years	11.86
Company K	Third Party	3,000,000.00	More than 3 years	3.50
Company L	Third Party	1,200,000.00	More than 3 years	1.40
Total		56,825,210.53		66.22

Note: The balance is due from the then shareholder of Huqi.

(5) Details of other receivables due from related parties refer to Note (VI).5.

6. Prepayments

(1) Aging analysis of prepayments is as follows:

Unit: RMB

Category	Closing balance Carrying amount	Closing balance Bad debt provision	Opening balance	Opening balance Carrying amount
Within 1 year	**289,386,047.00**	**97.33**	219,483,991.28	96.52
More than 1 year but not exceeding 2 years	**3,149,040.56**	**1.06**	3,674,942.56	1.62
More than 2 years but not exceeding 3 years	**3,628,900.42**	**1.22**	3,765,234.26	1.66
More than 3 years	**1,181,955.55**	**0.39**	472,244.43	0.20
Total	**297,345,943.53**	**100.00**	227,396,412.53	100.00

(2) Top five entities with the largest balances of prepayments

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Reasons for unsettlement *(%)*
Company F	Third Parties	82,971,796.75	Within one year	Prepayment for materials, goods not yet received
Company M	Third Parties	23,509,511.27	Within one year	Prepayment for materials, goods not yet received
Company N	Third Parties	23,396,841.43	Within one year	Prepayment for materials, goods not yet received
Company O	Third Parties	10,000,000.00	Within one year	Prepayment for materials, goods not yet received
Company P	Third Parties	9,337,684.10	Within one year	Prepayment for materials, goods not yet received
Total		149,215,833.55		

(3) There is no balance of prepayments due from shareholders holding at least 5% of the Company's shares with voting power.

(4) Details of prepayments due from related parties refer to Note (VI).5.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Inventories

(1) Categories of inventories

	Closing balance			Opening balance		
Item	**Gross carrying amount**	**Provision for decline in value of inventories**	**Gross carrying amount**	Provision for decline in value of inventories	Gross carrying amount	Provision for decline in value of inventories
Current:						
Raw materials	**421,440,741.81**	**38,273,918.03**	**383,166,823.78**	532,416,923.22	—	532,416,923.22
Work-in-progress	**332,735,172.34**	**28,311,800.42**	**304,423,371.92**	602,342,688.81	13,364,236.33	588,978,452.48
Finished goods	**137,050,051.18**	**3,643,981.32**	**133,406,069.86**	197,815,235.17	8,911,913.65	188,903,321.52
Subtotal	**891,225,965.33**	**70,229,699.77**	**820,996,265.56**	1,332,574,847.20	22,276,149.98	1,310,298,697.22
Non-current:						
Raw materials *(Note)*	**334,515,072.36**	**—**	**334,515,072.36**	—	—	—
Total	**1,225,741,037.69**	**70,229,699.77**	**1,155,511,337.92**	1,332,574,847.20	22,276,149.98	1,310,298,697.22

Note: Non-current raw materials are comprised of a stockpile of sulphide material from the Northparkes mines in Australia. The stockpile is not expected to be sold until the scheduled extended shutdown period of the E48 ore body, which is planned to occur during 2024.

(2) Provision for decline in value of inventories

Category of inventories	**Opening carrying amount**	**Increase in the current year**	**Decreasing in the current year Reversals**	**Write-off**	**Closing carrying amount**
Raw materials	—	38,273,918.03	—	—	38,273,918.03
Working in Process	13,364,236.33	28,311,800.42	—	13,364,236.33	28,311,800.42
Finished Goods	8,911,913.65	3,190,501.10	—	8,458,433.43	3,643,981.32
Total	22,276,149.98	69,776,219.55	—	21,822,669.76	70,229,699.77

8. Other current assets

Unit: RMB

Item	**Closing balance**	Opening balance
Investment in banks' wealth investment product *(Note 1)*	**1,528,001,380.14**	1,402,441,529.69
Entrusted Loan *(Note 2)*	**150,000,000.00**	—
Others	**23,576,092.91**	9,573,374.80
Total	**1,701,577,473.05**	1,412,014,904.49

Note 1 : The Group participated in the bank-initiated structured financial plan, the directors considered, the value of those banks' wealth investment product and its risk exposures are not significant compared with its book value.

Note 2 : The Group lent 150 million to the joint venture company Fuchuan by way of entrusted loan on 22 August 2013. Fuchuan provided collateral worth 300 million, which is in part of its possessed fixed assets valued in 160 million and land use right valued at 190 million Details refer to Note (VI). 4.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Investments in joint ventures and associates

Name of investee	Type	Registered Place	Legal Representative	Nature of business	Registered capital Currency	Registered capital RMB'000	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Investee's total assets at the end of the period	Investee's total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit (losses) for the year
I. Joint ventures													
洛陽高科鉬鎢材料有限公司 Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")	Limited liability company	Luoyang	Wu, Wenjun	Processing and sales of minerals products	RMB	530,000.00	50	50	444,344,969.49	382,667.84	443,962,301.65	88,641,585.67	(19,341,364.47)
徐州環宇鉬業有限公司 Xuzhou Huanyu Molybdenum Co., Ltd. ("Huanyu")	Limited liability company	Xuzhou	Li, Lingmin	Investment	RMB	50,446.62	50	50	843,135,002.76	639,939,541.24	203,195,461.52	612,486.67	(99,153,983.66)
洛陽富川礦業有限公司 Luoyang Fuchuan Mining Co., Ltd. ("Fuchuan")	Limited liability company	Luanchuan	Li, Lingmin	Processing, refining and sales of minerals products	RMB	50,000.00	10	50	842,887,950.19	618,741,033.41	224,146,916.78	612,486.67	(99,128,047.76)
II. Associates													
洛陽豫鷺礦業有限責任公司 Luoyang Yulu Mining Co., Ltd. ("Yulu Mining")	Limited liability company	Luanchuan	Guo, Tianhuang	Refining and sales of minerals products	RMB	50,000.00	40	40	399,274,602.56	77,977,574.44	321,297,028.12	721,668,178.38	428,136,027.69
上海宇華鉬業有限公司 Shanghai Yuhua Molybdenum Co., Ltd. ("Yuhua Molybdenum") *(Note)*	Limited liability company	Shanghai	Wang, Lei	Processing and sales of minerals products	RMB	5,000.00	33	33	9,609,286.92	–	9,609,286.92	–	(736,863.72)
美國凱立納米鉬公司 Caly Nanomoly Development, Inc. ("Nanomoly Development")	Limited liability company	United States of America		Research and development of molybdenum processing technology	USD	3,000.00	40	40	–	–	–	–	–

Note: Yuhua Molybdenum was approved the deregistration on 7 January, 2014

10. Long-term equity investments

(1) Details of long-term equity investments are as follows:

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes increase/ (decrease)	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
High-Tech	Equity method	265,000,000.00	231,655,926.69	(9,674,775.86)	221,981,150.83	50	50		–	–	–
Huanyu	Equity method	1,036,348,604.30	1,018,673,604.30	(46,590,000.00)	972,083,604.30	50	50		–	–	–
Fuchuan	Equity method	250,220,000.00	250,220,000.00	–	250,220,000.00	10	50	Note 1	–	–	–
Yulu Mining	Equity method	20,000,000.00	174,233,382.53	(23,431,986.15)	150,801,396.38	40	40	Note 2	–	–	237,500,000.00
Yuhua Molybdenum	Equity method	1,650,000.00	3,414,284.44	(243,165.03)	3,171,119.41	33	33		–	–	–
Nanomoly Development	Equity method	8,201,370.00	–	–	–	40	40		–	–	–
河南前進爆破工程有限公司 Henan Qianjin Dynamite Project Co., Ltd.	Cost method	200,000.00	200,000.00	–	200,000.00	10	10		–	–	–
Others	Cost method	4,928.00	4,928.00	–	4,928.00				–	–	–
Total		1,581,624,902.30	1,678,402,125.96	(79,939,927.04)	1,598,462,198.92				–	–	–

Note 1 The Group holds Fuchuan's 10% equity interests indirectly through its subsidiary, Huqi, and the joint venture, Huanyu holds another Fuchuan's 90% equity interests. Since Huanyu's 50% equity interests are hold by a third party, the Group treated Fuchuan as a jointly controlled entity. Subject to an agreement with the local government, the local government is entitled a dividend payment in the amount that is equal to 8% of the annual net profit of Fuchuan, the Group is effectively entitled 47% of the annual net profit (losses) of Fuchuan.

There was a dispute existed on mining rights of Shangfanggou Mine, which is legally owns by Fuchuan. As of 31 December 2012, the production and operation of those involving parities are all suspended. Subject to the notification issued by Luoyang Municipal People's Government in March 2013, Fuchuan and the counterparty reached an acquisition proposal and the counterparty agreed to quit from Shangfanggou Mine area. Fuchuan was preparing to resume the production as at the reporting date.

Note 2 According to the result of Yulu Mining's 2007 annual shareholders' meeting, both investors would share same proportion of its net profit since year 2008. Therefore, the Group holds 40% equity interest in Yulu Mining but recognises investment income of 50% out of its net profit.

(2) There is no significant limits exist regarding cash realisation and investment income repatriation from these associates.

(3) The entities invested by the Group are all non-listed entities.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Opening carrying amount	Increase in the current year	Decrease in the current year	Reclassification	Foreign currency exchange differences	Closing carrying amount
I. Total original carrying amount	5,773,261,460.29	2,698,112,435.55	22,722,360.13	—	(57,989,611.24)	8,390,661,924.47
Including: Buildings and mining structures	3,821,637,979.07	1,971,382,588.67	4,786,649.45	27,830,151.01	(41,302,258.62)	5,774,761,810.68
Plant and machinery	1,670,773,122.34	718,700,185.61	8,069,681.27	(93,295,085.57)	(16,687,352.62)	2,271,421,188.49
Furniture, fixtures and equipment	183,761,252.22	5,986,567.00	1,340,631.30	(3,755,236.44)	—	184,651,951.48
Motor vehicles	97,089,106.66	2,043,094.27	8,525,398.11	69,220,171.00	—	159,826,973.82
II. Total accumulated depreciation	2,149,590,986.85	371,886,310.56	9,909,149.02	—	(177,364.09)	2,511,390,784.30
Including: Buildings and mining structures	1,272,327,649.51	190,003,339.00	423,156.79	9,579,948.56	(120,893.84)	1,471,366,886.44
Plant and machinery	713,913,111.83	154,324,969.80	1,977,397.87	(64,001,231.20)	(56,470.25)	802,202,982.31
Furniture, fixtures and equipment	86,148,948.92	20,124,641.87	256,133.78	(167,384.02)	—	105,850,072.99
Motor vehicles	77,201,276.59	7,433,359.89	7,252,460.58	54,588,666.66	—	131,970,842.56
III. Total net book value of fixed assets	3,623,670,473.44					5,879,271,140.17
Including: Buildings and mining structures	2,549,310,329.56					4,303,394,924.24
Plant and machinery	956,860,010.51					1,469,218,206.18
Furniture, fixtures and equipment	97,612,303.30					78,801,878.49
Motor vehicles	19,887,830.07					27,856,131.26
IV. Total provision for impairment losses	—	2,966,254.30				2,966,254.30
Including: Buildings and mining structures	—	—				—
Plant and machinery	—	2,966,254.30				2,966,254.30
Furniture, fixtures and equipment	—	—				—
Motor vehicles	—	—				—
V. Total carrying amount of fixed assets	3,623,670,473.44					5,876,304,885.87
Including: Buildings and mining structures	2,549,310,329.56					4,303,394,924.24
Plant and machinery	956,860,010.51					1,466,251,951.88
Furniture, fixtures and equipment	97,612,303.30					78,801,878.49
Motor vehicles	19,887,830.07					27,856,131.26

The increase in the original carrying amount for the current period consists of purchase of RMB51,299,498.07, an increase of RMB246,684,188.42 transferred from construction in progress, an increase of RMB2,400,128,749.06 on acquisition of a business.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Fixed assets *(Continued)*

(1) Fixed assets (Continued)

The decrease in the original carrying amount for the current period consists of a decrease of RMB16,976,392.90 on disposals, a decrease of RMB5,745,967.23 on the sale of a subsidiary.

The increase in accumulated depreciation for the current period consists of charge for the current period of RMB371,886,310.56.

The decrease in accumulated depreciation for the current period consists of a decrease of RMB9,647,118.53 on disposals, a decrease of RMB262,030.49 on the disposal of a subsidiary.

As at 31 December 2013, there is no fixed asset is used as collateral.

Fixed assets of which certificates of title have not been obtained amounted to RMB7,671,417.60 as at 31 December 2013.

(2) The original carrying amount of temporary idle fixed assets was amounted to RMB8,148,490.73, the accumulated depreciation was amounted to RMB4,774,811.89, the provision for impairment losses was amounted to RMB2,966,254.30 as at 31 December 2013.

(3) There is no fixed asset leased under finance leases in the Group as at 31 December 2013 and 2012.

(4) There is no fixed asset leased out under operating leases in the Group as at 31 December 2013 and 2012.

(5) There is no fixed asset held for sale in the Group as at 31 December 2013 and 2012.

12. Construction in progress

(1) Details of construction in progress are as follows:

Unit: RMB

	Closing balance			Opening balance		
Item	Carrying amount	Provision for impairment losses	Net carrying amount	Carrying amount	Provision for impairment losses	Net carrying amount
Tailings dam project of No. 3 Ore Processing Plant	1,750,889.25	—	1,750,889.25	—	—	—
Tailings dam project of No. 2 Ore Processing Plant	51,119,293.50	—	51,119,293.50	44,967,301.02	—	44,967,301.02
Hard alloy project	—	—	—	27,511,749.35	—	27,511,749.35
Sandaozhuang mining exploration project	—	—	—	39,821,829.98	—	39,821,829.98
Exploration project of Kunyu	56,292,165.78	—	56,292,165.78	36,120,822.47	—	36,120,822.47
Molybdenum project in East Gobi,Hami, Xinjiang	72,091,181.30	—	72,091,181.30	69,308,681.30	—	69,308,681.30
Nanyuan construction project of International Hotel	102,476,200.85	—	102,476,200.85	101,107,534.14	—	101,107,534.14
Main Building refurbishment project of International Hotel	—	—	—	8,904,145.00	—	8,904,145.00
Northparkes E48 mine redevelopment project	41,168,641.43	—	41,168,641.43	—	—	—
Northparkes E48 mine northern extension project	53,030,417.45	—	53,030,417.45	—	—	—
Others	115,658,130.08	—	115,658,130.08	70,296,628.12	—	70,296,628.12
Total	493,586,919.64	—	493,586,919.64	398,038,691.38	—	398,038,691.38

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. Construction in progress *(Continued)*

(2) Changes in significant construction in progress

Unit: RMB

Item name	Budget amount	Opening balance	Increase in the current year	Transfer to fixed assets	Other decreases	Amount injected as a proportion of budget amount (%)	Amount of accumulated capitalised interest	Including: capitalised interest for the year	Interest capitalisation rate for the year (%)	Closing balance
Tailings dam project of No. 3 Ore Processing Plant	50,000,000.00	–	1,750,889.25	–	–		66	–	–	1,750,889.25
Tailings dam project of No. 2 Ore Processing Plant	90,000,000.00	44,967,301.02	7,404,225.40	1,252,232.92	–		98	–	–	51,119,293.50
Hard alloy project	1,877,000,000.00	27,511,749.35	192,894.33	–	27,704,643.68		2	–	–	–
Sandaozhuang mining exploration project	50,000,000.00	39,821,829.98	–	39,780,357.88	41,472.10		97	–	–	–
Exploration project of Kunyu	210,000,000.00	36,120,822.47	51,549,465.70	31,378,122.39	–		81	–	–	56,292,165.78
Molybdenum project in East Gobi,Hami, Xinjiang	2,849,000,000.00	69,308,681.30	5,933,991.24	–	3,151,491.24		7	–	–	72,091,181.30
Nanyuan construction project of International Hotel	242,000,000.00	101,107,534.14	1,368,666.71	–	–		42	–	–	102,476,200.85
Main Building refurbishment project of International Hotel	40,830,000.00	8,904,145.00	30,860,863.23	39,765,008.23	–		97	–	–	–
Northparkes E48 mine redevelopment project	104,540,000.00	–	42,259,968.08	–	–	(1,091,326.65)	39	–	–	41,168,641.43
Northparkes E48 mine northern extension project	148,209,000.00	–	54,457,272.94	–	–	(1,426,855.49)	36	–	–	53,030,417.45
Others	–	70,296,628.12	227,009,053.17	134,508,467.00	45,595,429.92	(1,543,654.29)	–	–	–	115,658,130.08
Total	5,661,579,000.00	398,038,691.38	422,787,290.05	246,684,188.42	76,493,036.94	(4,061,836.43)	–	–	–	493,586,919.64

The increase in the current period consists of purchase of RMB276,571,557.67, an increase of RMB146,215,732.38 on acquisition of a business.

The decrease in the current period consists of a decrease of RMB41,164,789 on the disposal of a subsidiary, a decrease of RMB35,328,247.42 transferred to intangible assets.

(3) No impairment losses have been provided for construction in progress as at 31 December 2013 as there is no any indication that construction in progress maybe impaired.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase in the current year	Decrease in the current year	Foreign currency exchange differences	Closing carrying amount
I. Total original carrying amount	2,313,470,642.28	3,649,268,734.10	1,206,731,830.80	(14,325,903.42)	4,741,681,642.16
Land use rights	734,583,525.34	95,523,317.43	137,348,987.61	—	692,757,855.16
Mining rights *(Note)*	498,028,044.44	3,545,447,976.16	—	(14,325,903.42)	4,029,150,117.18
Exploration assets *(Note)*	1,069,382,843.19	—	1,069,382,843.19	—	—
Others	11,476,229.31	8,297,440.51	—	—	19,773,669.82
II. Total accumulated amortisation	255,818,939.49	65,569,340.83	5,572,207.43	(34,166.11)	315,781,906.78
Land use rights	60,592,336.02	12,345,124.34	5,572,207.43	—	67,365,252.93
Mining rights	193,067,895.79	51,586,730.67	—	(34,166.11)	244,620,460.35
Exploration assets	—	—	—	—	—
Others	2,158,707.68	1,637,485.82	—	—	3,796,193.50
III. Total net book value of intangible assets	2,057,651,702.79				4,425,899,735.38
Land use rights	673,991,189.32				625,392,602.23
Mining rights	304,960,148.65				3,784,529,656.83
Exploration assets	1,069,382,843.19				—
Others	9,317,521.63				15,977,476.32
IV. Total provision for impairment	—				—
V. Total carrying amount of intangible assets	2,057,651,702.79				4,425,899,735.38
Land use rights	673,991,189.32				625,392,602.23
Mining rights	304,960,148.65				3,784,529,656.83
Exploration assets	1,069,382,843.19				—
Others	9,317,521.63				15,977,476.32

Note : Xinjiang Luomu, a non-wholly owned subsidiary of the Company, obtained the mining rights certificate of the Exploration Assets of 新疆哈密市東戈壁鉬礦普查項目 molybdenum general prospecting and exploration in East Gobi, Hami, Xinjiang. The related amount in exploration assets was transferred into ming rights.

The increase in the original carrying amount for the current period consists of purchase of RMB76,759,814.26, an increase of RMB35,328,247.42 transferred from construction in progress, an increase of RMB1,069,382,843.19 reclassified between mining rights and exploration assets, an increase of RMB2,467,797,829.23 on acquisition of a business.

The decrease in the original carrying amount for the current period consists of a decrease of RMB245,213.01 on disposals, a decrease of RMB1,069,382,843.19 reclassified between mining rights and exploration assets, a decrease of RMB137,103,774.60 on the disposal of a subsidiary.

The amortisation for the current period is RMB65,569,340.83.

The decrease in accumulated amortisation for the current period consists of a decrease of RMB35,867.86 on disposals, a decrease of RMB5,536,339.57 on the disposal of a subsidiary.

As at 31 December 2013, a net carrying amount of RMB41,797,409.35 of land use rights are in the process of obtaining certificates of title.

As at 31 December 2013, there is no land use rights is used as collateral.

The land use rights are under medium term lease and were acquired with the lease period of 50 years and were situated in the PRC. The land use rights are amortised over their lease periods.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Long-term deferred expenses

Unit: RMB

Item	Closing balance	Opening balance
Relocation compensation fee *(Note 1)*	**75,164,782.86**	79,398,284.76
Geological Museum use right *(Note 2)*	**29,400,000.00**	30,000,000.00
Others	**23,952,864.77**	25,902,256.17
Total	**128,517,647.63**	135,300,540.93

Note 1: The Company paid the relocation compensation fees to the villagers around the areas of tailing dams.

Note 2: According to the Geological Museum use right agreement signed by Luanchuan Finance Bureau and the Company on 18 December 2012, the Company would be allocated with 2,000 square meters showroom area in the Local Geological Museum for promoting the Company's products for 50 years from 1 January 2013.

15. Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities that are not presented at the net amount after offset

(1) Recognised deferred tax assets and deferred tax liabilities

Unit: RMB

Item	Closing balance	Opening balance
Deferred tax assets:		
Provision for impairment losses of assets	**6,769,861.78**	2,720,427.63
Deductible losses	**44,255,188.77**	36,598,571.86
Unrealised profit	**31,561,916.62**	35,061,065.51
Deferred income of government grant	**4,613,960.52**	7,405,707.61
Changes in fair value	**635,283.00**	1,199,496.00
Accrued expenses	**34,986,798.18**	35,052,152.54
Provision for special reserves	—	11,887,907.10
Losses on disposal of fixed assets without filing	**3,510,509.81**	3,510,509.81
Acquisition costs to be deferred	**87,646,574.04**	—
Subtotal	**213,980,092.72**	133,435,838.06
Deferred tax liabilities:		
Fair value adjustment of business combinations not involving enterprises under common control	**(73,960,296.47)**	—
Subtotal	**(73,960,296.47)**	—
Net amount	**140,019,796.25**	133,435,838.06

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) Details of unrecognised deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	**397,980,162.33**	226,380,232.53
Deductible temporary differences	**84,893,908.82**	50,499,666.17
Total	**482,874,071.15**	276,879,898.70

Note: Deductible temporary differences and deductible losses for which deferred tax assets are not recognised due to uncertainty whether sufficient taxable profits will be available in the future shall be presented.

(3) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Unit: RMB

年份	Closing balance	Opening balance
2014	**17,218,082.22**	17,218,082.22
2015	**8,800,651.42**	8,800,651.42
2016	**29,272,505.09**	29,272,505.09
2017	**122,704,761.04**	106,953,626.39
2018	**219,984,162.56**	—
Total	**397,980,162.33**	162,244,865.12

(4) Details of taxable temporary differences and deductible temporary differences

Unit: RMB

Item	Closing balance	Opening balance
Deferred tax assets:		
Deductible temporary differences		
Provision for impairment losses of assets	**35,936,809.45**	15,663,616.39
Deductible losses	**177,020,755.06**	146,394,287.43
Unrealised profit	**126,247,666.48**	140,244,262.03
Deferred income of government grant	**30,759,736.80**	36,103,710.16
Changes in fair value	**4,235,220.00**	7,996,640.00
Accrued expenses	**205,692,494.14**	200,554,578.83
Provision for special reserves	—	78,938,263.32
Losses on disposal of fixed assets without filing	**23,403,398.76**	23,403,398.76
Acquisition costs to be deferred	**292,155,246.80**	—
Total	**895,451,327.49**	649,298,756.92
Deferred tax liabilities:		
Fair value adjustment of business combinations not involving enterprises under common control	**(274,485,768.27)**	—
Total	**620,965,559.22**	649,298,756.92

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Details of provision for impairment losses of assets

Unit: RMB

Item	Opening carrying amount	Increase in the current year	Decrease in the current year Reversals	Write-off	Closing carrying amount
I. Bad debts provision	23,051,609.98	15,608,176.78	646,466.55	—	38,013,320.21
II. Provision for decline in value of inventories	22,276,149.98	69,776,219.55	—	21,822,669.76	70,229,699.77
III. Provision for impairment losses of fixed assets	—	2,966,254.30	—	—	2,966,254.30
IV. Provision for impairment losses of goodwill	3,933,952.68	—	—	—	3,933,952.68
Total	49,261,712.64	88,350,650.63	646,466.55	21,822,669.76	115,143,226.96

17. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayments for acquisition of land use rights *(Note 1)*	**8,659,900.00**	8,659,900.00
Prepayments for acquisition of buildings *(Note 2)*	**—**	35,611,455.00
Prepayments for exploration assets *(Note 3)*	**—**	50,000,000.00
Deposites above one year *(Note 4)*	**1,641,635,056.42**	—
Prepayment for water fees *(Note 5)*	**63,000,000.00**	—
Others	**15,917,290.30**	15,138,860.00
Total	**1,729,212,246.72**	109,410,215.00

Note 1: Prepayments for land compensation fee and land acquisition.

Note 2: Prepayments for acquisition of office building, the building is estimated to be delivered in 2013.

Note 3: In 2010, the Company entered into a Framework Agreement with河南省地質礦產勘查開發局Henan Provincial Bureau of Exploration and Development of Geoloty and Mineral Resource ("Henan Bureau") in relation to the six Mines including a copper mine located in Fuyun County, Xinjiang and a deposit of RMB50 million was advanced by the Company to Henan Bureau for the Acquisition of Exploration Rights of the Mine in 2011. Henan Bureau proposed to complete the inspection and filing of one or two mine exploration before the end of April in 2013, if the exploration is unable to carry out or, the exploration rights cannot be transferred to the Company, Henan Bureau would refund the remaining deposits and then transfer mining/exploration rights in accordance with the equivalent value of the remaining deposits. A supplemental agreement was signed in 2012 and both parties agreed that the cooperation is focused on precious-based metals, and taken into account other breeds (does not include copper mine), thus the number of mines in exploration decrease from six to five.

Note 4: This amount including principal and interest of RMB1,629,937,500.00 and RMB11,697,556.42, among which, the principal of RMB531,975,000.00 of 3-year time deposit was pledged to USD306,000,000.00 (RMB1,865,651,400.00) of long-term borrowings of CMOC Co.,Ltd, the principal of RMB797,962,500.00 of 5-year time deposit was pledged to USD239,500,000.00 (RMB1,460,207,550.00) of long-term borrowings of CMOC Mining Pty Limited.

Note 5: Prepayment for water fees by the subsidiary Xinjiang Luomu.

18. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	Closing balance	Opening balance
Secured loans	**96,776,205.10**	—
Unsecured and non-guaranteed loans	**127,568,106.88**	10,000,000.00
Total	**224,344,311.98**	10,000,000.00

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. Held-for-trading financial liabilities

Unit: RMB

Item	Closing fair value	Opening fair value
I. Derivative financial liabilities not designated as hedging instruments	**61,159,170.00**	—
— Commodity futures contracts *(Note 1)*	**288,750.00**	—
— Commodity forward contracts *(Note 2)*	**60,870,420.00**	—
2. Gold lease liabilities measured at fair value *(Note 2)*	**296,092,800.00**	—
Total	**357,251,970.00**	—

Note 1: Derivatives not designated as hedging instruments. The Group minimise its risk exposure of fluctuations in the metal market price of Lead, Gold and Silver, by using future purchase contracts of lead concentrates against future sales contract of electrolytic lead and anode mud. Changes in the fair value of the Commodity futures contracts that are not designated as hedging instrument are recognised in profit or loss immediately.

Note 2: The Group entered into a gold commodity lease agreement with the bank for financing purpose. According to agreement, the Group leased gold from the bank, which was permitted to be sold to third parties during the lease period, and the Group was obliged to return gold with same quality and weight to the bank when the lease expired. The obligation to return the gold is recognised as financial liability. The Group manage its risk exposure to gold return obligation arising from fluctuation of gold market price, by using gold forward contract that are not designated as hedging instrument, and changes in the fair value of the gold forward contract are recognised in profit or loss immediately.

20. Bills payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptances	**27,910,000.00**	75,891,401.38
Total	**27,910,000.00**	75,891,401.38

21. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Payables for purchase of goods	**197,385,526.41**	267,690,496.16
Total	**197,385,526.41**	267,690,496.16

(2) Accounts payable to shareholders holding at least 5% of the Company's shares with voting power or to related parties.

(3) Aging analysis of accounts payable is as follows:

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	**188,066,861.47**	254,880,117.28
More than 1 year but not exceeding 2 years	**2,562,561.42**	3,117,260.11
More than 2 years	**6,756,103.52**	9,693,118.77
Total	**197,385,526.41**	267,690,496.16

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Receipts in advance

(1) Details of receipts in advance are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Advance to goods purchased	**61,827,310.76**	49,024,118.34
Total	**61,827,310.76**	49,024,118.34

(2) There is no balance of receipt in advance due from shareholders holding at least 5% of the Company's shares with voting power.

23. Employee benefits payable

Unit: RMB

Item	Opening balance	Increase in the current year	Decrease in the current year	Foreign currency exchange differences	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	105,248,451.03	425,830,136.61	422,626,454.73	(324,593.21)	108,127,539.70
II. Staff welfare	2,207.00	42,391,758.98	42,391,365.98	—	2,600.00
III. Social security contributions	2,606,338.97	81,319,080.52	83,466,015.34	—	459,404.15
Medical insurance	574,462.44	16,779,546.02	17,237,523.97	—	116,484.49
Basis pension insurance	1,582,684.50	51,910,470.74	53,266,646.82	—	226,508.42
Unemployment insurance	141,045.80	4,301,209.93	4,410,722.14	—	31,533.59
Maternity insurance	68,342.96	1,739,014.52	1,797,492.94	—	9,864.54
Work injury insurance	239,803.27	6,588,839.31	6,753,629.47	—	75,013.11
IV. Housing funds	551,410.79	25,846,521.97	26,363,801.04	—	34,131.72
V. Termination benefits	—	—	—	—	—
VI. Labor union and education fund	11,712,980.78	11,661,140.20	11,214,376.80	—	12,159,744.18
VII. Others	—	34,657,171.96	7,611,833.88	(914,156.28)	26,131,181.80
Annual leave *(Note)*	—	19,501,695.27	4,216,722.17	(520,016.76)	14,764,956.34
Long service leave *(Note)*		15,155,476.69	3,395,111.71	(394,139.52)	11,366,225.46
Total	120,121,388.57	621,705,810.24	593,673,847.77	(1,238,749.49)	146,914,601.55

Note: The related liabilities for annual Leave and long service leave are provided by Australian subsidiaries of the Group.

There is no overdue employee benefits payable as at 31 December 2013 and 2012.

The description of employee benefits payable:

The increase for the current period consists of acquisitions of RMB46,960,058.66. The decrease for the current period consists of a decrease of RMB18,840.77 on the sale of a subsidiary.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	**(67,716,300.67)**	(121,986,313.41)
City construction and maintenance tax	**930,948.03**	1,659,773.94
Value added tax	**(52,662,486.21)**	(101,136,467.16)
Resource tax	**17,870,641.34**	10,517,164.19
Mineral resources compensation fee	**18,224,798.29**	25,360,440.33
Price adjustment fund	**489,721.86**	645,924.77
Education surtax	**1,270,288.77**	2,154,238.45
Others	**18,032,912.75**	13,992,755.83
Total	**(63,559,475.84)**	(168,792,483.06)

25. Interests Payable

Unit: RMB

Item	Closing balance	Opening balance
Interests on medium-term notes *(Note)*	**41,166,666.65**	41,166,666.66
Interests on bank loans	**14,567,268.59**	—
Total	**55,733,935.24**	41,166,666.66

Note: Details refer to Note (V).31.

26. Dividends payable

Unit: RMB

Name of entity	Closing balance	Opening balance
Shareholders of H shares	**—**	118,004,040.00
Public shareholders of A shares	**—**	1,697,636.04
欒川縣泰峰工貿有限公司 Luanchuan Taifeng Industry and Trading Co., Ltd.*(Note)*	**7,603,109.24**	7,603,109.24
欒川縣宏基礦業有限公司 Luanchuan Hongji Mining Co., Ltd. *(Note)*	**16,923,017.89**	16,923,017.89
欒川縣誠志礦業有限公司 Luanchuan Chengzhi Mining Co., Ltd. *(Note)*	**6,319,669.54**	6,319,669.54
洛甯縣伏牛礦業開發中心*(Note)* Luoning Funiu Mining Development Center *(Note)*	**21,866,598.66**	—
中國黃金河南公司*(Note)* China Gold Henan Company *(Note)*	**4,373,319.73**	—
Total	**57,085,715.06**	150,547,472.71

Note: Minority shareholders of subsidiaries.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Project and equipment payment	**193,134,375.05**	285,051,422.53
Unpaid stamp duty arising from acquisition of mineral rights in Australia	**131,158,843.62**	—
Others	**243,920,911.59**	196,179,136.76
Total	**568,214,130.26**	481,230,559.29

(2) There is no balance of other payables due from shareholders holding at least 5% of the Company's shares with voting power. Details of other payables due from related parties as at 31 December 2013 and 2012 refer to Note (VI). 5.

28. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Payable for acquisition of exploration assets in Hami, Xinjiang *(Note)*	**146,000,000.00**	246,000,000.00
Deferred income due within one year *(Note V.33)*	**832,567.70**	16,320,927.26
Long-term borrowings due within one year *(Note V.30)*	**243,876,000.00**	—
Total	**390,708,567.70**	262,320,927.26

Note: Pursuant to the Transfer Agreement, Xinjiang Luomu, a non-wholly owned subsidiary of the Company agreed to acquire, the Exploration Assets of 新疆哈密市東戈壁鉬礦普查項目molybdenum general prospecting and exploration in East Gobi, Hami, Xinjiang(License number: T65120080602009571) from Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource, the consideration is RMB1.036 billion, of which RMB0.39 billion was set off against the considerations as the additional capital contributions from the minority shareholder. Xinjang Luomu had paid the first installment of RMB0.4 billion in 2010, and the second installment of RMB0.246 billion (free from interests) shall be paid after 30 June 2014 or the production is launched, whichever is the earlier. Another 0.1 billion has been paid during current year, as discussed in Note (V) 17 (note 3), among the RMB0.1 billion payment, RMB50 million was settled by way of a series of inter-company settlements with the counterparties.

29. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Accrued expenses	**20,202,200.99**	16,433,778.49
Total	**20,202,200.99**	16,433,778.49

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured loans with securities under the custody of lenders	**3,325,858,950.00**	—
Unsecured and non-guaranteed loans	**1,582,145,550.00**	—
Less: long-term borrowings due within one year	**243,876,000.00**	—
Total	**4,664,128,500.00**	—

As at 31 December 2013, the annual interest rates of the above borrowings is range from 2.44% to 2.69%.

As at 31 December 2013, there is no long-term borrowing results from an extension of repayment date of an overdue borrowing.

(2) Top five long-term borrowings

Unit: RMB

Lending party	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	Closing balance Amount in foreign currency	Amount in domestic currency	Opening balance Amount in foreign currency	Amount in domestic currency
Bank Q	November 2013	November 2016	US dollars	3 months LOBOR +220 BPS	306,000,000.00	1,865,651,400.00	–	–
Bank R	November 2013	November 2018	US dollars	3 months LOBOR +220 BPS	259,500,000.00	1,582,145,550.00	–	–
Bank S	November 2013	November 2018	US dollars	3 months LOBOR +220 BPS	239,500,000.00	1,460,207,550.00	–	–
Total						4,908,004,500.00	–	–

31. Bonds payable

Unit: RMB

Item	Par value	Issue date	Maturity	Issue amount	Opening interest payable	Accrued interest for the year	Interests paid during the year	Closing interest payable	Closing balance
12 CMOC MTN1	2,000,000,000.00	2 August 2012	5 years	2,000,000,000.00	41,166,666.66	98,799,999.99	98,800,000.00	41,166,666.65	2,000,000,000.00
Total	2,000,000,000.00			2,000,000,000.00	41,166,666.66	98,799,999.99	98,800,000.00	41,166,666.65	2,000,000,000.00

On 2 August 2012, the Company issued a medium-term notes with a principal of RMB2 billion ("12 CMOC MTN1") and registered in the National Association of Financial Market Institutional Investors. The proceeds from the medium-term note are used for supplement of the Company and its subsidiaries' working capital and repayment of bank borrowings. The medium-term note issued on nominal interest rate of 4.94% per annum and the term of the note was 5 years. Interest shall be paid annually.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

32. Provision

Unit: RMB

Item	Closing balance	Opening balance
Provision for restoration, rehabilitation and environmental costs *(Note 1)*	**47,570,371.67**	46,983,083.13
Close down and restoration costs *(Note 2)*	**195,942,837.97**	—
Long services leave *(Note(V).23)*	**17,748,709.03**	—
Total	**261,261,918.67**	46,983,083.13

Note: Pursuant to the "Notice of Matters related to Revision on Fee Standards for Restoration, Rehabilitation and Environmental Costs" (Yufagai shoufei [2006] No. 1263), jointly issued by Henan Development and Reform Commission the and the Finance Department of Henan Province, the Company is obliged to accrue the cost for land reclamation and mine closures for the Company's existing mines. The provision for relevant costs has been determined by the Company based on its best estimates.

Note 2: The Group owned Northparkes Copper/gold Mine businesses in Australia have the contingent liability exists in respect of any requirement for rehabilitation in the event that the mine close down and restoration provision representing the discounted, present value of the total estimated costs in order to restore and rehabilitate the mine site at the end of its planned operating life. At 31 December 2013, the area disturbed by construction but not yet restored was estimated to be 662.62 hectares.

33. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Deferred income of land use right subsidy *(Note 1)*	**22,303,634.90**	22,807,948.70
Deferred income of research project subsidy *(Note 2)*	**3,080,525.90**	7,996,613.46
Deferred income of demonstration base project subsidy *(Note 2)*	**10,777,700.00**	10,820,000.00
Deferred income of heavy metal treatment subsidy	**1,500,000.00**	—
Deferred income of CCTV installation	**247,728.00**	—
Total	**37,909,588.80**	41,624,562.16
Including: Released to income within 1 year	**832,567.70**	16,320,927.26

Note 1: Government grant received from relevant PRC local authorities in respect of the Group's acquisition of land use rights. It is recognised as deferred income and are released to income over the lease term of the land use rights.

Note 2: Government grant received from local government at the titles of "Provincial Significant Technology Funds", "Special funds for the conservation and comprehensive utilisation of mineral resources" and "The Central mineral resources comprehensive utilisation demonstration base subsidy" in connection with the Group's research project on the key technology for floating and refining process of molybdenum and tungsten products. It is recognised as deferred income and is released to income over when the Group carried out the research work.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

33. Other non-current liabilities *(Continued)*

Government subsidy details:

Unit: RMB

Liabilities Item	Opening carrying amount	Increased subsidy in current year	Amount in current year non-operating income	Closing carrying amount	Related to assets/ Related to profit *(Note)*
Nannihu land premium rebate	17,287,096.70	—	385,585.80	16,901,510.90	Related to assets
Special funds of 3000 tons/day of molybdenum tailings utilisation	3,000,000.00	—	—	3,000,000.00	Related to assets
Special funds for the conservation and comprehensive utilization of mineral resources	10,820,000.00	35,000,000.00	35,042,300.00	10,777,700.00	Related to profit
The Central mineral resources comprehensive utilisation demonstration base subsidy	4,996,613.46	—	4,916,087.56	80,525.90	Related to profit
Subsidy of the return of the land premium	5,520,852.00	—	118,728.00	5,402,124.00	Related to assets
Subsidy of Heavy metal treatment	—	1,500,000.00	—	1,500,000.00	Related to assets
Subsidy of CCTV installation	—	247,728.00	—	247,728.00	Related to assets
Total	41,624,562.16	36,747,728.00	40,462,701.36	37,909,588.80	

Note: The government grants are classified into government grants related to assets and government grants related to income according to the granted objects and natures specified in government documents. For those government grants without specific objects or natures would be classified on the basis that whether the assets can be formed or not.

34. Share capital

Unit: RMB

	Opening balance	Changes for the year: New issue of shares *(note 1)*	Bonus issue	Capitalisation of surplus reserve	Others *(note 3)*	Subtotal	Closing balance
2013							
I. Restricted tradable shares							
1. State-owned legal person shares *(note 2)*	**359,318,695.00**	—	—	—	—	—	**359,318,695.00**
2. Other domestic-owned shares	**353,684,210.00**				**(353,684,210.00)**	**(353,684,210.00)**	—
Total restricted tradable shares	**713,002,905.00**	—	—	—	**(353,684,210.00)**	**(353,684,210.00)**	**359,318,695.00**
II. Tradable shares							
1. Ordinary shares denominated in RMB	**40,000,000.00**	—	—	—	**353,684,210.00**	**353,684,210.00**	**393,684,210.00**
2. Foreign-owned shares listed overseas	**262,231,200.00**	—	—	—	—	—	**262,231,200.00**
Total tradable shares	**302,231,200.00**	—	—	—	**353,684,210.00**	**353,684,210.00**	**655,915,410.00**
III. Total shares	**1,015,234,105.00**	—	—	—	—	—	**1,015,234,105.00**
2012							
I. Restricted tradable shares							
1. State-owned legal person shares *(note 2)*	359,318,695.00	—	—	—	—	—	359,318,695.00
2. Other domestic-owned shares	353,684,210.00	—	—	—	—	—	353,684,210.00
Total restricted tradable shares	713,002,905.00	—	—	—	—	—	713,002,905.00
II. Tradable shares							—
1. Ordinary shares denominated in RMB	—	40,000,000.00	—	—	—	40,000,000.00	40,000,000.00
2. Foreign-owned shares listed overseas	262,231,200.00	—	—	—	—	—	262,231,200.00
Total tradable shares	262,231,200.00	40,000,000.00	—	—	—	40,000,000.00	302,231,200.00
III. Total shares	975,234,105.00	40,000,000.00	—	—	—	40,000,000.00	1,015,234,105.00

Note (1) On 16 July 2012, according to Commission license [2012] No. 942 "The initial public offering (IPO) on the approval of Luoyang Molybdenum Co., Ltd." issued by China Securities Regulatory Commission, the Company was approved to issue no more than 542 million RMB ordinary shares (A share). Up to 26 September 2012, the Company had issued 200,000,000 shares of RMB ordinary shares (A shares) with a nominal value of RMB0.20 per share, the issue price each share is RMB3.00 each share. Those shares are traded on the Shanghai Stock Exchange from 9 October 2012. Total proceeds raised from the issuance is amounting to RMB600 million, net proceeds derived after deduction of related issuance expenses is RMB558,146,699.71. Share capital of the Company is increased by RMB40 million and capital reserve is increased by RMB518, 146,699.71.

Note (2) In accordance with "境內證券市場轉持部分國有股充實全國社會保障基金實施辦法Domestic Stock Market turned held part of the state-owned shares to enrich the national social security fund implementation approach" (Cai Qi [2009] No. 94), LMG is required to transfer to the National Council for Social Security Fund of the PRC ("NSSF") such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares when the Company completed the IPO and listing of its A shares on Shanghai Stock Exchange. NSSF would inherit the restricted tradable obligations from LMG.

Note (3) In accordance with "The Company Law of the PRC", relavant provision of "Shanghai Stock Exchange Listing Rules" and related description of "Initial public offering of A shares prospectus", 鴻商產業控股集團有限公司 Cathay Fortune Corporation ("CFC"),上海躍淩投資管理有限公司 Shanghai Yueling Investment Management Co.,Ltd, 上海京泉投資管理有限公司 Shanghai Jinquan Investment Management Co., Ltd, and 上海六禾投資有限公司 Shanghai Liuhe Investment Co., Ltd , foure shareholders of the Company, made commitment before the initial public offering that they will not transfer or entrust others to manage their directly or indirectly held shares of the Company, nor sell their shares to the Company since the date of listing of the Company's A shares within twelve months. On 9 October 2013, 1,768,421,050 restricted shares held by the four shareholders lifted restrictions on sale and traded on market.

During the current year, there is no purchase, sale or redemption of the Company's listed shares by the subsidiaries of the Company.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

35. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2013:				
Capital premium	**8,102,977,121.92**	**—**	**—**	**8,102,977,121.92**
Including: Capital contributed by investors	**8,100,855,081.92**	**—**	**—**	**8,100,855,081.92**
Others	**2,122,040.00**	**—**	**—**	**2,122,040.00**

Item	Opening balance	Increase in the year *(note)*	Decrease in the year	Closing balance
2012:				
Capital premium	7,584,830,422.21	518,146,699.71	—	8,102,977,121.92
Including: Capital contributed by investors	7,582,708,382.21	518,146,699.71	—	8,100,855,081.92
Others	2,122,040.00	—	—	2,122,040.00

Note: Details refer to Note (V).34 (Note 1).

36. Special reserve

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2013:				
Production safety fee	**78,812,553.10**	**121,711,773.77**	**136,061,627.75**	**64,462,699.12**
Provision for production maintenance fee	**125,710.22**	**310,799,989.81**	**175,802,305.82**	**135,123,394.21**
Total	**78,938,263.32**	**432,511,763.58**	**311,863,933.57**	**199,586,093.33**

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2012:				
Production safety fee	78,916,909.25	121,025,774.88	121,130,131.03	78,812,553.10
Provision for production maintenance fee	—	303,469,906.95	303,344,196.73	125,710.22
Total	78,916,909.25	424,495,681.83	424,474,327.76	78,938,263.32

37. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2013:				
Statutory surplus reserve *(note)*	**704,898,171.11**	**—**	**—**	**704,898,171.11**

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2012:				
Statutory surplus reserve (note)	704,898,171.11	—	—	704,898,171.11

Note: In accordance with The Company Law of the PRC and the Articles of Association of the Company, the appropriation ceased to apply in current year since the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

38. Undistributed profits

Unit: RMB

Item	Amount	Proportion of appropriation
2013:		
Undistributed profits at the end of prior year	1,641,545,905.43	
Add: Net profit attributable to owners of the Company for the period	1,174,203,715.57	
Less: Appropriation to statutory surplus reserve *(Note 1)*	—	
Declaration of dividends on ordinary shares *(Note 2)*	609,140,463.00	
Undistributed profits at the end of the year	2,206,609,158.00	
2012:		
Undistributed profits at the end of prior year	1,048,096,576.11	
Add: Net profit attributable to owners of the Company for the period	1,050,304,676.57	
Less: Appropriation to statutory surplus reserve *(Note 1)*	—	
Declaration of dividends on ordinary shares *(Note 2)*	456,855,347.25	
Undistributed profits at the end of the year	1,641,545,905.43	

Note 1: Details refer to Note (V).37(Note).

Note 2: Cash dividend approved in shareholders' meeting during the year

In 2013, on the basis of 5,076,170,525 issued shares (with the par value of RMB0.2 per share), interim dividends in cash of RMB0.12 per share (2012: RMB0.09) were distributed to all the shareholders.

Note 3: Profit distribution decided after the balance sheet date

According to a proposal of the board of directors, on the basis 5,076,170,525 issued shares (with the par value of RMB0.2 per share), dividends in cash of RMB0.14 per share (2012: 0.12) will be distributed to all the shareholders. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

Note 4: Appropriation to surplus reserve by subsidiaries

As at 31 December 2013, the balance of the Group's undistributed profits include appropriation to surplus reserves by subsidiaries amounting to RMB142,298,009.59 (31 December 2012: RMB138,532,487.29).

39. Operating revenue and operating costs

(1) Operating revenue

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Principal operating revenue	**5,411,498,755.12**	5,569,041,700.17
Other operating revenue	**124,970,491.61**	141,852,204.10
Principal operating costs	**3,634,817,296.96**	3,880,807,347.13
Other operating costs	**98,650,970.24**	128,409,460.76

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

39. Operating revenue and operating costs *(Continued)*

(2) Principal operating activities (classified by products)

Unit: RMB

Name of product	Amount recognised in the current year		Amount recognised in the prior year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum and related products	**2,565,360,337.67**	**1,811,389,141.31**	2,768,197,229.87	2,030,167,589.77
Tungsten and related products	**1,111,885,788.65**	**136,748,539.35**	929,048,872.45	204,561,971.95
Gold, silver and related products	**716,508,742.68**	**712,842,982.41**	965,459,191.69	805,948,686.96
Electrolytic lead	**504,164,045.67**	**607,731,405.38**	578,801,461.27	606,501,885.72
Copper, Gold and related products	**172,193,437.38**	**65,635,860.38**	—	—
Others	**341,386,403.07**	**300,469,368.13**	327,534,944.89	233,627,212.73
Total	**5,411,498,755.12**	**3,634,817,296.96**	5,569,041,700.17	3,880,807,347.13

(3) Operating revenue from the Group's top five customers

Unit: RMB

Name of customer	Operating revenue	Proportion to total operating revenue of the Group *(%)*
CompanyC	312,733,855.94	5.65
CompanyT	213,417,582.33	3.85
CompanyU	193,299,135.84	3.49
CompanyV	192,669,115.12	3.48
CompanyH	182,097,535.52	3.29
Total	1,094,217,224.75	19.76

40. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Basis of calculation
Business tax	**12,598,932.82**	8,884,991.88	*Note (III)*
City construction and maintenance tax	**21,840,228.43**	20,881,534.68	*Note (III)*
Education surtax	**13,607,013.28**	12,926,147.97	*Note (III)*
Resource tax	**204,131,184.06**	210,417,582.53	*Note (III)*
Tariff	**102,120.90**	3,658,672.15	*Note (III)*
Others	**18,401,937.62**	12,121,093.62	
Total	**270,681,417.11**	268,890,022.83	

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

41. General administrative expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Salary, bonus and allowances	**110,623,874.84**	121,161,651.18
Depreciation and amortisation	**67,834,663.84**	57,656,709.50
Auditor's remuneration	**6,338,607.05**	4,442,681.21
Consulting and professional fees	**77,466,882.46**	23,932,348.02
Entertainment expenditures	**6,421,555.91**	20,267,339.91
Technology development fee	**103,273,082.78**	112,686,792.60
Australia stamp duty	**245,799,671.81**	—
Others	**68,446,497.83**	93,183,925.17
Total	**686,204,836.52**	433,331,447.59

42. Financial expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest expenses on bonds	**98,799,999.99**	80,249,999.99
Interest expenses on commercial bill discount	**5,448,944.48**	—
Interest expenses	**19,234,775.09**	12,669,945.92
Including: Bank borrowings due within 5 years	**19,234,775.09**	12,669,945.92
Total interest expenses:	**123,483,719.56**	92,919,945.91
Less: Capitalised interest expenses	**—**	—
Less: Interest income	**43,753,784.17**	49,334,655.06
Exchange differences	**(1,594,718.69)**	49,233.11
Less: Capitalised exchange differences	**—**	—
Others	**25,092,336.58**	5,962,533.20
Total	**103,227,553.28**	49,597,057.16

43. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Bad debt losses	**14,961,710.23**	8,312,775.41
Written-down of inventories	**69,776,219.55**	19,540,785.04
Impairment on fixed assets	**2,966,254.30**	—
Total	**87,704,184.08**	27,853,560.45

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

44. Gains from changes in fair values

Unit: RMB

Source resulting in gains from changes in fair values	Amount incurred in the current year	Amount incurred in the prior year
I. Gains(Loss) form held-for-trading financial assets	**12,793,909.71**	(738,261.14)
II. Derivatives not designated as hedging instruments	**(288,750.00)**	—
— Gains(Loss) from changes in fair value of commodity futures contracts	**(288,750.00)**	—
III. Gains(Loss) from gold lease measured in fair value and changes in fair value of forward contract	**(4,235,220.00)**	—
— Chanceges in fair value of forwards contract.	**(60,870,420.00)**	—
— Changes in fair value of gold lease	**56,635,200.00**	—
Total	**8,269,939.71**	(738,261.14)

45. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Income from long-term equity investments under equity method	**157,560,072.96**	116,760,141.81
Investment income from bonds and banks' wealth investment product	**200,416,038.43**	32,000,568.82
Investment income from holding held-to-maturity investments	**305,015.04**	331,073.28
Investment income on disposal of held-for-trading financial assets	**(13,278,254.78)**	1,415,000.00
Derivatives not designated as hedging instruments	**40,041.47**	—
— Gains from commodity derivative contracts	**40,041.47**	—
Investment income on disposal of long-term equity investments	**—**	535,800.00
Investment income on disposal of subsidary	**28,375,048.20**	—
Total	**373,417,961.32**	151,042,583.91

(2) Income from long-term equity investments under equity method:

Unit: RMB

Investee	Amount recognised in the current year	Amount recognised in the prior year	Reasons for increase or decrease in the current compared to the prior period
Yulu Mining	**214,068,013.85**	141,370,357.51	The increase/decrease profits of the invested company
Yuhua Molybdenum	**(243,165.03)**	(197,100.28)	The increase/decrease profits of the invested company
High-Tech	**(9,674,775.86)**	(14,459,115.42)	The increase/decrease profits of the invested company
Fuchuan	**(46,590,000.00)**	(9,954,000.00)	The increase/decrease profits of the invested company
Total	**157,560,072.96**	116,760,141.81	

There is no significant restriction on remittance of investment income.

Investment income for both current and prior years is come from the unlisted entities.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

46. Non-operating income

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Total gains on disposal of non-current assets	**333,488.81**	294,327.33
Including: Gains on disposal of fixed assets	**166,833.13**	294,327.33
Government grants	**44,251,371.90**	52,198,939.78
Insurance claims	**—**	604,116.35
Bargain purchase	**200,525,471.80**	—
Others	**1,490,766.71**	1,089,935.54
Total	**246,601,099.22**	54,187,319.00

(2) Details of government grants

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year	Related to assets/ Related to profit
The Central mineral resources comprehensive utilisation demonstration base subsidy	**35,042,300.00**	41,030,000.00	Related to profit
Special funds for the conservation and comprehensive utilization of mineral resources	**4,916,087.56**	1,786,777.80	Related to profit
Nannihu land premium rebate	**385,585.80**	—	Related to assets
Subsidy of the return of the land premium	**118,728.00**	—	Related to assets
Others	**3,788,670.54**	9,382,161.98	
Total	**44,251,371.90**	52,198,939.78	

47. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Total losses on disposal of non-current assets	**4,610,406.83**	1,036,818.99
Including: Losses on disposal of fixed assets	**4,610,406.83**	1,036,818.99
Donations to third parties	**15,685,000.00**	1,658,070.00
Others	**84,411.51**	1,514,641.53
Total	**20,379,818.34**	4,209,530.52

48. Income tax expense

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Current tax expense calculated according to tax laws and relevant requirements	**241,039,918.17**	176,296,706.47
Effect of tax rate adjustment for 2011	**—**	(126,955,295.28)
Settlement difference in income tax for the previous years	**(9,224,262.16)**	7,787,979.53
Adjustments to deferred tax	**(80,544,254.66)**	23,451,977.49
Total	**151,271,401.35**	80,581,368.21

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

48. Income tax expense *(Continued)*

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Accounting profit	**1,236,182,214.12**	1,096,957,043.93
Income tax expenses calculated at 15% (prior year: 15%)	**185,427,332.12**	164,543,556.59
Effect of expenses that are not deductible for tax purposes	**35,684,578.32**	5,447,287.00
Effect of using previously unrecognised deductible losses and deductible temporary differences	**(17,150,242.25)**	—
Effect of tax-free income/extra tax deductible expenses	**(69,371,881.19)**	(33,140,713.53)
Effect of unrecognised deductible losses and deductible temporary differences	**45,501,707.54**	23,617,993.88
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(19,595,831.03)**	17,804,571.74
Changes in opening balances of deferred tax assets due to the change in tax rate	**—**	21,475,988.28
Effect of tax rate adjustment for 2011	**—**	(126,955,295.28)
Settlement difference in income tax for the previous years	**(9,224,262.16)**	7,787,979.53
Total	**151,271,401.35**	80,581,368.21

49. Calculation process of basic earnings per share

For the purpose of calculating basic earnings per share, net profit for the current year attributable to ordinary shareholders is as follows:

Unit: RMB

	Amount for the current year	Amount for the prior year
Net profit for the current year attributable to ordinary shareholders	**1,174,203,715.57**	1,050,304,676.57
Including: Net profit from continuing operations	**1,174,203,715.57**	1,050,304,676.57
Net profit from discontinued operations	**—**	—

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Unit: RMB

Item	Number for the current year	Number for the prior year
Number of ordinary shares outstanding at the beginning of year	**5,076,170,525**	4,876,170,525
Add: Weighted average number of ordinary shares issued during the year	**—**	50,000,000
Less: Weighted average number of ordinary shares repurchased during the year	**—**	—
Number of ordinary shares outstanding at the end of year	**5,076,170,525**	4,926,170,525

Earnings per share

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Calculated based on net profit attributable to shareholders of the Company:	**1,174,203,715.57**	1,050,304,676.57
Basic earnings per share	**0.23**	0.21
Calculated based on net profit from continuing operations attributable to shareholders of the Company:	**1,174,203,715.57**	1,050,304,676.57
Basic earnings per share	**0.23**	0.21
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:	**Not applicable**	Not applicable
Basic earnings per share	**Not applicable**	Not applicable

The Company has no dilutive potential ordinary shares.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

50. Other comprehensive income

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Exchange differences of financial statements denominated in foreign currencies	**(48,970,530.23)**	(215,779.49)
Total	**(48,970,530.23)**	(215,779.49)

51. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Receipts of indemnity and penalty, etc.	**259,070.60**	1,561,606.35
Receipts of interest income	**32,494,254.06**	49,334,655.06
Receipts of government grants	**40,536,398.54**	63,727,848.18
Others	**1,231,696.11**	132,445.54
Total	**74,521,419.31**	114,756,555.13

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Payments for consulting fee, technology development fee and transportation fee, etc.	**138,527,470.27**	152,438,665.18
Payments of donations and penalty, etc.	**15,685,000.00**	3,172,711.53
Payments of bank charges and consulting fees	**1,843,749.00**	6,065,965.00
Others	**58,859,619.22**	26,901,902.60
Total	**214,915,838.49**	188,579,244.31

(3) Cash receipts from disposals and recovery of investments

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Cash receipts from disposal of available-for-sale financial assets, held-for-trading financial assets and banks' wealth investment product	**1,410,406,928.42**	6,922,456,683.35
Cash receipts from structured bank deposit above 3 months	**3,570,000,000.00**	—
Cash receipts from disposal of central government bonds	**—**	80,000,000.00
Cash receipts from disposal of long-term equity investments	**—**	2,635,800.00
Total	**4,980,406,928.42**	7,005,092,483.35

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

51. Notes to items in the cash flow statement *(Continued)*

(4) Cash payments to acquire investments

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Cash payments for purchasing available-for-sale financial assets, held-for-trading financial assets and banks' wealth investment product	**1,645,000,000.00**	8,272,456,683.35
Cash payments for structured deposit products	**2,400,000,000.00**	1,170,000,000.00
Cash payments for bank deposits above 3 years	**300,000,000.00**	—
Total	**4,345,000,000.00**	9,442,456,683.35

(5) Other cash payments relating to investing activities

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Cash payment for acquisition related stamp duty in Australia	**114,640,828.19**	—
Cash payment for acquisition related transaction fees	**10,750,322.02**	—
Total	**125,391,150.21**	—

(6) Other Cash receipts relating to financing activities

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Cash receipts from gold lease arrangement	**352,728,000.00**	—
Total	**352,728,000.00**	—

(7) Other cash payments relating to financing activities

Unit: RMB

Item	Amount for the current year	Amount for the prior year
Charges for gold lease and guarantee fees related to loans	**23,248,587.58**	—
Deposit for letters of guarantee related to bank loans	**1,329,937,500.00**	—
Cash payment for public offerings expenses exclude commissions	**—**	11,8553,300.29
Total	**1,353,186,087.58**	11,853,300.29

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

52. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB'000

Supplementary information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**1,084,910,812.77**	1,016,375,675.72
Add: Provision for impairment losses of assets	**87,704,184.08**	27,853,560.45
Depreciation of fixed assets	**371,886,310.56**	345,918,521.03
Amortisation of intangible assets	**65,569,340.83**	54,457,702.49
Amortisation of long-term deferred expenses	**14,077,363.00**	10,671,514.63
Losses on disposal of fixed assets, intangible assets and other long-term assets	**4,276,918.02**	742,491.66
(Gain) loss on changes in fair values	**(8,269,939.71)**	738,261.14
Losses on disposal of fixed assets	**—**	27,047,924.54
Financial expenses	**132,532,250.72**	92,919,945.91
Gains arising from investments	**(373,417,961.32)**	(151,042,583.91)
(Increase) decrease in deferred tax assets	**(82,665,151.96)**	23,451,977.49
Decrease in inventories	**517,647,092.39**	316,278,425.21
Increase in receivables from operating activities	**(605,347,188.46)**	(29,746,439.08)
(Decrease) increase in payables from operating activities	**(9,619,382.29)**	(133,452,073.09)
Amortisation of deferred income	**(40,462,701.36)**	(504,313.80)
Increase (decrease) in special reserve	**120,698,254.95**	21,354.08
Payment for stamp duty and transaction costs arising from acquisition of a business	**294,350,773.83**	—
Fair value adjustment of business combinations not involving enterprises under common control	**(200,525,471.80)**	—
(Increase) decrease in restricted bank deposits	**(1,631,128.45)**	4,435,205.63
Net cash flow from operating activities	**1,371,714,375.80**	1,606,167,150.09
2. Significant investing and financing activities that do not involve cash receipts and payments:		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**1,704,583,230.33**	1,013,636,840.70
Less: Opening balance of cash	**1,013,636,840.70**	2,779,197,065.90
Add: Closing balance of cash equivalents	**100,000,000.00**	450,000,000.00
Less: Opening balance of cash equivalents	**450,000,000.00**	—
Net increase (decrease) in cash and cash equivalents	**340,946,389.63**	(1,315,560,225.20)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	**1,704,583,230.33**	1,013,636,840.70
Included in: Cash on hand	**383,180.65**	823,393.53
Bank deposits	**1,704,200,049.68**	999,503,413.80
Other monetary funds	**—**	13,310,033.37
II. Cash equivalents	**100,000,000.00**	450,000,000.00
III. Closing balance of cash and cash equivalents	**1,804,583,230.33**	1,463,636,840.70

Cash and cash equivalents exclude restricted cash and cash equivalents of the Company and subsidiaries within the Group.

(VI). RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Subsidiaries of the Company

Please see Note (IV) for details for subsidiaries of the Company.

2. Associates and joint ventures of the Company

Please see Note (V).9 for details for associates and joint ventures of the Company.

3. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organisation code
LMG	shareholder of the Company	@790627544
CFC	shareholder of the Company	@752458495

4. Related party transactions

(1) *Sales and purchase of goods*

	Name of other related party	Amount for the current year	Amount for the prior year
Sales of goods	Yuhua Molybdenum	—	141,501,726.86
Total		—	141,501,726.86
Purchase of goods	Fuchuan	—	140,610,036.96
Total		—	140,610,036.96

(2) *loans with related parties*

Unit: RMB

Related party	Amount of loan	Inception date	Maturity date	Amount at the end of the current period	Remarks
Lent to:					
Fuchuan	150,000,000.00	27 August 2013	27 August 2014	150,000,000.00	Note

Note: The Company lent 0.15 billion to Fuchuan at annual interest rate of 6.6% in the current year. Accumulative intereset income received was RMB 2,805,000.00 at the year end 31 December 2013. Details refer to Note (V).8 (Note 2).

(3) *Assets transfer with related parties*

Unit: RMB

	Details of related party transaction	Type of related party transaction	Pricing principle of related party transaction	Amount for the current year		Amount for the prior year	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	金額	Proportion of the amount of related party transactions to that of similar transactions (%)
Yulu Mining	Land use rights and buildings	Sales of Other assets other than good sales	Market price	**1,603,578.96**	**49.16**	—	—

(VI). RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4. Related party transactions *(Continued)*

(4) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	**2,906**	11,218

5. Amounts due from / to related parties

Unit: RMB

Item	Name of related parties	Closing balance	Opening balance
Other receivables	Huanyu	**21,200,000.00**	21,200,000.00
Other receivables	High-Tech	—	407,070.00
Prepayments	Fuchuan	**1,360,060.60**	82,690,379.25
Other payables	Huanyu	**4,000,000.00**	4,000,000.00
Other payables	Fuchuan	**16,373,178.97**	510,776.21
Other current assets	Fuchuan	**150,000,000.00**	—

6. Directors, supervisors and employees' emoluments

Directors' emoluments for the year ended 31 December 2013 are as follows:

	Basic director's fee *RMB'000*	Retirement salary and allowances *RMB'000*	Performance related bonus *(Note 5)* *RMB'000*	Pensions *RMB'000*	Social welfare and housing funds (except pensions) *RMB'000*	Total *RMB'000*
Executive director:						
李朝春 Li, Chaochun	—	380	—	20	22	422
吳文君 Wu, Wenjun	—	380	—	20	22	422
李發本 Li, Faben	—	380	—	20	22	422
王欽喜 Wang, Qinxi	—	360	—	20	22	402
顧美鳳Gu, Meifeng *(Note 1)*	—	204	—	9	9	222
Non-executive director:						
張玉峰Zhang, Yufeng	90	—	—	—	—	90
舒鶴棟Shu, Hedong *(Note 2)*	62	—	—	—	—	62
袁宏林 Yuan, Honglin *(Note 3)*	9	—	—	—	—	9
Independent non-executive director:						
白彥春Bai, Yanchun	200	—	—	—	—	200
徐珊Xu, Shan	200	—	—	—	—	200
徐旭Xu, Xu *(Note 4)*	200	—	—	—	—	200
程鈺Cheng, Yu	200	—	—	—	—	200
Total	961	1,704	—	89	97	2,851

Note 1: Appointed on 7 June 2013.

Note 2: Resigned on 6 September 2013.

Note 3: Appointed on 25 November 2013.

Note 4: Mr. Xu, Xu resigned as independent non-executive director on 7th February 2014, Mr. Xu will dischange his responsibilities until the replacement appointed.

Note 5: The remuneration committee did not form a final result for evaluation plan of senior executives in this year.

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Directors, supervisors and employees' emoluments *(Continued)*

Directors' emoluments for the year ended 31 December 2012 are as follows:

	Basic director's fee *RMB'000*	Retirement salary and allowances *RMB'000*	Performance related bonus *(Note 4)* *RMB'000*	Pensions *RMB'000*	Social welfare and housing funds (except pensions) *RMB'000*	Total *RMB'000*
Executive director:						
段玉賢Duan, Yuxian *(note 1)*	—	333	1,238	19	21	1,611
李朝春 Li, Chaochun	—	380	941	—	—	1,321
吳文君 Wu, Wenjun	—	380	941	19	21	1,361
李發本 Li, Faben	—	380	941	19	21	1,361
王欽喜 Wang, Qinxi	—	380	941	19	21	1,361
Non-executive director:						
張玉峰Zhang, Yufeng	90	—	—	—	—	90
舒鶴棟Shu, Hedong	90	—	—	—	—	90
Independent non-executive director:						
高德柱Gao, Dezhu *(Note 2)*	94	—	—	—	—	94
曾紹金 Zeng, Shaojin *(Note 2)*	94	—	—	—	—	94
古德生Gu, Desheng *(Note 2)*	94	—	—	—	—	94
吳明華Ng Ming Wah, Charles *(Note 2)*	157	—	—	—	—	157
白彥春Bai, Yanchun *(Note 3)*	75	—	—	—	—	75
徐珊Xu, Shan *(Note 3)*	75	—	—	—	—	75
徐旭Xu, Xu *(Note 3)*	75	—	—	—	—	75
程鈺Cheng, Gordon *(Note 3)*	75	—	—	—	—	75
Total	919	1,853	5,002	76	84	7,934

Note 1: Resigned on 24 October 2012.

Note 2: Retired on 17 August 2012.

Note 3: Appointed on 17 August 2012.

Supervisors' emoluments for the year ended 31 December 2013 are as follows:

	Basic director's fee *RMB'000*	Retirement salary and allowances *RMB'000*	Performance related bonus *(Note 4)* *RMB'000*	Social welfare and housing funds (except pensions) *RMB'000*	Total *RMB'000*
鄧交雲Deng, Jiaoyun	—	—	—	—	—
尹東方Yin, Dongfang	90	—	—	—	90
張振昊Zhang, Zhenhao	90	—	—	—	90
Total	180	—	—	—	180

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Directors, supervisors and employees' emoluments *(Continued)*

Supervisors' emoluments for the year ended 31 December 2012 are as follows:

	Basic director's fee *RMB'000*	Retirement salary and allowances *RMB'000*	Performance related bonus *(Note 4)* *RMB'000*	Social welfare and housing funds (except pensions) *RMB'000*	Total *RMB'000*
鄧交雲Deng, Jiaoyun	350	866	19	21	1,256
尹東方Yin, Dongfang	90	—	—	—	90
張振昊Zhang, Zhenhao	90	—	—	—	90
Total	530	866	19	21	1,436

7. Five highest paid individuals

The five highest paid individuals represented five directors (2012: five) for the year ended 31 December 2013.

Salary Range:

	Head count in current year	Head count in prior year
RMB1,000,001 to RMB1,500,000	—	5

(VII). CONTINGENCIES

Contingencies arising from pending litigations

On 17th December 2012, the Group was accused by Luoyang Fei Hongxiang Mining Co., Ltd (Fei Hongxiang) for infringement in Luoyang intermediate people's court. During the judging processing, Luoyang Fei Hongxiang Mining Co., Ltd had withdrawn the accusation from the court on 14th May 2013, and the application of withdrawing was finally ratified by the court. The case was legally canceled and permitted by the court, and litigation fee was charged to Fei Hongxiang, the infringement case would not impact on the profit and loss in this year and the year after.

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (欒川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff made claims that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million (equivalent to approximately HKD21.6 million). The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believe that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company believes that the litigation currently would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

Contingencies arising from other litigations

The Group's Northparkes Mines has various lawsuits, claims and proceedings being instituted or asserted against the Group in the ordinary course of business. In such cases, the ultimate liability cannot always presently be determined because of considerable uncertainties that may exist. Therefore, it is possible that future results of operations, financial position or cash flows could be affected by the resolution of certain contingencies. However, based on facts currently available, the directors of the Company believes that the disposition of matters that are pending or asserted will not have a material adverse effect on the results of operations, financial position or cash flows of the Northparkes Mines.

Guarantees

As at 31 December 2013, The Group's Northparkes Mines provide indemnities to certain bankers in respect of guarantees given to various Australian government agencies in relation to the operations. The Maximum amounts of the share in respect of these contingent liabilities totalled AUD 18.36 million (equivalent to RMB 100,160,000) at 31 December 2013. The joint operators have agreed to indemnify the business for any liabilities arising from the enforcement of these guarantees. No significant losses are anticipated with respect to these guarantees at 31 December 2013.

(VIII). COMMITMENTS

1. Significant commitments

(1) Capital commitments

Unit: RMB'000

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
— Commitment for acquisition and construction of long-term assets	**208,127**	639,069
Capital commitments approved by the management but not contracted:	**2,911**	—
Total	**211,038**	639,069

*(2) **At the balance sheet date, the Group has no other commitments that need to be disclosed.***

(XI). EVENTS AFTER THE BALANCE SHEET DATE

1. Profit appropriation after the balance sheet date

According to a proposal of the Board of Directors' 10th meeting of the Third Session held on 26 Febrary 2013, on the basis 5,076,170,525 issued shares, total dividends in cash of RMB710,663,873.50 (pre- tax) will be distributed to all the shareholders. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

(X) OTHER SIGNIFICANT EVENTS

1. RETIREMENT BENEFITS PLAN

The employees of the Group are members of retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions paid/payable to the scheme by the Group at rate specified in the rules of the scheme included in profit and loss are 62,071,165.42(2012: RMB 57,864,998.27). As at 31 December 2013, the payable of basis pension insurance was amounting to RMB 226,508.41 (at 31 December 2012: RMB 1,582,684.50).

2. Net current assets

Unit:RMB

	Closing balance	Opening balance
Current assets	**7,172,620,037.86**	7,613,405,604.92
Less: Current liabilities	**2,044,018,794.11**	1,305,634,325.80
Net current assets	**5,128,601,243.75**	6,307,771,279.12

3. Total assets less current liabilities

Unit: RMB

	Closing balance	Opening balance
Total Assets	**21,899,138,540.63**	15,749,315,192.48
Less: Current liabilities	**2,044,018,794.11**	1,305,634,325.80
Total assets less current liabilities	**19,855,119,746.52**	14,443,680,866.68

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Business combination

The Group as the acquirer in a business combination not involving enterprises under common control

During 2013, basic information about the Group's business combination not involving enterprises under common control is as follows:

(1) Basic information of the acquiree:

On 26 July 2013, The company entered into an agreement with Rio Tinto Limited, a subsidiary of Rio Tinto, to acquire 80% of interest of Northparkes mine's unincorporated Joint Venture Northparkes Joint Venture and various of related assets about the Northparkes copper and gold mine owned by North Mining Limited ("Northparkes Copper/Gold Mines Business") through its wholly-owned subsidiary CMOC Mining Pty Limited with a consideration of USD820 million (The final price was subjected to the working capital adjustment mechanism of the acquisition date). The acquisition was approved by the general meeting of shareholders on 25 November 2013 and completed on 1 December 2013. The final price was USD 799,635,000.00 (equivalent to RMB 4,903,761,422.86). After acquisition, the unincorporated joint venture company, Northparkes Joint Venture became a joint arrangement of the company. Under the joint venture agreement, the company recognized 80% of assets, liabilities, revenue, expenses, which are related to the Joint Venture.

(2) Key financial information of the acquiree:

Unit:RMB

	Acquisition date Carrying amount	Fair value
Identifiable assets:		
Current assets	159,329,820.20	159,329,820.20
Non-current assests	2,565,636,698.09	5,358,243,959.25
Sub-total	2,724,966,518.29	5,517,573,779.45
Identifiable liabilities :		
Current liabilities	123,704,292.99	123,704,292.99
Non-current liabilities	213,501,398.03	289,582,591.80
Sub-total	337,205,691.02	413,286,884.79
Total net assets	2,387,760,827.27	5,104,286,894.66
Less: acquisition consideration		4,903,761,422.86
Bargain purchase (negative goodwill)		200,525,471.80

The fair value of identifiable assets and liabilities are determined by the valuation performed by an independent appraisal institution in accordance with the income approach, market approach and replacement cost approach.

The acquisition consideration is satisfied by cash, transfer of non-cash assets and assumption of liabilities. The carrying amounts and the fair amount of the consideration paid as of the acquisition date are:

Unit:RMB

Item	Carrying amount	Fair value
Acquisition consideration		
Cash and cash equivalents	4,903,761,422.86	4,903,761,422.86

Unit:RMB

Item	Amount
Acquisition consideration in cash and cash equivalents	4,903,761,422.86
Less: Cash and cash equivalents of the acquired business	56,991,578.05
Net outflow of cash and cash equivalents paid upon acquisition of business	4,846,769,844.81

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Business combination *(Continued)*

(1) Operating results and net cash flows of the acquiree from the acquisition date to the end of the period in which the acquisition took place:

Unit:RMB

Item	From the acquisition date to the end of the period in which the acquisition took place
Operating income	177,206,314.83
Operating costs and expenses	90,093,354.53
Total profit	87,112,960.30
Net profit	57,135,090.37
Net cash flow from operating activities	(98,400,346.33)
Net cash flow from investing activities	(22,243,059.32)
Net cash flow from financing activities	108,982,055.78
Net increase in cash and cash equivalents	(11,661,349.87)

5. Disposal of subsidiaries

Given proceeds raised by company's initial public offering of A shares is far more less than expected, the board reach a general resolution that terminating the project "High performance carbride", and then sold all equitys of Luomu Group Carbide Co., Ltd. to a third party after investing the land use rights and associated constructions in this subsidiary. All of those invested assets were related to the project "High performance carbride" and were purchased using the internal generated funds. The subsidiary's financial position of the date of disposal and December 31, 2012 and the operating performance during the period from 1st January 2013 to the date of disposal are disclosed by the following tables.

Unit:RMB

	Date of disposal	31 December 2012
Current assets	15,755,518.97	(2,645,462.77)
Non-current assests	178,216,161.29	2,416,018.16
Current liabilities	4,566,038.98	262,361.21
Non-current liabilities	—	—
Total net assets	189,405,641.28	(491,805.82)

Unit:RMB

	From 1 January 2013 to the date of disposal
Operating income	—
Operating costs and expenses	5,052,751.13
Total profit	(5,051,011.63)
Net profit	(5,051,011.63)
Net cash flow from operating activities	42,813.66
Net cash flow from investing activities	(52,890,937.14)
Net cash flow from financing activities	81,930,628.28
Net increase in cash and cash equivalents	29,082,504.80

The information about cash flows

Unit:RMB

Luomu Group Carbide Co., Ltd.	Amount
Disposal of subsidiaries price	218,130,000.00
Disposal of subsidiaries in cash and cash equivalents	217,874,870.00
Less: Cash and cash equivalents of the disposal subsidiaries	31,042,440.05
Net outflow of cash and cash equivalents paid upon disposal of subsidiaries	186,832,429.95

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

5. Disposal of subsidiaries *(Continued)*

The gain on disposal of subsidiaries

Unit:RMB

Luomu Group Carbide Co., Ltd.	Amount
Disposal of subsidiaries price	218,130,000.00
Net assests of disposal	186,832,429.95
Profit on disposal of subsidiaries	28,375,048.20

6. Joint operations

As disclosed in Note 4, on 1 December 2013, the Group has completed acquiring 80% of the interest in Northparkes Mines' unincorporated joint venture company-Northparkes Joint Venture and certain related assets about the Northparkes Mines owned by North Mining Limited ("Northparkes Mines Business"). After acquisition, the Northparkes Joint Venture became a joint operation of the Group.("Northparkes Joint Venture").

Northparkes mines held by Northparkes Joint Venture is a copper and gold mining and processing operation with advanced mining method of block caving in Goonumbla, situated northwest of the town of Parkes in Central West New South Wales. The Northparkes mines started operating in1993 and the remaining useful life is more than 20 years. The 80% interest in Northparkes Joint Venture is held by CMOC Mining Pty Limited, a wholly owned subsidiary of the Group. The remaining 20 per cent interest is held by Sumitomo Metal Mining Oceania Pty Ltd (SMM) and SC Mineral Resources Pty Ltd (SCM), collectively, Sumitomo.

According to the Northparkes Joint Venture Management agreement, the Group is responsible for the daily management and operation of the Northparkes mines, each joint venturers is entitled to the rights of Northparkes mines' related assets according to the agreed percentage, and assume the liabilities according to the agreed proportion. The Joint Venturers have agreed to enter into a Deed of Cross Charge over their individual interests, including a charge over share of production, in order to protect the rights of individual Joint Venturers in the event of default by any other Joint Venturer.

The financial position and operating results of Northparkes Joint Venture from the acquisition date to 31 December 2013 are as follows:

Item	**from the acquisition date to 31 December 2013**
Net share of operating costs borne by	54,585,926.59

Item	**31 December 2013**
Share of total assets enjoyed	2,451,608,800.03
Share of total liabilities assumed	338,050,449.82

7. Assets and liabilities measured at fair value

Unit:RMB

Item	**Opening balance**	**Profit or loss arising from changes in fair value for the year**	**Changes in fair value recgnised in equity**	**Provision for impairment losses in the current year**	**Closing balance**
Financial Assets					
1. Financial Assets at fair value through profit or loss	10,891,273.49	12,793,909.71	—	—	—
Financial liabilities					
1. Commodity futures contracts	—	(288,750.00)	—	—	288,750.00
2. Gold lease liabilities measured at fair value	—	—	—	—	—
— Commodity forward contracts	—	(60,870,420.00)	—	—	60,870,420.00
— Gold lease	—	56,635,200.00	—	—	296,092,800.00
Total	10,891,273.49	8,269,939.71	—	—	357,251,970.00

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

8. Segment reporting - Business Segment

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into seven reporting segments (2012: six reporting segments). The reporting segments are determined based on internal management and reporting system. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. . Major products delivered or provided by each of the reporting segments are Molybdenum additive materials, Deep-processed molybdenum products, Tungsten and related products, Gold, silver and related products, Electrolytic lead, Copper, gold and related products and others.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(1) Segment information

RMB'000

Current year	Molybdenum additive materials	Deep-processed molybdenum products	Tungsten and related products	Gold, silver and related products	Electrolytic lead	Copper, gold and related products (Australia)	Others	Unallocated items	Inter-segment eliminations	Total
Operating revenue										
External revenue	2,478,219	87,142	1,111,886	716,509	504,164	177,206	461,343	–	–	5,536,469
Inter-segment revenue	33,870	2,251	–	–	–	–	–	–	(36,121)	–
Total segment operating revenue	2,512,089	89,393	1,111,886	716,509	504,164	177,206	461,343	–	(36,121)	5,536,469
Total operating revenue in the financial statements	2,512,089	89,393	1,111,886	716,509	504,164	177,206	461,343	–	(36,121)	5,536,469
Operating costs	1,750,780	96,730	136,749	711,330	607,731	65,636	400,633	–	(36,121)	3,733,468
Business taxes and levies	–	–	–	–	–	5,293	–	265,388	–	270,681
Selling expenses	–	–	–	–	–	6,028	–	20,882	–	26,910
Administrative expenses	–	–	–	–	–	297,994	–	388,211	–	686,205
Financial expenses	–	–	–	–	–	9,428	–	93,800	–	103,228
Impairment losses of assets	–	–	–	–	–	–	–	87,704	–	87,704
Gains (losses) from changes in fair values	–	–	–	–	–	–	–	8,270	–	8,270
Investment income	–	–	–	–	–	–	–	373,418	–	373,418
segment operating profit	761,309	(7,337)	975,137	5,179	(103,567)	(207,173)	60,710	(474,297)	–	1,009,961
Operating profit	761,309	(7,337)	975,137	5,179	(103,567)	(207,173)	60,710	(474,297)	–	1,009,961
Non-operating income	–	–	–	–	–	200,525	–	46,076	–	246,601
Non-operating expenses	–	–	–	–	–	–	–	20,380	–	20,380
Total profit	761,309	(7,337)	975,137	5,179	(103,567)	(6,648)	60,710	(448,601)	–	1,236,182
Income tax expenses	–	–	–	–	–	(58,262)	–	209,533	–	151,271
Net profit	761,309	(7,337)	975,137	5,179	(103,567)	51,614	60,710	(658,134)	–	1,084,911

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

8. Segment reporting - Business Segment *(Continued)*

(1) Segment information *(Continued)*

RMB'000

Prior year	Molybdenum additive materials *RMB'000*	Deep-processed molybdenum products *RMB'000*	Tungsten and related products *RMB'000*	Gold, silver and related products *RMB'000*	Electrolytic lead *RMB'000*	Others *RMB'000*	Unallocated items *RMB'000*	Inter-segment eliminations *RMB'000*	Total *RMB'000*
Operating revenue									
External revenue	2,632,689	135,508	929,049	965,459	578,802	469,387	—	—	5,710,894
Inter-segment revenue	37,088	11,683	—	—	—	—	—	(48,771)	—
Total segment operating revenue	2,669,777	147,191	929,049	965,459	578,802	469,387	—	(48,771)	5,710,894
Total operating revenue in the financial statements	2,669,777	147,191	929,049	965,459	578,802	469,387	—	(48,771)	5,710,894
Operating costs	1,927,321	151,617	204,562	805,949	606,502	362,037	—	(48,771)	4,009,217
Business taxes and levies	—	—	—	—	—	—	268,890	—	268,890
Selling expenses	—	—	—	—	—	—	25,330	—	25,330
Administrative expenses	—	—	—	—	—	—	433,331	—	433,331
Financial expenses	—	—	—	—	—	—	49,597	—	49,597
Impairment losses of assets	—	—	—	—	—	—	27,854	—	27,854
Gains (losses) from changes in fair values	—	—	—	—	—	—	(738)	—	(738)
Investment income	—	—	—	—	—	—	151,043	—	151,043
segment operating profit	742,456	(4,426)	724,487	159,510	(27,700)	107,350	(654,697)	—	1,046,980
Operating profit	742,456	(4,426)	724,487	159,510	(27,700)	107,350	(654,697)	—	1,046,980
Non-operating income	—	—	—	—	—	—	54,187	—	54,187
Non-operating expenses	—	—	—	—	—	—	4,210	—	4,210
Total profit	742,456	(4,426)	724,487	159,510	(27,700)	107,350	(604,720)	—	1,096,957
Income tax expenses	—	—	—	—	—	—	80,581	—	80,581
Net profit	742,456	(4,426)	724,487	159,510	(27,700)	107,350	(685,301)	—	1,016,376

(2) The Group mainly operates in China and Australia, sales to the customers in China and other countries. An analysis of the Group's geographical information on revenue determined by the destination to where the products are delivered for the year is set out in the following table:

RMB'000

	Amount recognised in the current year	Amount recognised in the prior year
External revenue		
PRC	**5,324,730**	5,666,793
Japan *(Note1)*	**174,004**	10,948
United Kingdom	**14,847**	4,792
United States	**7,412**	26,487
Germany	**5,628**	1,874
Others *(Note2)*	**9,848**	—
Total	**5,536,469**	5,710,894

Note1: Operating revenue from Australian subsidiaries is RMB 172,193,000.00.

Note2: Operating revenue from Australian subsidiaries is RMB 5,013,000.00.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

8. Segment reporting - Business Segment *(Continued)*

(3) External revenue by geographical area of source and non-current assets by geographical location

Unit:RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
External revenue from local customers	**5,359,262,931.90**	5,710,893,904.27
External revenue from Australia customers	**177,206,314.83**	—
Sub-total	**5,536,469,246.73**	5,710,893,904.27

Unit:RMB

Item	Amount at the end of period	Amount at the beginning of period
Non-current assets located in local country	**9,453,613,378.24**	8,135,909,587.56
Non-current assets located in foreign countries	**5,272,905,124.53**	—
Sub-total	**14,726,518,502.77**	8,135,909,587.56

(4) Degree of reliance on major customers

There is no revenue from a single external customer accounts for 10% or more of the total revenue.

9. Financial instruments and risk management

The Group's major financial instruments include bank balances and cash, held-for-trading investment, accounts receivable, other receivables, Held-for-trading financial assets accounts payable, bills payable, other payables, Held-for-trading financial assets borrowings and bonds payable etc.. Details of these financial instruments are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group's business is mining. The Group only sells commodities it has produced. In the long term, natural hedges operate in a number of ways to help to protect and stabilise earnings and cash flow, obviating the need to use derivatives or other forms of synthetic hedging for this purpose. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes; nor does it believe that it has exposure to such trading or speculative holdings through its investments in associates and jointly controlled entities.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD,HKD and AUD. The Group's subsidiaries in China have purchases and sales mainly denominated in RMB, while the Group's subsidies in Australia have principal activities denominated and settled in USD or AUD. Therefore, the Group have not significant exposure to exchange rate changes. The foreign currency transactions of the Group are mainly the financing activities which are denominated and settled in USD and the AUD denominated assets held by the subsidiary in Australia whose functional currency is USD.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

9. Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.1. Currency risk *(Continued)*

As at 31 December 2013, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and AUD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

RMB'000

Item	Closing balance	opening balance
U.S. dollar (USD):		
Bank balances and cash	**3,207**	22,142
Short-term borrowings	**86,776**	—
Subtotal	**89,983**	22,142
HK dollar (HKD):		
Bank balances and cash	**29**	420
Short-term borrowings	**127,568**	—
Subtotal	**127,597**	420
AU dollar(AUD)		
Bank balances and cash	**26,853**	—
Subtotal	**26,853**	—

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures. The Group currently does not take any measures to hedge currency risk exposures.

The following table details the Group's sensitivity to a 10 per cent change in RMB or USD against the respective foreign currencies. The 10 per cent is the rate used when reporting foreign currency risk internally to key management personnel and represents directors' assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the reporting period and held constant throughout the reporting period. A negative number indicates a decrease in pre-tax profit where RMB strengthens against the respective currencies which is mainly attributable to the exposure of outstanding USD bank borrowings and HKD bank balances or where USD strengthens against the respective currency which is mainly attributable to the exposure of the AUD bank balance. The opposite situation will bring a positive number.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

9. Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.1. Currency risk *(Continued)*

RMB'000

		Current year		Prior year	
Item	**Changes in exchange rates**	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
China and Hong Kong					
Pre-tax effect on the profit or loss for the year and shareholders' equity	USD 10% decrease against RMB	**(8,998)**	**(8,998)**	(2,214)	(2,214)
	HKD 10% decrease against RMB	**(12,760)**	**(12,760)**	(42)	(42)
Australia					
Pre-tax effect on the profit or loss for the year and shareholders' equity	AUD 10% decrease against USD	**(2,685)**	**(2,685)**	—	—

In directors' opinion, the sensitivity analysis is unpresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

1.1.2. Interest rate risk

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bonds payables and fixed -rate bank borrowings.(Details refer to Note(V).18 and 30)). The Group aims at keeping borrowings at variable rates. In order to achieve this target, the Group enters into interest rate swaps to hedge against its exposures to changes in fair value of those borrowings .The Group did not take any measures to hedge interest rate risk exposures.

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk.

Interest rate risk sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments;
- For fixed rate financial instruments measured at fair value, the changes in market interest rates will affect the fair value;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

9. Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.2. Interest rate risk *(Continued)*

On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Item	Changes in interest rates	Current year Effect on profit	Current year Effect on shareholders' equity	Prior year Effect on profit	Prior year Effect on shareholders' equity
Profit or loss for the year and shareholders' equity	50 basis points higher	**(11,649)**	**(11,649)**	4,950	4,950
Profit or loss for the year and shareholders' equity	50 basis points lower	**11,649**	**11,649**	(4,950)	(4,950)

1.2. Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- The carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

The Group, trades only with recognised, creditworthy third parties. Total amount of top five entities with the largest balances of accounts receivable as at 31 December 2013 takes 50.39% of the amount of total accounts receivable (31 December 2012:49.03%)。Accounts receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. Products are sold only to companies whose credit information does not indicate payment irregularities. Credit limits have been set for most of the customers and they are monitored systematically. For overseas sales, document payments are in use, such as letters of credit.

With respect to credit risk arising from the other financial assets of the Group which comprise other receivables, the Group's exposure to credit risk arising from default of counterparties is limited as most of the counterparties are entities with good credit standing and the Group does not expect any significant loss for uncollected advances to these entities.

The credit risk on liquid fund is limited because they are deposited with banks with high credit ratings.

1. Risk management objectives and policies *(Continued)*

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB'000

	Less than 1 year	1-2 years	Over 2 years	Total
Bank borrowings	348,524	632,844	4,324,079	5,305,447
Held-for-trading financial assets	357,252	—	—	357,252
Bills payable	27,910	—	—	27,910
Accounts payable	197,386	—	—	197,386
Interests payable	55,734	—	—	55,734
Dividends payable	57,086	—	—	57,086
Other payables	568,214	—	—	568,214
Non-current liabilities due within one year	395,083	—	—	395,083
Other current liabilities	20,202	—	—	20,202
Bonds payable	57,633	98,800	2,197,600	2,354,033
Total	2,085,024	731,644	6,521,679	9,338,347

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

9. Financial instruments and risk management *(Continued)*

2. *Fair value*

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used) and provides an analysis of financial instruments that are measured at fair value by hierarchy based on the degree to which the input of the fair value measurement is observable. Observable inputs reflect the independent information from the active markets, unobservable inputs reflect the market assumptions the Company estimate. These two inputs result in the following hierarchy of fair value.

Level 1 - those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no transfers between Level 1 and Level 2 for the fair value measurements of the Group's financial assets and financial liabilities in the current year and in the prior year.

RMB'000

	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets				
— Derivative financial liabilities not designated as hedging instruments	289	60,870	—	61,159
— Gold lease liabilities measured at fair value	296,093	—	—	296,093

Note 1: Level 1 - According to gold, silver or lead futures quoted price in the open market in the future as the basis of fair value measurement

Note 2: Level 2 - Future Cash flow is measured as the basis for determining the fair value in accordance with the relevant observable metal futures quoted price as input

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Bank balances and cash

Unit: RMB

Item	Closing balance Foreign currency	Closing balance Exchange rate	Closing balance Amount in RMB	Opening balance Foreign currency	Opening balance Exchange rate	Opening balance Amount in RMB
Cash:						
RMB			**81,919.35**			334,445.90
Bank balances:						
RMB			**1,140,557,490.43**			778,558,024.45
US dollars	**501,444.11**	**6.10**	**3,058,809.07**	641,252.24	6.29	4,030,590.93
HK dollars	**28,751.90**	**0.79**	**22,714.00**	28,750.76	0.81	23,311.12
Other currency funds:						
RMB			**152,504,326.45**			1,250,136,062.67
Total			**1,296,225,259.30**			2,033,082,435.07

2. Held-for-trading financial assets

Details of held-for-trading financial assets are as follows:

Unit: RMB

Item	Closing fair value	Opening fair value
Held-for-trading investments in equity instruments	—	9,437,760.00
Total	—	9,437,760.00

3. Bills receivable

Categories of bills receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptances	**1,532,198,858.49**	1,190,664,406.12
Total	**1,532,198,858.49**	1,190,664,406.12

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable

Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amoun	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant	**84,167,826.79**	**95.57**	**4,229,626.57**	**51.60**	201,604,766.81	99.97	—	—
Accounts receivable that are not individually significant	**3,904,641.34**	**4.43**	**3,968,060.57**	**48.40**	56,307.15	0.03	975,300.29	100.00
Total	**88,072,468.13**	**100.00**	**8,197,687.14**	**100.00**	201,661,073.96	100.00	975,300.29	100.00

The Company determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	**75,744,273.66**	**86.00**	**—**	**75,744,273.66**	197,749,320.54	98.06	—	197,749,320.54
More than 1 year but not exceeding 2 years	**8,459,253.13**	**9.60**	**4,328,745.80**	**4,130,507.33**	2,936,453.13	1.46	—	2,936,453.13
More than 2 years but not exceeding 3 years	**2,893,641.05**	**3.29**	**2,893,641.05**	**—**	—	—	—	—
More than 3 years	**975,300.29**	**1.11**	**975,300.29**	**—**	975,300.29	0.48	975,300.29	—
Total	**88,072,468.13**	**100.00**	**8,197,687.14**	**79,874,780.99**	201,661,073.96	100.00	975,300.29	200,685,773.67

5. Prepayments

Aging analysis of prepayments is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	**13,919,110.11**	**89.16**	3,872,847.52	83.95
More than 1 year but not exceeding 2 years	**183,630.45**	**1.18**	303,145.65	6.57
More than 2 years but not exceeding 3 years	**1,399,965.13**	**8.96**	327,860.61	7.11
More than 3 years	**109,286.00**	**0.70**	109,286.00	2.37
Total	**15,611,991.69**	**100.00**	4,613,139.78	100.00

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

6. Other receivable

Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amoun	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	**1,632,593,716.61**	**93.71**	**—**	**—**	1,881,625,168.99	98.95	—	—
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	**109,507,139.52**	**6.29**	**10,979,464.39**	**100.00**	19,905,317.20	1.05	10,979,464.39	100.00
Total	**1,742,100,856.13**	**100**	**10,979,464.39**	**100.00**	1,901,530,486.19	100.00	10,979,464.39	100.00

The Company determines that other receivable of more than RMB5,000,000 is considered as individually significant other receivable

Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	**875,407,283.71**	**50.25**	**45,078.52**	**875,362,205.19**	1,866,880,724.92	98.18	579,703.12	1,866,301,021.80
More than 1 year but not exceeding 2 years	**832,548,674.75**	**47.79**	**1,039,488.20**	**831,509,186.55**	4,112,642.28	0.22	4,112,642.28	—
More than 2 years but not exceeding 3 years	**4,007,158.00**	**0.23**	**4,007,158.00**	**—**	29,566,119.52	1.55	5,316,119.52	24,250,000.00
More than 3 years	**30,137,739.67**	**1.73**	**5,887,739.67**	**24,250,000.00**	970,999.47	0.05	970,999.47	—
Total	**1,742,100,856.13**	**100.00**	**10,979,464.39**	**1,731,121,391.74**	1,901,530,486.19	100.00	10,979,464.39	1,890,551,021.80

7. Inventories

Categories of inventories:

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	**86,846,889.06**	**—**	**86,846,889.06**	97,287,747.41	—	97,287,747.41
Finished goods	**71,553,189.47**	**—**	**71,553,189.47**	86,912,634.05	—	86,912,634.05
Total	**158,400,078.53**	**—**	**158,400,078.53**	184,200,381.46	—	184,200,381.46

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

8. Long-term equity investments

Details of long-term equity investments are as follows:

Unit: RMB

Investee	Investment cost	Closing balance	Opening balance
Equity Method			
Yulu Mining	20,000,000.00	**150,801,396.38**	174,233,382.53
Yuhua Molybdenum	1,650,000.00	**3,171,119.41**	3,414,284.44
High-Tech	265,000,000.00	**221,981,150.83**	231,655,926.69
Huanyu	973,335,000.00	**926,745,000.00**	—
Cost Method			
Refining	5,638,250.27	**5,638,250.27**	5,638,250.27
Dachuan	157,500,000.00	**157,500,000.00**	157,500,000.00
Sales and Trading	2,000,000.00	**2,000,000.00**	2,000,000.00
Dadongpo	33,483,749.86	**33,483,749.86**	33,483,749.86
Jiuyang	17,028,900.00	**17,028,900.00**	17,028,900.00
Sanqiang	28,294,800.00	**33,397,038.41**	33,397,038.41
International Hotel	210,000,000.00	**210,000,000.00**	210,000,000.00
Kunyu	350,000,000.00	**350,000,000.00**	350,000,000.00
Tungsten	100,000,000.00	**100,000,000.00**	100,000,000.00
Metals Investment	500,000,000.00	**500,000,000.00**	500,000,000.00
Hong Kong	0.96	**0.96**	0.96
Metal Material	650,000,000.00	**650,000,000.00**	650,000,000.00
Furun	8,803,190.84	**8,803,190.84**	8,803,190.84
Construction Investment	—	**—**	4,875,086.50
Xinjiang Luomu	980,000,000.00	**980,000,000.00**	980,000,000.00
Huqi	9,900,000.00	**9,900,000.00**	271,420,000.00
Fukai	261,520,000.00	**261,520,000.00**	—
Sales subsidiary	50,000,000.00	**50,000,000.00**	50,000,000.00
Qixing	46,963,636.00	**46,963,636.00**	—
Hong Kong CMOC *(Note 1)*	575,797,299.48	**638,797,299.48**	—
The Carbide	—	**—**	500,000.00
Subtotal		**4,055,032,065.82**	3,374,646,216.84
Henan Qianjin Dynamite Project Co., Ltd.	200,000.00	**200,000.00**	200,000.00
Others	4,928.00	**4,928.00**	4,928.00
Subtotal		**204,928.00**	204,928.00
Total		**5,357,935,660.44**	3,784,154,738.50
Less: Provision for impairment losses		**—**	—
Net carrying amount		**5,357,935,660.44**	3,784,154,738.50

Note 1: Including a fair value adjustment of RMB63 million concerning the financial guarantee provided to CMOC Mining Pty Limited, a wholly-owned subsidiary, for its long-term bank loan amounting to USD259.5 million.

Note 2: Details of subsidiaries, associates and their principal finance information refer to Note (IV) and Note (V).9.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

9. Fixed assets

Unit: RMB

Item	Opening carrying amount	Increase in the current year	Decrease in the current year	Reclassification	Closing carrying amount
I. Total original carrying amount	3,300,576,545.28	68,257,180.29	11,340,980.04	—	3,357,492,745.53
Including: Buildings and mining structures	2,357,912,863.17	55,936,804.44	4,737,886.45	17,158,286.64	2,426,270,067.80
Plant and machinery	737,501,846.37	8,645,974.59	629,547.04	(78,885,138.29)	666,633,135.63
Furniture, fixtures and equipment	141,110,731.72	3,551,986.09	144,438.01	(6,683,445.92)	137,834,833.88
Motor vehicles	64,051,104.02	122,415.17	5,829,108.54	68,410,297.57	126,754,708.22
II. Total accumulated depreciation	1,532,547,682.94	169,849,684.46	5,967,387.05	—	1,696,429,980.35
Including: Buildings and mining structures	1,003,918,962.34	96,517,440.14	490,963.95	4,810,118.63	1,104,755,557.16
Plant and machinery	404,483,782.57	57,053,305.53	424,062.84	(58,026,418.46)	403,086,606.80
Furniture, fixtures and equipment	65,327,764.09	12,787,926.16	46,806.21	(1,169,961.44)	76,898,922.60
Motor vehicles	58,817,173.94	3,491,012.63	5,005,554.05	54,386,261.27	111,688,893.79
III. Total net book value of fixed assets	1,768,028,862.34				1,661,062,765.18
Including: Buildings and mining structures	1,353,993,900.83				1,321,514,510.64
Plant and machinery	333,018,063.80				263,546,528.83
Furniture, fixtures and equipment	75,782,967.63				60,935,911.28
Motor vehicles	5,233,930.08				15,065,814.43
IV. Total provision for impairment losses	—	2,966,254.30	—	—	2,966,254.30
Including: Buildings and mining structures	—	—	—	—	—
Plant and machinery	—	2,966,254.30	—	—	2,966,254.30
Furniture, fixtures and equipment	—	—	—	—	—
Motor vehicles	—	—	—	—	—
V. Total carrying amount of fixed assets	1,768,028,862.34				1,658,096,510.88
Including: Buildings and mining structures	1,353,993,900.83				1,321,514,510.64
Plant and machinery	333,018,063.80				260,580,274.53
Furniture, fixtures and equipment	75,782,967.63				60,935,911.28
Motor vehicles	5,233,930.08				15,065,814.43

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

10. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase in the current year	Decrease in the current year	Closing carrying amount
I. Total original carrying amount	917,658,278.06	6,344,200.15	105,993,583.15	818,008,895.06
Land use rights	421,661,614.78	6,334,759.64	105,993,583.15	322,002,791.27
Mining rights	401,485,700.00	—	—	401,485,700.00
Trademark rights	1,286,750.00	—	—	1,286,750.00
Non-proprietary technology	83,831,281.87	—	—	83,831,281.87
Others	9,392,931.41	9,440.51	—	9,402,371.92
II. Total accumulated amortisation	219,598,201.66	43,845,645.91	4,388,350.73	259,055,496.84
Land use rights	40,343,246.70	7,938,573.24	4,388,350.73	43,893,469.21
Mining rights	171,889,340.04	27,219,369.48	—	199,108,709.52
Trademark rights	828,139.43	96,980.04	—	925,119.47
Non-proprietary technology	6,287,346.18	8,383,128.24	—	14,670,474.42
Others	250,129.31	207,594.91	—	457,724.22
III. Total net book value of intangible assets	698,060,076.40			558,953,398.22
Land use rights	381,318,368.08			278,109,322.06
Mining rights	229,596,359.96			202,376,990.48
Trademark rights	458,610.57			361,630.53
Non-proprietary technology	77,543,935.69			69,160,807.45
Others	9,142,802.10			8,944,647.70
IV. Total provision for impairment	—	—	—	—
V. Total carrying amount of intangible assets	698,060,076.40			558,953,398.22
Land use rights	381,318,368.08			278,109,322.06
Mining rights	229,596,359.96			202,376,990.48
Trademark rights	458,610.57			361,630.53
Non-proprietary technology	77,543,935.69			69,160,807.45
Others	9,142,802.10			8,944,647.70

11. Deferred tax assets/deferred tax liabilities

(1) Recognised deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deferred tax assets:		
Provision for impairment losses of assets	**3,321,510.87**	1,793,214.70
Deferred income of government grant	**4,613,960.52**	7,405,707.61
Changes in fair value	**635,283.00**	1,199,496.00
Accrued expenses	**24,654,488.03**	22,629,738.26
Provision for special reserve	**—**	11,769,988.09
Losses on disposal of fixed assets without filing	**3,510,509.81**	3,510,509.81
Total	**36,735,752.23**	48,308,654.47

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

11. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) Details of taxable temporary differences and deductible temporary differences

Unit: RMB

Item	Temporary differences	
	Closing balance	Opening balance
Provision for impairment losses of assets	**22,143,405.83**	11,954,764.68
Deferred income of government grant	**30,759,736.80**	36,103,710.16
Changes in fair value	**4,235,220.00**	7,996,640.00
Net accrued and unpaid expenses	**164,363,253.48**	150,864,921.72
Provision for special reserve	—	78,466,587.27
Losses on disposal of fixed assets without filing	**23,403,398.76**	23,403,398.76
Total	**244,905,014.87**	308,790,022.59

12. Details of provision for impairment losses of assets

Unit: RMB

Item	Opening carrying amount	Increased in the current year	Decreased in the current year		Closing carrying amount
			Reversals	Write-off	
I. Bad debts provision	11,954,764.68	7,222,386.85	—	—	19,177,151.53
II. Provision for decline in value of inventories	—	2,337.86	—	2,337.86	—
III. Provision for impairment losses of fixed assets	—	2,966,254.30	—	—	2,966,254.30
Total	11,954,764.68	10,190,979.01	—	2,337.86	22,143,405.83

13. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Loans receivable from Construction Investment *(Note 1)*	—	1,105,000,000.00
Prepayments for acquisition of buildings *(Note 2)*	—	35,611,455.00
Prepayment for exploration assets *(Note 2)*	—	50,000,000.00
Deposites above one year *(Note 2)*	**1,641,635,056.42**	—
Total	**1,641,635,056.42**	1,190,611,455.00

Note 1: Construction Investment canceled during the current year, after the liquidation, the remaining assets and liabilities have been consolidated statements of the parent company .

Note 2: Details refer to Note (V).17.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

14. Short-term borrowings

Categories of short-term borrowings:

Unit: RMB

Item	Closing balance	Opening balance
Unsecured and non-guaranteed loans	**127,568,106.88**	—
Total	**127,568,106.88**	—

15. Held-for-trading financial liabilities

Unit: RMB

Item	Closing fair value	Opening fair value
1. Derivative financial liabilities not designated as hedging instruments	**60,870,420.00**	—
— Commodity forward contracts *(Note)*	**60,870,420.00**	—
2. Gold lease liabilities measured at fair value *(Note)*	**296,092,800.00**	—
Total	**356,963,220.00**	—

Note: The Company entered into a gold commodity lease agreement with the bank for financing purpose. According to agreement, the Company leased gold from the bank, which was permitted to be sold to third parties during the lease period, and the Company was obliged to return gold with same quality and weight to the bank when the lease expired. The obligation to return the gold is recognised as financial liability. The Company manage its risk exposure to gold return obligation arising from fluctuation of gold market price, by using gold forward contract that are not designated as hedging instrument.

16. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	**(98,077,190.87)**	(116,389,359.68)
City construction and maintenance tax	**1,421,341.88**	1,964,404.56
Value added tax	**19,439,548.21**	15,317,564.81
Resource tax	**17,420,010.60**	10,274,994.60
Mineral resources compensation fee	**17,958,430.08**	25,360,440.33
Price adjustment fund	**279,413.90**	362,202.73
Education surtax	**852,299.80**	1,178,398.50
Others	**12,605,050.58**	9,740,036.71
Total	**(28,101,095.82)**	(52,191,317.44)

17. Other current liabilities

Unit: RMB

Item	Closing carrying amount	Opening carrying amount
Accrued expenses	**16,072,854.40**	7,697,911.20
Financial guarantee contracts *(Note)*	**63,000,000.00**	—
Total	**79,072,854.40**	7,697,911.20

Note : Details refer to Note (XI).8(Note 1).

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

18. Provision

Unit: RMB

Item	Closing balance	Opening balance
Provision for restoration, rehabilitation and environmental costs *(Note)*	**47,570,371.67**	46,983,083.13
Total	**47,570,371.67**	46,983,083.13

Note: Details refer to Note (V).32(Note 1).

19. Operating revenue and operating costs

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Principal operating revenue	**2,965,609,510.68**	2,861,448,459.40
Other operating revenue	**40,389,802.63**	62,274,971.08
Principal operating costs	**1,233,154,688.43**	1,406,435,823.15
Other operating costs	**43,063,451.58**	63,839,259.44

20. Business taxes and levies

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year	Basis of calculation
City construction and maintenance tax	**20,879,725.09**	18,972,175.39	*Note (III)*
Education surtax	**12,527,411.94**	11,383,060.98	*Note (III)*
Resource tax	**200,313,555.60**	206,936,107.88	*Note (III)*
Tariff	**102,120.90**	3,658,672.15	*Note (III)*
Others	**20,840,539.80**	14,206,230.01	
Totals	**254,663,353.33**	255,156,246.41	

21. General administrative expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Salary, bonus and allowances	**44,975,479.09**	48,971,426.05
Depreciation and amortisation	**30,498,662.77**	23,181,284.68
Auditor's remuneration	**5,419,419.05**	3,881,181.21
Consulting and agency fees	**28,457,311.59**	23,056,918.02
Entertainment expenditures	**3,746,337.25**	12,468,465.80
Technology development fee	**115,969,462.12**	111,771,589.14
Others	**26,035,855.77**	47,686,971.08
Total	**255,102,527.64**	271,017,835.98

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

22. Financial expenses

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Interest expenses on bonds	**98,799,999.99**	80,249,999.99
Interest expenses on commercial bill discount	**5,344,444.48**	—
Interest expenses	**24,006,029.35**	13,871,227.74
Including: Bank borrowings due within 5 years	**3,833,321.68**	5,593,880.70
Other Borrowings	**20,172,707.67**	8,277,347.04
Total interest expenses:	**128,150,473.82**	94,121,227.73
Less: Capitalised interest expenses	**—**	—
Less: Interest income	**81,536,820.70**	93,167,869.99
Exchange differences	**(6,333,764.47)**	50,441.37
Less: Capitalised exchange differences	**—**	—
Others	**24,056,985.90**	4,613,051.58
Total	**64,336,874.55**	5,616,850.69

23. Impairment losses on assets

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Bad debt losses	**7,222,386.85**	5,114,829.48
Provision of inventories	**2,337.86**	—
Impairment loss on fixed assets	**2,966,254.30**	—
Total	**10,190,979.01**	5,114,829.48

24. Investment income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Investment income from long-term equity investments under equity method	**157,560,072.96**	126,714,141.81
Cash dividends distributed by the investees under cost method	**61,226,478.23**	11,819,644.91
Investment income from bonds and banks' wealth investment product	**180,919,087.88**	19,720,034.65
Investment income on disposal of held-for-trading financial assets	**305,015.04**	331,073.28
Investment income on disposal of held-for-trading financial assets	**(9,169,761.95)**	1,415,000.00
Investment income from disposal of equity investments	**135,995.18**	535,800.00
Total	**390,976,887.34**	160,535,694.65

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

25. Non-operating income

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Total gains on disposal of non-current assets	**4,679,066.84**	280,411.23
Government grant	**41,573,973.36**	49,632,363.60
Others	**14,350.00**	49,382.48
Total	**46,267,390.20**	49,962,157.31

26. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Total losses on disposal of non-current assets	**42,583.27**	—
Donations to third parties	**15,510,000.00**	1,271,000.00
Others	**61,639.74**	866,446.22
Total	**15,614,223.01**	2,137,446.22

27. Income tax expense

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Current tax expense calculated according to tax laws and relevant requirements	**193,134,472.50**	145,338,697.18
Effect of tax rate adjustment for 2011	**—**	(126,955,295.28)
Settlement difference in income tax for the previous years	**(9,927,645.88)**	7,660,521.68
Adjustments to deferred tax	**11,572,902.24**	9,654,892.18
Total	**194,779,728.86**	35,698,815.76

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Accounting profit	**1,570,879,313.30**	1,123,594,235.87
Income tax expenses calculated at 15% (prior year: 15 %)	**235,631,897.00**	168,539,135.38
Effect of expenses that are not deductible for tax purposes	**23,530,117.16**	1,286,536.38
Effect of tax-free income/extra tax deductible expenses	**(54,454,639.42)**	(36,308,070.68)
Changes in opening balances of deferred tax assets due to the change in tax rate	**—**	21,475,988.28
Effect of tax rate adjustment for 2011	**—**	(126,955,295.28)
Settlement difference in income tax for the previous years	**(9,927,645.88)**	7,660,521.68
Total	**194,779,728.86**	35,698,815.76

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

28. Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**1,376,099,584.44**	1,087,895,420.11
Add: Provision for impairment losses of assets	**10,190,979.01**	5,114,829.48
Depreciation of fixed assets	**169,849,684.46**	183,937,410.04
Amortisation of intangible assets	**43,845,645.91**	42,065,016.66
Amortisation of long-term deferred expenses	**12,146,031.63**	9,251,731.35
Gains on disposal of fixed assets, intangible assets and other long-term assets	**(4,679,066.84)**	(280,411.23)
(Gain)loss on changes in fair values	**(3,761,820.00)**	730,800.00
Losses on disposal of fixed assets	**42,583.27**	27,047,924.54
Financial expenses	**94,000,672.71**	37,506,265.54
Gains arising from investments	**(390,976,887.34)**	(160,085,694.65)
Decrease in deferred tax assets	**11,572,902.24**	9,654,892.18
Decrease (increase) in inventories	**25,797,965.07**	(7,383,432.20)
Increase in receivables from operating activities	**(866,708,438.54)**	(383,702,198.27)
Increase in payables from operating activities	**643,312,359.10**	70,165,166.74
Amortisation of deferred income	**(40,343,973.36)**	(385,585.80)
Increase(decrease) in special reserve	**120,914,532.91**	(450,321.98)
(Increase)decrease in restricted bank deposits	**(52,368,263.78)**	80,732,681.45
Net cash flow from operating activities	**1,148,934,490.89**	1,001,814,493.96
2. Net changes in cash and cash equivalents:		
Closing balance of cash	**1,243,720,932.85**	782,946,372.40
Less: Opening balance of cash	**782,946,372.40**	1,646,450,449.61
Add: Closing balance of cash equivalents	**—**	450,000,000.00
Less: Opening balance of cash equivalents	**450,000,000.00**	—
Net increase in cash and cash equivalents	**10,774,560.45**	(413,504,077.21)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

29. Related party relationships and transactions

Please see Note (IV) for details for subsidiaries of the Company, and Note (V).9 for details for associates and joint ventures of the Company.

(1) Related party transactions

(1.1) Sales and purchase of goods, provision and receipt of services

Unit: RMB

Related party	Details of related party transaction	Type of related party transaction	Type of related party transaction	Amount for the current year Amount	Amount for the prior year Amount
Sales subsidiary	Goods	Sales	Contract price	**2,505,234,428.78**	900,176,520.46
Refining	Goods	Sales	Contract price	**—**	272,547,358.08
Sales and Trading	Goods	Sales	Contract price	**45,300.52**	263,817,431.85
Dachuan	Goods	Sales	Contract price	**32,780,716.20**	27,624,556.54
Dadongpo	Goods	Sales	Contract price	**104,379,536.15**	128,414,154.33
Jiuyang	Goods	Sales	Contract price	**68,688,290.26**	86,546,500.92
Sanqiang	Goods	Sales	Contract price	**119,425,658.20**	131,325,659.19
Hong Kong Co.	Goods	Sales	Contract price	**—**	19,939,170.10
Metal Material	Goods	Sales/Royalties received in providing proprietary technology	Contract price	**4,191,564.08**	882,703,980.12
Total			Contract price	**2,834,745,494.19**	2,713,095,331.59
Dachuan	Services/Goods	receipt of services/Purchases	Contract price	**1,863,935.50**	11,682,822.34
Jiuyang	Goods	Purchases	Contract price	**2,086,201.70**	1,984,102.56
Metal Material	Services/Goods	receipt of services/Purchases	Contract price	**20,600,000.00**	19,733,580.84
Sales and Trading	Goods	Purchases	Contract price	**476,494.00**	—
Refining	Services	receipt of services	Contract price	**3,867,924.53**	—
Total				**28,894,555.73**	33,400,505.74

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

29. Related party relationships and transactions *(Continued)*

(1) Related party transactions *(Continued)*

(1.2) Borrowings/loans with related parties

In addition to the disclosure of borrowings/loans with Fuchuan in Note(VI).4(2),the borrowings/loans with other related parties are as follows:

2013:

Unit: RMB

	Lent to during the current year *RMB*	Received during the current year *RMB*	Closing balance *RMB*	Lent to during the prior year *RMB*	Received during the prior year *RMB*	Opening balance *RMB*
Lent to						
Sales Subsidiary	4,526,958,120.07	4,555,965,244.37	413,500,573.99	1,188,051,111.68	995,519,548.54	442,507,698.29
Refining	112,150,202.97	169,145,452.31	32,908,999.57	300,000,000.00	610,095,751.09	89,904,248.91
International Hotel	136,352,000.00	3,584,075.09	326,084,924.91	12,000,000.00	—	193,317,000.00
Jiuyang	137,911,605.68	134,690,536.01	79,976,008.81	196,374,622.86	119,619,683.72	76,754,939.14
Sanqiang	237,242,102.72	260,848,225.93	76,832,376.02	277,788,932.01	177,350,432.78	100,438,499.23
Metal material	2,860,850.00	21,662,000.00	(18,801,150.00)	—	480,000,000.00	—
Carbide	24,616,000.00	29,285,100.00	—	5,169,100.00	500,000.00	4,669,100.00
Yongning Gold & Lead	—	108,806,662.79	820,206,742.04	929,013,404.83	153,879,933.79	929,013,404.83
Qixing	56,036,364.00	—	64,796,642.59	8,760,278.59	—	8,760,278.59
Construction Investment	35,000.00	15,045,000.00	—	—	—	15,010,000.00
Total	5,234,162,245.44	5,299,032,296.50	1,795,505,117.93	2,917,157,449.97	2,536,965,349.92	1,860,375,168.99

	Borrowed from during the current year *RMB*	Repaid during the current year *RMB*	Closing balance *RMB*	Borrowed from during the prior year *RMB*	Repaid during the prior year *RMB*	Opening balance *RMB*
Borrowed from						
Hong Kong	11,492,276.04	—	11,492,276.04	—	—	—
Sales and Trading	82,600,529.36	79,749,614.73	2,850,914.63	—	—	—
Tungsten	214,125,500.00	15,110,879.47	199,014,620.53	—	—	—
Metals Investment	352,072,000.00	61,350,000.00	290,722,000.00	—	—	—
Yongning Gold & Lead	1,011,358,175.12	1,044,608,022.80	—	6,553,727.39	—	33,249,847.68
Metal material	—	—	—	—	—	—
Kunyu	472,105,576.02	479,424,424.22	13,648,376.49	463,553,398.65	471,490,390.17	20,967,224.69
Sanqiang	—	—	—	—	37,327,455.85	—
Dadongpo	197,010,305.13	206,129,084.87	11,232,045.78	125,885,914.94	203,743,470.37	20,350,825.52
Dachuan	82,483,257.69	95,143,552.95	21,398,504.25	225,567,853.00	227,312,136.41	34,058,799.51
Xinjiang Luomu	671,410,485.26	433,633,468.16	347,777,017.10	110,475,473.96	5,610,784.58	110,000,000.00
International Hotel	62,605,898.91	68,307,930.13	—	76,138,438.21	83,853,921.77	5,702,031.22
Construction Investment	—	37,000,000.00	—	37,000,000.00	—	37,000,000.00
Total	3,157,264,003.53	2,520,456,977.33	898,135,754.82	1,045,174,806.15	1,029,338,159.15	261,328,728.62

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

29. Related party relationships and transactions *(Continued)*

(1) Related party transactions (Continued)

(1.2) Borrowings/loans with related parties *(Continued)*

2012:

Unit: RMB

	Lent to during the current year *RMB*	Received during the current year *RMB*	Closing balance *RMB*	Lent to during the prior year *RMB*	Received during the prior year *RMB*	Opening balance *RMB*
Lent to						
Sales Subsidiary	1,188,051,111.68	995,519,548.54	442,507,698.29	348,842,434.20	98,866,299.05	249,976,135.15
Refining	300,000,000.00	610,095,751.09	89,904,248.91	412,000,000.00	72,347,816.83	400,000,000.00
Tungsten	—	—	—	195,918,071.24	216,371,757.15	—
International Hotel	12,000,000.00	—	193,317,000.00	—	—	181,317,000.00
Metals Investment	—	—	—	565,000,000.00	624,670,000.00	—
Jiuyang	196,374,622.86	119,619,683.72	76,754,939.14	4,197,808.23	4,197,808.23	—
Sanqiang	277,788,932.01	177,350,432.78	100,438,499.23	—	—	—
Metal material	—	480,000,000.00	—	480,000,000.00	—	480,000,000.00
Carbide	5,169,100.00	500,000.00	4,669,100.00	—	—	—
Yongning Gold & Lead	929,013,404.83	153,879,933.79	929,013,404.83	772,314,021.57	618,434,087.78	153,879,933.79
Qixing	8,760,278.59	—	8,760,278.59	—	—	—
Construction Investment	—	—	15,010,000.00	—	10,000,000.00	15,010,000.00
Total	2,917,157,449.97	2,536,965,349.92	1,860,375,168.99	2,778,272,335.24	1,644,887,769.04	1,480,183,068.94

	Borrowed from during the current year *RMB*	Repaid during the current year *RMB*	Closing balance *RMB*	Borrowed from during the prior year *RMB*	Repaid during the prior year *RMB*	Opening balance *RMB*
Borrowed from						
Metals Investment	—	—	—	48,791,572.55	48,791,572.55	—
Tungsten	—	—	—	84,972,218.89	84,972,218.89	—
Sales and Trading	—	—	—	151,275,345.28	152,213,383.02	—
Yongning Gold & Lead	6,553,727.39	—	33,424,847.68	976,630,746.00	950,930,859.93	26,696,120.29
Metal material	—	—	—	1,213,686,612.81	1,217,813,597.04	—
Kunyu	463,553,398.65	471,490,390.17	20,967,224.69	505,485,162.82	485,349,554.56	28,904,216.21
Sanqiang	—	37,327,455.85	—	322,700,601.62	334,724,305.61	37,327,455.85
Dadongpo	125,885,914.94	203,743,470.37	20,350,825.52	302,994,631.10	348,738,059.25	98,208,380.95
Dachuan	225,567,853.00	227,312,136.41	34,058,799.51	249,710,520.77	252,793,116.28	35,803,082.92
Jiuyang	—	—	—	182,299,147.41	194,859,853.23	—
Xinjiang Luomu	110,475,473.96	5,610,784.58	110,000,000.00	103,871,945.08	686,637,482.00	5,135,310.62
International Hotel	76,138,438.21	83,853,921.77	5,702,031.22	101,720,209.64	108,351,536.68	13,417,514.78
Refining	—	—	—	615,697,575.71	626,220,499.20	—
Construction Investment	37,000,000.00	—	37,000,000.00	—	—	—
Total	1,045,174,806.15	1,029,338,159.15	261,328,728.62	4,859,836,289.68	5,492,396,038.24	245,492,081.62

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

29. Related party relationships and transactions *(Continued)*

(1) Related party transactions (Continued)

(1.3) Interests on related parties

In addition to the disclosure of Interests on Fuchuan in Note(VI).4(2),the Interests on other related parties are as follows:

	Current year RMB	Prior year RMB
Net interests paid to (received from) related parities	**(21,514,249.84)**	(48,337,615.15)

(1.4) Assets transfer with related parties

Unit: RMB

Related party	Contents of related party transaction	Type of related party transaction	Pricing principle of related party transaction	Amount for 2013 Amount	Amount for 2013 Proportion of the amount of related party transactions to that of similar transactions (%)	Amount for 2012 Amount	Amount for 2012 Proportion of the amount of related party transactions to that of similar transactions (%)
Yulu Mining	Land use rights and buildings	Sales of assets other than goods	Market price	**1,603,578.96**	**65.60**	—	—

(1.5) Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
China Molybdenum Co., Ltd.	CMOC Mining	USD 45,000,000.00	29 September 2013	21 October 2014	No
China Molybdenum Co., Ltd. *(Note 1)*	Hong Kong CMOC	USD 306,000,000.00	25 November 2013	25 November 2018	No
China Molybdenum Co., Ltd. *(Note 1), (Note 2)*	CMOC Mining	USD 259,500,000.00	29 November 2013	29 November 2020	No
China Molybdenum Co., Ltd. *(Note 1)*	CMOC Mining	USD 259,500,000.00	27 November 2013	27 November 2020	No
China Molybdenum Co., Ltd.	CMOC Mining	AUD 32,000,000.00	18 December 2013	18 December 2019	No

Note 1: Instalment payment according to contract terms, · the guarantee period is from the effective date of the contract to the two years after the debt discharge period expires.

Note 2: The guaranteed amount is USD259.5 million and the actual loan amont is USD239.5 million.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

29. Related party relationships and transactions *(Continued)*

(2) Amount due from and amount due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts receivable	Refining	**10,076.96**	10,076.96
	Dadongpo	**—**	20,734,329.85
	Sales and Trading	**—**	62,436,215.02
	Hong Kong	**—**	10,150,917.30
Dividends receivable	Sanqiang	**11,158,892.09**	11,158,892.09
	Dadongpo	**7,913,440.23**	7,913,440.23
	Jiuyang	**28,013,751.76**	28,013,751.76
	Kunyu	**61,226,476.23**	—
Other receivables	Yongning Gold & Lead	**820,206,742.04**	929,013,404.83
	International Hotel	**326,084,924.91**	193,317,000.00
	Qixing	**64,796,642.59**	8,760,278.59
	Refining	**32,908,999.57**	89,904,248.91
	Jiuyang	**79,976,008.81**	76,754,939.14
	Sales Subsidiary	**413,500,573.99**	442,507,698.29
	Sanqiang	**76,832,376.02**	100,438,499.23
	Construction Investment	**—**	15,010,000.00
	Carbide	**—**	4,669,100.00
	High-tech	**—**	407,070.00
Other current assets	Fuchuan	**150,000,000.00**	—
Other non-current assets	Construction Investment	**—**	1,105,000,000.00
Interest receivable	Tungsten	**364,834.35**	—
	Yongning Gold & Lead	**130,446,139.72**	89,124,016.56
	Metals Investment	**—**	100.00
	Fuchuan	**302,500.00**	—
Notes receivables	Sales Subsidiary	**5,080,000.00**	—
Interests payable	Metals Investment	**21,766,276.11**	—
Other payables	Tungsten	**199,014,620.53**	—
	Metals Investment	**290,722,000.00**	—
	Huanyu	**4,000,000.00**	4,000,000.00
	Hong Kong	**11,492,276.04**	2,141,778.18
	Metal Material	**18,801,150.00**	—
	Dachuan	**21,398,504.25**	34,058,799.51
	Dadongpo	**11,232,045.78**	20,350,825.52
	Kunyu	**13,648,376.49**	20,967,224.69
	Yongning Gold & Lead	**—**	33,249,847.68
	Xinjiang Luomu	**347,777,017.10**	110,000,000.00
	International Hotel	**—**	5,702,031.22
	Sales and Trading	**2,850,914.63**	—
	Construction Investment	**—**	37,000,000.00

(XII) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 26 February 2014.

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item		Amount
Net Profit		1,084,910,812.77
Add(less):	Non-recurring profit or loss items	
	— Profit or loss on disposal of non— current assets	4,276,918.02
	— Government grants recognised in profit or loss	(44,251,371.90)
	— Investment income from banks' wealth investment product	(200,416,038.43)
	— Investment income on disposal of held-to-trading financial assets	13,278,254.78
	— Derivatives not designated as hedging instruments	(40,041.47)
	— Investment income on disposal of equity investments	(28,375,048.20)
	— Profit or loss on changes in the fair value of held-for-trading financial assets	(8,269,939.71)
	— Acquisition costs	294,350,773.83
	— Bargain purchase	(200,525,471.80)
	— Other non-operating income or expenses other than the above	14,278,644.80
Subtotal		(155,693,320.08)
Tax effects		(49,086,619.33)
Net profit after deducting non-recurring profit or loss items		880,130,873.36
Including:	Net profit attributable to shareholders of the parent company	969,423,776.16
	Net profit attributable to minority interests	(89,292,902.80)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by China Molybdenum Co., Ltd. in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting period	Weighted average return on net assets *(%)*	EPS Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	9.88	0.23	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	8.16	0.19	N/A

3. ABNORMAL FINANCIAL STATEMENTS ITEMS ("F/S ITEMS") AND DESCRIPTION OF REASONS

Unit: RMB

	F/S items	Closing balance/ amount for current year	Opening balance/ amount for prior year	Change by %	Cause for the changes
1	Bank balances and cash	**1,882,647,897.27**	2,710,070,379.19	(31%)	Closing balance decreased was mainly due to the increasing investment on bank time deposit over one year.
2	Held-for-trading financial assets	**—**	10,891,273.49	(100%)	Closing balance decreased was mainly due to the disposal of all the stock investment.
3	Bills receivable	**1,591,402,447.61**	1,220,159,395.98	30%	Closing balance increased was mainly due to the increase of bank acceptance bills.
4	Prepayments	**297,345,943.53**	227,396,412.53	31%	Closing balance increased was mainly due to the rise of raw material prepayments.
5	Interest receivable	**452,860.33**	11,504,773.64	(96%)	Closing balance decreased was mainly due to the decrease of bank structured deposits.
6	Inventories	**820,996,265.56**	1,310,298,697.22	(37%)	Closing balance decreased was mainly due to the reduction of inventory quantities.
7	Fixed assets	**5,876,304,885.87**	3,623,670,473.44	62%	Closing balance increased was mainly due to the newly acquired Northparkes Copper/gold Mine business in Australia.
8	Intangible assets	**4,425,899,735.38**	2,057,651,702.79	115%	Closing balance increased was mainly due to the newly acquired Northparkes Copper/gold Mine businesses in Australia.
9	Non-current assets-Inventories	**334,515,072.36**	—	—	Closing balance increased was mainly due to the newly acquired Northparkes Copper/gold Mine businesses in Australia.
10	Other non-current assets	**1,729,212,246.72**	109,410,215.00	1,480%	Closing balance increased was mainly due to investment on bank time deposit over 1 year
11	Short-term borrowings	**224,344,311.98**	10,000,000.00	2,143%	Closing balance increased was mainly due to the borrowings for acquisition of Northparkes Copper/gold Mine businesses in Australia.
12	Held-for-trading financial liabilites	**357,251,970.00**	—	—	Closing balance increased was mainly due to the gold lease arrangement measured at fair value
13	Bills payable	**27,910,000.00**	75,891,401.38	(63%)	Closing balance decreased was mainly due to the repayment of acceptance bills.
14	Taxes payable	**(63,559,475.84)**	(168,792,483.06)	(62%)	Closing balance increased was mainly due to using of the VAT-in taxes.
15	Interests Payable	**55,733,935.24**	41,166,666.66	35%	Closing balance increased was mainly due to the rise of bank borrowings.
16	Dividends payable	**57,085,715.06**	150,547,472.71	(62%)	Closing balance decreased was mainly due to the payment of dividends.
17	Non-current liabilities due within one year	**390,708,567.70**	262,320,927.26	49%	Closing balance increased was mainly due to the rise of long-term borrowings.
18	Long-term borrowings	**4,664,128,500.00**	—	—	Closing balance increased was mainly due to the borrowing for acquisition of Northparkes Copper/gold Mine businesses in Australia.
19	Provision	**261,261,918.67**	46,983,083.13	456%	Closing balance increased was mainly due to the provision of close down and restoration cost and bug service leave in the newly acquired Northparkes Copper/gold Mine businesses in Australia.

3. ABNORMAL FINANCIAL STATEMENTS ITEMS ("F/S ITEMS") AND DESCRIPTION OF REASONS *(Continued)*

Unit: RMB

	F/S items	Closing balance/ amount for current year	Opening balance/ amount for prior year	Change by %	Cause for the changes
20	Other non-current liabilities	**37,077,021.10**	25,303,634.90	47%	Closing balance increased was mainly due to the rise of government subsidies.
21	Special reserve	**199,586,093.33**	78,938,263.32	153%	Closing balance increased was mainly due to the accrued special reserve
22	Exchange differences arising on translation of financial statements denominated in foreign currencies	**(51,029,120.69)**	(2,058,590.46)	2,379%	Closing balance increased was mainly due to the exchange differences arising on translation of financial statements denominated in foreign currencies of oversea subsidaries
23	Administrative expenses	**686,204,836.52**	433,331,447.59	58%	Administrative expenses increased was mainly due to the acquisition costs for the newly acquired Northparkes Copper/gold Mine businesses in Australia.
24	Financial expenses	**103,227,553.28**	49,597,057.16	108%	Financial expenses increased was mainly due to the rise of bank borrowings.
25	Impairment losses of assets	**87,704,184.08**	27,853,560.45	215%	Impairment losses of assets increased was mainly due to the bad debts and provision of inventories
26	Gains (losses) from changes in fair values	**8,269,939.71**	(738,261.14)	(1220%)	Gains (losses) from changes in fair values increased was mainly due to the disposal of all the stock investment.
27	Investment income	**373,417,961.32**	151,042,583.91	147%	Investment income increased was mainly due to the rise of investment in banks' wealth investment product
28	Non-operating income	**246,601,099.22**	54,187,319.00	355%	Non-operating income increased was mainly due to the bargain purchase arings from the acquisition of Northparkes Copper/gold Mine businesses in Australia
29	Non-operating expenses	**20,379,818.34**	4,209,530.52	384%	A Non-operating expense increased was mainly due to the increased donations.
30	Income tax expenses	**151,271,401.35**	80,581,368.21	88%	Income tax expenses increased was mainly due to that the Company's entitlement to an income tax preferential ratio of 15% from year 2011 to 2013 upon being recognised as a new and high technology enterprise and there was an reversal of overpaid expenses in 2012 for the change to preferential rate.

4. THE GROUP'S OPERATING RESULTS, ASSETS AND LIABILITIES FOR THE PAST FIVE YEARS

Unit: RMB

Item	2013	2012	2011	2010	2009
I. Total operating revenue	**5,536,469,246.73**	5,710,893,904.27	6,099,651,578.23	4,496,966,550.62	3,132,808,825.82
II. Total operating costs					
Less: Operating costs	**3,733,468,267.20**	4,009,216,807.89	3,911,370,115.23	2,643,702,269.28	2,112,237,138.53
Business taxes and levies	**270,681,417.11**	268,890,022.83	218,796,117.22	189,262,351.66	175,659,682.50
Selling expenses	**26,909,956.33**	25,330,075.67	24,626,272.32	15,105,016.61	13,992,195.92
Administrative expenses	**686,204,836.52**	433,331,447.59	460,023,025.05	334,990,183.03	282,743,838.34
Financial expenses	**103,227,553.28**	49,597,057.16	68,700,862.67	(6,737,309.71)	(53,064,839.93)
Impairment losses of assets	**87,704,184.08**	27,853,560.45	23,196,195.85	(510,973.30)	(9,034,966.67)
Add: Gains (losses) from changes in fair values	**8,269,939.71**	(738,261.14)	(2,469,548.93)	(4,561,086.14)	8,342,404.34
Investment income (losses)	**373,417,961.32**	151,042,583.91	127,041,473.79	97,983,666.51	90,197,123.42
Including: Income from investments in associates and joint ventures	**185,933,456.10**	116,760,141.81	109,243,630.10	25,831,569.77	16,561,019.49
III. Operating profit	**1,009,960,933.24**	1,046,979,255.45	1,517,510,914.75	1,414,577,593.42	708,815,304.89
Add: Non-operating income	**246,601,099.22**	54,187,319.00	14,804,136.79	16,009,810.73	21,949,903.84
Less: Non-operating expenses	**20,379,818.34**	4,209,530.52	20,398,534.05	15,886,847.48	22,979,483.91
Including: Losses from disposal of non-current assets	**4,610,406.83**	1,036,818.99	15,357,352.18	713,257.28	15,262,066.23
IV. Total profit	**1,236,182,214.12**	1,096,957,043.93	1,511,916,517.49	1,414,700,556.67	707,785,724.82
Less: Income tax expenses	**151,271,401.35**	80,581,368.21	355,754,740.02	357,865,750.97	181,395,509.32
V. Net profit	**1,084,910,812.77**	1,016,375,675.72	1,156,161,777.47	1,056,834,805.70	526,390,215.50
Net profit attributable to shareholders of the parent company	**1,174,203,715.57**	1,050,304,676.57	1,118,175,996.91	1,020,691,889.73	495,094,787.38
Profit or loss attributable to minority interests	**(89,292,902.80)**	(33,929,000.85)	37,985,780.56	36,142,915.97	31,295,428.12
VI. Earnings per share:					
Basic earnings per share	**0.23**	0.21	0.23	0.21	0.10
VII. Other comprehensive income	**(48,970,530.23)**	(215,779.49)	1,897,969.35	(2,001,322.58)	494,477.48
VIII. Total comprehensive income:	**1,035,940,282.54**	1,016,159,896.23	1,158,059,746.82	1,054,833,483.12	526,884,692.98
Total comprehensive income attributable to shareholders of the parent company	**1,125,233,185.34**	1,050,088,897.08	1,120,073,966.26	1,018,690,567.15	495,589,264.86
Total comprehensive income (losses) attributable to minority interests	**(89,292,902.80)**	(33,929,000.85)	37,985,780.56	36,142,915.97	31,295,428.12

Unit: RMB

Item	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Total assets	**21,899,138,540.63**	15,749,315,192.48	14,946,123,955.04	13,709,639,894.39	12,260,956,892.03
Total liabilities	**9,006,486,233.88**	3,377,921,043.83	3,687,136,847.05	2,009,249,509.34	1,258,014,210.93
Minority interests	**714,376,778.08**	829,859,172.33	868,853,735.28	444,882,758.61	320,271,819.73
Total equity attributable to the shareholders of the parent company	**12,178,275,528.67**	11,541,534,976.32	10,390,133,372.71	11,255,507,626.44	10,682,670,861.37

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China Molybdenum Co., Ltd.*