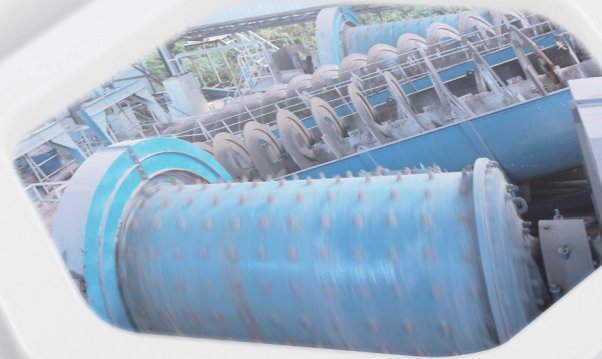




CHINA POLYMETALLIC MINING LIMITED
中國多金屬礦業有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2133

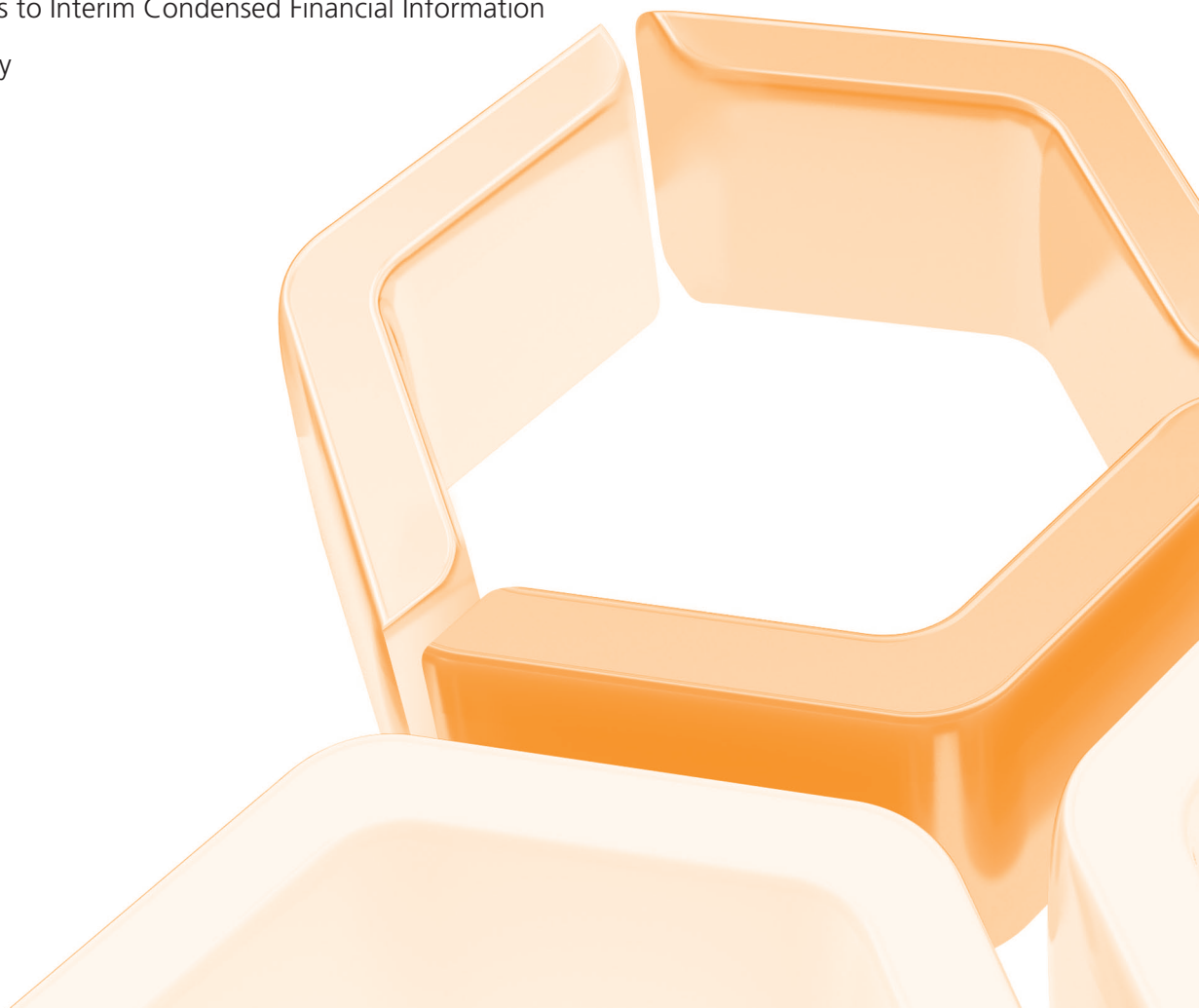


2015
Interim Report



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Corporate Profile

CHINA POLYMETALLIC MINING LIMITED was incorporated in the Cayman Islands under the Companies Law on 30 November 2009 and was listed on the main board of the Hong Kong Stock Exchange on 14 December 2011.

The Company is one of the leading silver, lead and zinc mining companies in China and was the first company which solely engaged in mining non-ferrous metals to list on the Hong Kong Stock Exchange. Through owning the Shizishan Mine and the Dakuangshan Mine which have both reached full capacity, the Company continues to develop and explore large and high-grade reserves. Currently, all of our operations are located in Yunnan Province and we own and operate the Shizishan Mine, a large-scale and high-grade lead-zinc-silver mine, and the Dakuangshan Mine, a lead-zinc-silver mine. The Company is developing the Liziping Mine, a lead-zinc-silver mine and the Menghu Mine, a lead-zinc mine. The Company is also exploring the lead-zinc-silver Dazhupeng Mine in a proactive and orderly manner. We have also secured the long-term ore supply from the Lushan Mine, a tungsten-tin mine, at low cost and on an exclusive basis. We will further leverage our unique position as a leading Chinese mining company and close proximity to our major customers to meet the demand for silver, lead and zinc while maximising returns for our shareholders.

DIRECTORS

Executive Directors

Dr. Yin Bo (*Chairman*) (appointed as executive Director on 19 August 2015 and appointed as Chairman on 25 August 2015)

Dr. Li Chang Zhen (*Chief Executive Officer*) (appointed as executive Director on 19 August 2015 and appointed as Chief Executive Officer on 25 August 2015)

Non-Executive Directors

Mr. Andrew Joseph Dawber

Mr. Hu Shuo (appointed on 10 February 2015)

Mr. Lee Kenneth Jue

Mr. Ran Xiaochuan (re-designated as non-executive Director and resigned as Chairman on 25 August 2015)

Independent Non-Executive Directors

Mr. Christopher Michael Casey

Mr. William Beckwith Hayden

Mr. Miu Edward Kwok Chi

AUDIT COMMITTEE

Mr. Christopher Michael Casey (*Chairman*)

Mr. Andrew Joseph Dawber

Mr. Miu Edward Kwok Chi

NOMINATION AND REMUNERATION COMMITTEE

Mr. Miu Edward Kwok Chi (*Chairman*)

Mr. Christopher Michael Casey

Mr. William Beckwith Hayden

Mr. Lee Kenneth Jue

Mr. Ran Xiaochuan (ceased to be a member on 25 August 2015)

Dr. Yin Bo (appointed as a member on 25 August 2015)

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Dr. Yin Bo (*Chairman*) (appointed as its chairman on 25 August 2015)

Dr. Li Chang Zhen (appointed as a member on 25 August 2015)

Mr. Lee Kenneth Jue (ceased to be its chairman on 25 August 2015)

Mr. William Beckwith Hayden

Mr. Ran Xiaochuan

STRATEGY COMMITTEE

Dr. Li Chang Zhen (*Chairman*) (appointed as its chairman on 25 August 2015)

Mr. Miu Edward Kwok Chi (ceased to be its chairman on 25 August 2015)

Mr. Andrew Joseph Dawber (appointed as a member on 30 March 2015)

Mr. William Beckwith Hayden

Mr. Hu Shuo (appointed as a member on 30 March 2015)

Mr. Ran Xiaochuan

JOINT COMPANY SECRETARIES

Ms. Ho Siu Pik (*FCIS, FCS(PE)*)

Ms. Nina (Xiaoxiao) Zhan

AUTHORISED REPRESENTATIVES

Mr. Ran Xiaochuan

Ms. Ho Siu Pik

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Corporate Information

As on 25 August 2015

HEAD OFFICE

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145 Tiantai Road
Hi-tech District
Chengdu, Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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The Center
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
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Hong Kong

AUDITORS

Ernst & Young

LEGAL ADVISERS

As to Hong Kong Law
Brandt Chan & Partners in association with
Dentons HK LLP

As to PRC Law
Commerce & Finance Law Offices

As to Cayman Islands Law
Conyers Dill & Pearman

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Hong Kong

PRINCIPAL BANKERS

Ping An Bank Co., Ltd
Agricultural Bank of China
China Merchants Bank
Citibank

STOCK CODE

2133

WEBSITE ADDRESS

www.chinapolymetallic.com

Financial Highlights

The Group's summary of published results during the Review Period and the corresponding period of 2014, and the figures of assets, liabilities and non-controlling interests as on 30 June 2015 and 31 December 2014 are set out below:

RESULTS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	78,336	104,449
Cost of sales	35,793	43,404
Gross profit	42,543	61,045
Earnings before interest and tax	19,987	43,502
Profit/(loss) for the period	(6,538)	27,662
Attributable to:		
Owners of the Company	(6,194)	27,822
Non-controlling interests	(344)	(160)
	(6,538)	27,662
Earnings/(loss) per share attributable to ordinary equity holders of the Company		
— Basic and diluted	RMB(0.003)	RMB0.014
Other comprehensive income for the period, net of tax	8,951	—
Total comprehensive income for the period	2,413	27,662
Attributable to:		
Owner of the Company	2,667	27,882
Non-controlling interests	(254)	(160)
	2,413	27,662

Financial Highlights

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Non-current assets	1,668,961	1,562,208
Current assets	1,154,504	1,423,657
Current liabilities	758,497	1,229,431
Non-current liabilities	322,535	17,078
Total equity	1,742,433	1,739,356
Attributable to:		
Owners of the Company	1,691,404	1,688,273
Non-controlling interests	51,029	51,083
	1,742,433	1,739,356

Management Discussion and Analysis

MARKET REVIEW

During the six months ended 30 June 2015, the global economy continued to exhibit mixed growth patterns, with the US enjoying generally good growth and enhanced payroll numbers whilst the Eurozone remained weak despite significant monetary stimulus. In Japan, whilst the economy contracted significantly in the second quarter of 2015, commentators still anticipate positive overall growth in 2015 picking up further in 2016.

Although advancing at a faster rate than the developed countries, the emerging markets continued to experience growth at a level much lower than in the past, resulting in capital outflows and a growing understanding that structural issues exist within many of the economies that are likely to impact future growth rates.

In the Chinese domestic market, GDP for the first half of 2015 rose by 7.0% year-on-year. However there is downward pressure on economic growth and concern over debt levels that have caused considerable stock market volatility and the need for intervention.

Economic challenges have impacted the energy and metals markets for some time and this has not eased in the Review Period.

Considering this from the Company's perspective, the price of lead during the Review Period decreased by 4.6%, zinc decreased by 8.5% and silver decreased by 1.5%, in each case comparing the average spot price in the period with the same period last year.

More particularly, levels of lead production decreased by 3.5% in the Review Period. However, this still resulted in a surplus. Zinc production also fell but more markedly by 10.4%, partly as a number of zinc producing mines reaching the end of their economic life and new production not coming on stream to the same extent. By contrast, silver was affected by the strong US dollar and bullish capital markets, reducing the attraction of gold and silver.

The second half of 2015 is generally expected to see a continuation of the challenges for the energy and metals markets. As it is now known that heightened investor concerns have led to market volatility and increasing worry over the ability of many emerging market economies to sustain themselves.

There is, however, some room for cautious optimism. The price of lead may well find support as a result of smelter capacity being reduced due to down time for inspections and maintenance together with demand from the lead storage battery industry. For zinc, the decline in production offers a better opportunity for an improved demand and supply balance and for silver, whilst a strong US dollar weighs down price expectations, there is still a general sense of upward momentum.

In the medium term, it is hoped that the implementation by the PRC government of policies to encourage steady, sustainable growth and structural adjustments in the economy will be beneficial to the Company.

Management Discussion and Analysis

OPERATING MINE — SHIZISHAN MINE

Operational results of the Shizishan Mine

The following table summarises the mining and processing results during the Review Period and the corresponding period of 2014 of the Shizishan Mine operated by the Group:

	Items	Unit	Six months ended 30 June	
			2015	2014
ROM Ore	Mined	kt	83.4	142.9
	Effective working days	days	59	72
	Average output	tpd	1,414	1,985
	Processed	kt	78.6	143.4
Feed Grade	Lead	%	5.3	3.8
	Zinc	%	4.4	3.5
	Silver	g/t	119.1	86
Recovery	Lead	%	81.2	81.5
	Zinc	%	81.8	79.3
	Silver in lead concentrate	%	81.4	69.2
	Silver in zinc concentrate	%	6.3	6.5
Concentrate Grade	Lead	%	54.4	55.2
	Zinc	%	45.5	45.2
	Silver in lead concentrate	g/t	1,233	1,053
	Silver in zinc concentrate	g/t	94	92
Concentrate Tonnes	Lead-silver concentrate	t	6,183	8,140
	Zinc-silver concentrate	t	6,272	8,736
Metal Contained in Concentrate	Lead	t	3,363	4,494
	Zinc	t	2,851	3,950
	Silver in lead concentrate	kg	7,623	8,568
	Silver in zinc concentrate	kg	564	804

The designed mining and processing capacity of the Shizishan Mine is 2,000 tpd. Due to the mine safety inspection and rectification in Yunnan Province, the effective working days decreased during the Review Period. However, the dilution rate is mitigated, resulting in higher combined grade of raw ore. As the mining work proceeded to the middle part of 1,150 level, the ore body is still fragmented, which slightly improved as compared to the 1,200 level.

Management Discussion and Analysis

As a result of the aforementioned factors, the total raw ore mined decreased by 59.5 kt during the Review Period, representing a drop of 41.6% as compared to the corresponding period of 2014. The production volume of lead, zinc and silver also decreased by 1,131 t, 1,099 t and 1,185 kg, respectively, representing a decline of 25.2%, 27.8% and 12.6%, respectively, as compared to the corresponding period of 2014.

Production costs at the Shizishan Mine

Due to the increased feed grades at the Shizishan Mine, unit production cost of concentrate decreased during the Review Period as compared to the corresponding period of 2014. The comparison is shown as follows:

Cost item		Six months ended 30 June		
		2015	2014	Variance
		RMB	RMB	RMB
Mining cost	(RMB/t of ore mined)	81	58	23
— subcontracting fee	(RMB/t of ore mined)	81	58	23
Processing cost	(RMB/t of ore processed)	62	59	3
— materials cost	(RMB/t of ore processed)	34	25	9
— labour	(RMB/t of ore processed)	17	19	(2)
— electricity and water	(RMB/t of ore processed)	10	10	0
— maintenance and others	(RMB/t of ore processed)	1	4	(3)
Administrative and other costs	(RMB/t of ore processed)	0	4	(4)
Production taxes and royalties	(RMB/t of ore processed)	39	44	(5)
Total cash cost	(RMB/t of ore processed)	182	164	18
Total cash cost	(RMB/t of concentrate)	1,149	1,395	(246)
Depreciation and amortisation	(RMB/t of ore processed)	141	100	41
Total production cost	(RMB/t of ore processed)	323	264	59
Total production cost	(RMB/t of concentrate)	2,039	2,239	(200)

Compared to the corresponding period of 2014, unit production cost per tonne of ore processed increased during the Review Period, which was attributable to: (i) the subcontracting cost of raw ore up by RMB23/t, resulted from the rise in unit price of mining subcontracting due to increase in mining labor and material cost. In addition, there was an increase in the ongoing excavation expenditures at 1,150 level; and (ii) the increase in depreciation and amortisation cost of RMB41/t which is due to the decrease in mining and production of raw ore. In the first half of 2015, the use of explosive materials was curtailed by the mine safety inspection and rectification in Yunnan Province (directly led to a 15-day suspension) resulting in the decrease in mining and production of raw ore, and an increase in unit fixed amortisation cost.

Unit production cost per tonne of concentrate decreased due to the increased grade for mining raw ore as compared to the corresponding period of last year, which in turn led to a drop in concentrate processing.

Management Discussion and Analysis

Capital expenditure of the Shizishan Mine

The exploration and mining works of the Shizishan Mine during the Review Period are shown as follows:

- (1) the exploration and cutting engineering of 1,200 level spanning 486 meters was completed, in which the excavation engineering of the branch tunnel of 1,200 level spanning 394 meters was completed; the cross-sectional area of the exploration and cutting tunnels was 2.7 square meters; the excavation engineering of the branch tunnel of 1,200 level spanning 92 meters was completed and the cross-sectional area of the tunnel was 8 square meters. The route, undercutting engineering, service ventilation raise, slice tunnels, and routes for exploration and drill routing of the supportive tunnel exploration and cutting projects were also completed.
- (2) the exploration and cutting engineering of 1,150 level spanning 737 meters was completed as scheduled, in which the excavation engineering of the branch tunnel of 1,150 level spanning 585 meters was completed; the cross-sectional area of the exploration and cutting tunnels was 2.7 square meters; the excavation engineering of the branch tunnel of 1,150 level spanning 152 meters was completed and the cross-sectional area of the tunnel was 8 square meters. The route, undercutting engineering, service ventilation raise, slice tunnels, and routes for exploration and drill routing of the supportive tunnel exploration and cutting projects were also completed.
- (3) the preliminary construction of a filling system was completed, and is currently used to fill the mined area at the 1,200 level on a trial basis.

Capital expenditures of the Shizishan Mine during the Review Period and the corresponding period of 2014 are indicated below:

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
Mining	22.4	29.6
Mining infrastructure	22.4	29.6
Processing	0.3	0.1
Processing factory and equipment	0.3	–
Tailing storage facilities	–	0.1
Total	22.7	29.7

Management Discussion and Analysis

OPERATING MINE — DAKUANGSHAN MINE

Operational results of the Dakuangshan Mine

The following table summarises the mining and processing results during the Review Period and the corresponding period of 2014 of the Dakuangshan Mine operated by the Group:

	Items	Unit	Six months ended 30 June	
			2015	2014
ROM Ore	Mined	kt	25.8	17.8
	Effective working days	days	67	58
	Average output	tpd	386	306
	Processed	kt	28.5	28.9
Feed Grade	Lead	%	1.0	1.2
	Zinc	%	2.6	2.2
	Silver	g/t	19	20
Recovery	Lead	%	80.4	80.1
	Zinc	%	80.4	81.9
	Silver in lead concentrate	%	65.2	63.3
	Silver in zinc concentrate	%	7.1	5.8
Concentrate Grade	Lead	%	49.7	53.0
	Zinc	%	44.4	44.2
	Silver in lead concentrate	g/t	743	713
	Silver in zinc concentrate	g/t	29	28
Concentrate Tonnes	Lead-silver concentrate	t	473	509
	Zinc-silver concentrate	t	1,331	1,204
Metal Contained in Concentrate	Lead	t	235	270
	Zinc	t	591	532
	Silver in lead concentrate	kg	351	363
	Silver in zinc concentrate	kg	38	33

The Dakuangshan Mine has reached the designed mining and processing capacity of 600 tpd since September 2013. However, it was unable to operate at full capacity during the Review Period primarily due to the impact of mine safety inspection and rectification in Yunnan Province in the first half of 2015. It is expected that the operation in the second half of 2015 will be significantly improved.

The total raw ore mined during the Review Period increased by 8.0 kt or 44.9% as compared with the corresponding period of 2014. Conversely, the total raw ore processed during the Review Period decreased by 0.4 kt or 1.4% as compared with the corresponding period of 2014.

Management Discussion and Analysis

Production costs at the Dakuangshan Mine

Due to the increase of mining production at the Dakuangshan Mine, unit production costs during the Review Period decreased as compared to the corresponding period of 2014. The comparison is shown below:

Cost item		Six months ended 30 June		Variance RMB
		2015 RMB	2014 RMB	
Mining cost	(RMB/t of ore mined)	66	69	(3)
— subcontracting fee	(RMB/t of ore mined)	66	69	(3)
Processing cost	(RMB/t of ore processed)	118	85	33
— materials cost	(RMB/t of ore processed)	22	14	8
— labour	(RMB/t of ore processed)	36	34	2
— electricity and water	(RMB/t of ore processed)	31	29	2
— maintenance and others	(RMB/t of ore processed)	29	8	21
Administrative and other costs	(RMB/t of ore processed)	3	58	(55)
Production taxes and royalties	(RMB/t of ore processed)	38	28	10
Total cash cost	(RMB/t of ore processed)	225	240	(15)
Total cash cost	(RMB/t of concentrate)	3,557	4,044	(487)
Depreciation and amortisation	(RMB/t of ore processed)	91	175	(84)
Total production cost	(RMB/t of ore processed)	316	415	(99)
Total production cost	(RMB/t of concentrate)	4,993	7,008	(2,015)

Compared to the corresponding period of 2014, the unit production cost per tonne of ore processed during the Review Period decreased by RMB99, primarily due to a decrease in depreciation and amortisation cost, the decrease in the unit production cost of concentrate per tonne was also due to the same reason.

Capital expenditure of the Dakuangshan Mine

During the Review Period, the exploration and mining works of the Dakuangshan Mine were as follows:

- (1) the excavation engineering of the main tunnel of 1,570, 1,520 and 1,470 levels spanning 268.3 meters were completed, and the cross-sectional area of the developed tunnels was 4.4 square meters;
- (2) the excavation engineering of the branch tunnel of 1,680, 1,620, 1,570 and 1,470 levels spanning 506 meters were completed as scheduled, and the cross-sectional area of the tunnel was 2.52 square meters; the excavation engineering of the branch tunnel of 1,680 and 1,620 levels spanning 87.9 meters were completed, and the cross-sectional area of the tunnel was 3.2 square meters. The appropriate mining compensation space and the construction of transport facilities were also completed; and
- (3) the exploration work was mainly carried out in the 1,520 level. The exploration work specialised by the small drill was commenced.

Management Discussion and Analysis

Capital expenditures of the Dakuangshan Mine during the Review Period and the corresponding period of 2014 are shown below:

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
Mining	0.9	1.8
Mining infrastructure	0.9	1.8
Mining rights and exploration	–	–
Processing	0.4	1.7
Processing factory and equipment	0.3	0.3
Tailing storage facilities	0.1	1.4
Total	1.3	3.5

OTHER MINES

Liziping Mine

The Liziping Mine, owned by the Group, is a lead-zinc-silver polymetallic mine located at Lanping County, Yunnan Province, approximately 700 km away from the Shizishan Mine. The exploration permit of the Liziping Mine covers an area of 18.29 sq.km. and was valid until 14 March 2015. Currently, the renewal procedures of the exploration permit has been submitted, and is expected to be secured soon. The application for the mining permit pertaining to the first mining area of approximately 4 sq.km. is still processing, and the related geologist report is still being finalised.

During the Review Period, for the purpose of preparation of the formal geologist reports, the geological data compilation and supplement for field catalog of Liziping Mine (including small volumetric weight test, etc.) had been mainly carried out. During the Review Period, the total capital expenditure of the Liziping Mine amounted to RMB1.3 million (six months ended 30 June 2014: RMB0.6 million).

Menghu Mine

The Menghu Mine, owned by the Group, is a lead-zinc polymetallic mine located in Meng La County, Yunnan Province. The mining permit of the Menghu Mine covers an area of 0.4 sq.km. and was valid through 2 May 2015. Currently, the renewal procedures of the mining permit has been submitted, and is expected to be secured soon.

During the Review Period, the development of a total length of 83.9 meters and a cross-sectional area of 2.88 square meters; the vertical shaft excavation (for No.2 ore body) of 45.7 meters, and the cross-sectional area of 4.4 square meters; the incline shaft excavation of 32.5 meters, and the cross-sectional area of 5.0 square meters were all completed in the Menghu Mine. Meanwhile, the development of No.2 ore body has been initiated. However, the renewal of the mining permit has resulted in limited progress of construction. During the Review Period, the Menghu Mine incurred capital expenditure of RMB0.3 million (six months ended 30 June 2014: RMB0.1 million).

Management Discussion and Analysis

Dazhupeng Mine

The Dazhupeng Mine, owned by the Group, is a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province. The current exploration permit of the Dazhupeng Mine was due for renewal in April 2014. Currently, the Group is in the progress of submitting supplementary information for the exploration permit renewal.

During the Review Period, a small amount of trenching was carried out. Together with comprehensive geographical research works, foundation for the next exploration will be laid. During the Review Period, the Dazhupeng Mine didn't incur any material capital expenditure (six months ended 30 June 2014: Nil).

Lushan Mine

The Lushan Mine, owned by Xiangcaopo Mining, is a tungsten-tin polymetallic mine. The Group entered into an exclusive ore supply agreement with Xiangcaopo Mining and its owner, Mr. Li Jincheng, on 31 December 2010. Currently, Xiangcaopo Mining is applying for the mining permit. Since tungsten-tin is one of the key resources in China, the approval for the required mining permit from relevant departments has become increasingly stringent. Therefore, Xiangcaopo Mining has made no substantial progress for the mining rights application despite the significant effort made. Given this, the Group suspended the construction of gravity-selection processing lines to cut down capital expenditure. The construction will resume when progress of the mining permit application is made.

During the Review Period, Xiangcaopo Mining performed routine inspections and maintenance for the tunneling of the Lushan Mine, and invited various geological professionals to conduct research and demonstration on the metallogenic regularities of tungsten-tin in mining areas in preparation for the subsequent exploration, mining and development work. During the Review Period, the Lushan Mine did not incur any material capital expenditure (six months ended 30 June 2014: Nil).

FINANCIAL REVIEW

Revenue

During the Review Period, the Group's revenue was approximately RMB78.3 million (six months ended 30 June 2014: RMB104.4 million), primarily from the sales of lead-silver concentrates and zinc-silver concentrates. As compared to the corresponding period of 2014, revenue decreased by approximately RMB26.1 million or approximately 25.0%, which was mainly due to the decreased sales volume of lead-silver concentrates and zinc-silver concentrates from 8,968t and 9,771t for the six months ended 30 June 2014 to 6,832t and 7,220t for the Review Period. The decrease in sales volume was resulted from the lower raw ore output and reduced effective working days in the Shizishan Mine and the decreased average selling price in lead-silver concentrates triggered by the decrease in the prevailing market price of lead and silver.

Cost of sales

During the Review Period, cost of sales was approximately RMB35.8 million (six months ended 30 June 2014: RMB43.4 million), mainly comprising mining subcontracting fees, ancillary material costs, utilities, depreciation and amortisation and resource taxes. As compared to the corresponding period of 2014, cost of sales decreased by RMB7.6 million or 17.5%, which was primarily due to the decrease in sales volume.

Management Discussion and Analysis

Gross profit and gross profit margin

As a result of the aforementioned factors, gross profit for the Review Period decreased by 30.3% or approximately RMB18.5 million from approximately RMB61.0 million for the six months ended 30 June 2014 to RMB42.5 million in the Review Period. The gross profit margin decreased from 58.4% for the six months ended 30 June 2014 to 54.3% for the Review Period. The decrease in gross profit margin was due to the decrease in average selling price of lead-silver concentrates, which outweighed the decrease in average unit cost of concentrates resulted from the increased grade for mining raw ore at the Shizishan mine.

Other income and gains

During the Review Period, other income and gains were approximately RMB8.5 million (six months ended 30 June 2014: RMB6.6 million), primarily comprising interest income from structure deposit of RMB7.0 million and bank interest income of RMB1.4 million. Compared to the corresponding period of 2014, the increase was primarily due to the increase in interest income from structure deposit of RMB7.0 million, which was partially offset by the decrease in the electricity fee refund of RMB5.6 million during the corresponding period of 2014.

Administrative expenses

During the Review Period, administrative expenses were approximately RMB21.6 million (six months ended 30 June 2014: RMB20.1 million), primarily comprising managerial staff costs, professional consulting fees, depreciation, office administrative fees, mining resource compensation fees and other expenses.

Compared to the corresponding period of 2014, administrative expenses increased by RMB1.5 million or approximately 7.5%, primarily due to (i) an increase in professional fees of RMB2.7 million for consultancy service relating primarily to financing strategy; and (ii) the reversal of administrative expense during the corresponding period of 2014 in relation to the forfeiture of a RMB6.6 million award share granted to Mr. He. The increase was primarily offset by (i) a decrease in share option expense of RMB4.1 million; (ii) a decrease in staff costs of RMB1.8 million as a result of the decrease in administrative staff headcount; (iii) a decrease in mining resource compensation fees of RMB0.6 million due to the decrease in sales of concentrates; and (iv) a decrease in travelling expense and entertainment expenses aggregated to RMB1.1 million.

Other expenses

During the Review Period, other expenses decreased by approximately RMB1.3 million as compared to the corresponding period of 2014, primarily due to the decrease in the bank loan guarantee fee in relation to the bank loan from China Construction Bank refunded on 18 December 2014.

Finance costs

During the Review Period, finance costs were approximately RMB34.4 million (six months ended 30 June 2014: RMB6.7 million). As compared to the corresponding period of 2014, finance costs increased by RMB27.7 million, primarily due to the increase in the interest on bank and other loans granted from Ping An Bank.

Income tax expenses

During the Review Period, income tax expenses were approximately RMB1.2 million (six months ended 30 June 2014: RMB11.5 million), representing a decrease of approximately RMB10.3 million or approximately 89.6% as compared to the corresponding period of 2014. This was due to the decrease in revenue and the taxable profit generated.

Management Discussion and Analysis

Interim dividend

On 25 August 2015, the Board resolved not to recommend or declare any interim dividend for the Review Period to the Company's shareholders (2014: interim dividend of HK\$0.0035 per share, (equivalent to approximately RMB0.0028 per share), no final dividend).

Significant investments, acquisitions and disposals of subsidiaries and associated companies, and future plans for material investments or capital assets

During the Review Period, save as disclosed in this Interim Report, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries or associated companies. Apart from those disclosed in this Interim Report, there was no plan authorised by the Board for other material investments or additions of capital assets as on the date of this Interim Report.

Liquidity and capital resources

The following table sets out the information in relation to our Group's consolidated statement of cash flows during the Review Period and the six months ended 30 June 2014:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net cash flow generated from operating activities	52,411	16,652
Net cash flow from/(used in) investing activities	84,773	(233,863)
Net cash flow from/(used in) financing activities	(216,476)	345,208
Net increase in cash and cash equivalents	(79,292)	127,997

Net cash flow from operating activities

During the Review Period, the net cash flow generated from operating activities was RMB52.4 million (six months ended 30 June 2014: RMB16.7 million). The RMB5.3 million loss was adjusted by (i) non-cash interest expenses from bank and other loans of RMB32.8 million; (ii) other non-cash expenses such as depreciation of RMB16.2 million, amortisation of mining rights of RMB3.1 million; (iii) an increase in other payables in relation to operating activities of RMB20.5 million; and (iv) a decrease in prepayment, deposits and other receivables in relation to operating activities of RMB3.9 million. This was partially offset by (i) non-cash interest income from structured deposits of RMB7.0 million; (ii) an increase in trade receivables of RMB7.4 million; and (iii) payment of income tax amounted to RMB4.4 million.

Net cash flow from investing activities

The net cash flow from investing activities was approximately RMB84.8 million, which primarily included (i) a decrease in structured deposit of RMB210.0 million; and (ii) proceeds from disposals of property, plant and equipment amounting to RMB0.3 million. Cash from investing activities was partially offset by (i) a payment in advance in respect of a proposed lead-zinc mining permit in Myanmar of RMB100.0 million; (ii) expenditures in connection with the construction of mining infrastructures at the Shizishan Mine, the Dakuangshan Mine and the Menghu Mine aggregated to RMB24.2 million; and (iii) expenditures in relation to exploration and evaluation assets of the Liziping Mine of RMB1.3 million.

Management Discussion and Analysis

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB216.5 million, which primarily included (i) repayment of other loans aggregated to RMB538.9 million; (ii) payment of interests of RMB32.2 million arising from bank and other loans. This cash outflow was partially offset by the other loans granted from Ping An Bank aggregated to RMB354.9 million.

Inventories

Inventories increased slightly by RMB0.6 million, or 2.6% from approximately RMB23.1 million as on 31 December 2014 to approximately RMB23.7 million as on 30 June 2015, primarily due to the increase in raw materials and spare parts for the anticipated increase in production volume in the second half of 2015.

Trade receivables

The trade receivables balance increased from approximately RMB108.0 million as on 31 December 2014 to approximately RMB115.4 million as on 30 June 2015, primarily due to the credit term granted to the major customers being extended given the unfavorable market conditions.

Payment in advance, prepayment, deposits and other receivables

The Group's prepayments, deposits and other receivables increased by RMB118.4 million, from RMB312.8 million as on 31 December 2014 to RMB431.2 million as on 30 June 2015, primarily due to (i) a payment in advance in respect of a proposed lead-zinc mining permit in Myanmar of RMB100.0 million; (ii) an increase in prepayment for mining infrastructure construction of RMB22.3 million; and (iii) an increase in interest-free loans of RMB0.3 million paid to Mr. Li Jincheng, the owner of the Lushan Mine. The increase was partially offset by a decrease in the deposits in relation to bank loan guarantee of RMB4.2 million.

Trade, dividend and other payables

Balance of the Group's trade, dividend and other payables increased by RMB19.1 million, from approximately RMB163.4 million as on 31 December 2014 to approximately RMB182.5 million as on 30 June 2015, primarily due to (i) an increase in payables for value added tax and related government surcharges, and mining resource compensation fees aggregating to RMB14.1 million generated from sales of lead-silver concentrates and zinc-silver concentrates; (ii) an increase in deposits receipts of RMB3.3 million in relation to mining safety at the Dakuangshan Mine and at the Liziping Mine; and (iii) an increase in advance from a customer of RMB1.4 million.

Net current assets position

The Group's net current assets position increased by RMB201.8 million from approximately RMB194.2 million as on 31 December 2014 to approximately RMB396.0 million as on 30 June 2015 primarily due to (i) a decrease in bank and other loans of RMB488.9 million; (ii) an increase in trade receivables of RMB7.4 million; (iii) an increase in available-for-sale investment of RMB9.0 million; (iv) a decrease in tax payables of RMB1.1 million; and (v) an increase in inventories of RMB0.6 million. These were partially offset by (i) a decrease in structured deposits of RMB203.0 million; (ii) a decrease in cash and cash equivalents of RMB79.4 million; (iii) an increase in trade, dividend and other payables of RMB19.1 million; and (iv) a decrease in prepayments, deposits and other receivables of RMB3.8 million.

Management Discussion and Analysis

Borrowings

The Group's bank and other loans decreased from approximately RMB966.5 million as on 31 December 2014 to approximately RMB782.4 million as on 30 June 2015, primarily due to the repayment of other loans of RMB538.9 million from Ping An Bank, which was partially offset by the other loans obtained from Ping An Bank aggregated to RMB354.8 million.

Contingent liabilities

As on 30 June 2015, the Group did not have any outstanding material contingent liabilities or guarantees.

Foreign currency risk

Our Group's businesses are located in Mainland China and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for a small portion of the net proceeds from the IPO denominated in HK\$ and US\$.

As RMB is not freely convertible, we are subject to the risk of possible actions taken by the Chinese government. Such actions may have an adverse effect on our net assets, gains and any dividends declared (if such dividends shall be converted to foreign currency). The Group did not carry out any activities to hedge the foreign currency risk during the Review Period.

Interest rate risk

Our revenue and operating cash flow shall not be affected significantly by the interest rate in the market. Other than cash and cash equivalents and structured deposits, the Group does not have any material interest-bearing assets. It manages the interest rate exposure arising from our interest-bearing loans through the use of fixed interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Charges on assets

Other than those disclosed in this Interim Report, none of the Group's assets was pledged as on 30 June 2015.

Contractual obligations

As on 30 June 2015, the Group's contractual obligations amounted to approximately RMB34.5 million, decreased by RMB1.3 million as compared to approximately RMB35.8 million as on 31 December 2014, primarily due to the payment in relation to the exploration activities at the Liziping Mine and the Dakuangshan Mine during the Review Period.

Capital expenditure

The capital expenditure of the Group mainly represented the amount spent on construction of property, plant and equipment and intangible assets. The amount of capital expenditure of the Group during the Review Period totalled RMB25.5 million.

Financial instruments

During the Review Period, the Group did not have any outstanding hedge contract or financial derivative instrument.

Management Discussion and Analysis

Gearing ratio

Gearing ratio is calculated by net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other loans, net of cash and bank balances and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to the owners of the Company and non-controlling interests. The Group's gearing ratio as on 30 June 2015 and 31 December 2014 was as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Interest-bearing bank and other loans	782,440	966,485
Less: cash and cash equivalents	(702,207)	(781,558)
Net debt	80,233	184,927
Total equity	1,742,433	1,739,356
Total equity and net debt	1,822,666	1,924,283
Gearing ratio	4%	10%

Use of net proceeds from the initial public offering

	Net proceeds from the IPO	
	Available to utilise RMB million	Utilised (up to 30 June 2015) RMB million
Financing activities relating to investments in acquired mines	485.4	426
Financing ramp-up of the mining capacity and expansion of tailing storage facility of the Shizishan Mine	145.6	145.6
Financing activities relating to the Dazhupeng Mine and the Lushan Mine	178.1	37
Total	809.1	608.6

Employee and remuneration policy

As on 30 June 2015, the Group had a total of 191 full time employees (31 December 2014: 227 employees), including 86 management and administrative staff, 68 production staff and 37 operations support staff. During the Review Period, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB10.7 million, representing a decrease of RMB0.3 million or 2.7% as compared to the staff costs of RMB11.0 million for the corresponding period of 2014. This was primarily due to streamlining of staff. Based on individual performance, a competitive remuneration package, which includes salaries, medical insurance, discretionary bonuses, other benefits as well as state-managed retirement benefit schemes for employees in the PRC, is offered to retain elite employees. The Group has also adopted a share option scheme for its Directors and employees, providing incentives and rewards to eligible participants commensurate with their contribution.

Management Discussion and Analysis

Occupational Health and Safety

As on the date of this Interim Report, no accident relating to the personal injury or property damage was reported to our management, and we were not subject to any claims arising from any material accidents involving personal injury or property damage during the Review Period that had a material adverse effect on our business, financial condition or results of operation. The Group has complied with all relevant PRC laws and regulations regarding occupational health and safety in all material respects during the Review Period and as on the date of this Interim Report.

Environmental Protection and Land Rehabilitation

No environmental claims, lawsuits, penalties or administrative sanctions was reported to management. The Group is of the view that it was in compliance with all relevant PRC laws and regulations regarding environmental protection and land rehabilitation in all material respects during the Review Period and as on the date of this Interim Report. As on 30 June 2015, the Group has accrued a provision of RMB15.9 million, RMB0.8 million and RMB0.9 million for the rehabilitation of the Shizishan Mine, the Dakuangshan Mine and the Menghu Mine, respectively.

Other Information and Corporate Governance Highlights

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As on 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in shares

Name of Director/ Chief Executive	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Ran Xiaochuan (note 1)	Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	302,460,664	15.21

(ii) Long positions in share options granted by the Company

Number of share options held by the Directors and chief executives of the Company as on 30 June 2015:

Name of Director/chief executive	Number of options held	Number of underlying Shares
Christopher Michael Casey	7,027,027	7,027,027
William Beckwith Hayden	7,027,027	7,027,027
Miu Edward Kwok Chi	7,027,027	7,027,027
Ran Xiaochuan	2,000,000	2,000,000
Li Tao	12,600,000	12,600,000

The details of share options held by the Directors and chief executives of the Company are disclosed under the section headed "Share Option Scheme" of this Interim Report.

Note:

1. Mr. Ran Chenghao, Mr. Ran Xiaochuan, Hover Wealth Limited and Silver Lion are parties to an agreement which have the meaning ascribed to it under s.317(a) and s.318 of the SFO.

Other Information and Corporate Governance Highlights

Save as disclosed above, as on 30 June 2015, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") on 24 November 2011 which came into operation unconditionally on the Listing Date.

The purpose of the Share Option Scheme is to provide an incentive for the Qualified Participants (defined below) to work with commitment towards enhancing the value of the Company and its shares for the benefit of shareholders of the Company and to retain and attract working partners whose contributions are beneficial to the growth and development of the Company.

The Board may at its discretion grant options to any full-time or part-time employees, consultants or potential employees, executives or officers (including Executive, Non-Executive and Independent Non-Executive Directors) of the Company or any of its subsidiaries and suppliers, customers, consultants, agents and advisers who, at the absolute discretion of the Board, have contributed or will contribute to the Group (collectively, the "Qualified Participants").

Unless approved by our shareholders in general meeting in the manner prescribed by the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his/her options during any 12-month period exceeding 1% of the total shares then in issue.

The Share Option Scheme is valid and effective for a period of 10 years from the Listing Date (the "Scheme Period").

The offer shall remain open for acceptance for a period of 14 business days from the date on which it is made provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of the Share Option Scheme.

As approved by the shareholders of the Company at the annual general meeting held on 11 June 2013 (the "2013 AGM"), the total number of shares in respect of which options may be granted under the Share Option Scheme was refreshed and increased to 99,461,950 shares which is equivalent to 5% of the issued Shares of the Company as at the 2013 AGM.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not, in aggregate, exceed 299,461,950 shares, being 15.06% of the issued Shares of the Company immediately after the 2013 AGM which is the refreshment date of such scheme. As on the date of this Interim Report, 200,000,000 option shares which may be issued upon exercise of the options under the Share Option Scheme have been granted already. As on 30 June 2015, no share option has been exercised and 115,370,270 share options are exercisable under the Share Option Scheme.

Other Information and Corporate Governance Highlights

Movement of share options during the Review Period:

Name	Date of Grant	Granted	Number of Share Options			
			Outstanding on 1/1/2015	Exercised	Cancelled/ Lapsed	Outstanding on 30/06/2015
Directors/Chief Executive						
Christopher Michael Casey	14/12/2011 (a)	7,027,027	7,027,027	–	–	7,027,027
William Beckwith Hayden	14/12/2011 (a)	7,027,027	7,027,027	–	–	7,027,027
Miu Edward Kwok Chi	14/12/2011 (a)	7,027,027	7,027,027	–	–	7,027,027
Ran Xiaochuan	16/1/2013 (b)	2,000,000	2,000,000	–	–	2,000,000
Li Tao	16/1/2013 (b)	12,600,000	12,600,000	–	–	12,600,000
Other Grantees						
Aggregate of other grantees	14/12/2011 (a)	21,081,081 (c)	21,081,081	–	–	21,081,081
	16/1/2013 (b)	103,037,838	103,037,838	–	13,000,000 (d)	90,037,838

Notes:

(a) Particulars of share options granted in 2011:

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
14/12/2011	1	14/12/2011–13/12/2012	14/12/2012–13/12/2016	2.22
14/12/2011	2	14/12/2011–13/12/2013	14/12/2013–13/12/2016	2.22
14/12/2011	3	14/12/2011–13/12/2014	14/12/2014–13/12/2016	2.22
14/12/2011	4	14/12/2011–13/12/2015	14/12/2015–13/12/2016	2.22

(b) Particulars of the 2013 Granted Options:

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
16/1/2013	1	16/1/2013–15/1/2014	16/1/2014–15/1/2018	1.70
16/1/2013	2	16/1/2013–15/1/2015	16/1/2015–15/1/2018	1.70
16/1/2013	3	16/1/2013–15/1/2016	16/1/2016–15/1/2018	1.70

(c) Share options of three of our ex-Directors become immediately vested and exercisable upon their retirement on 11 June 2013.

(d) 13,000,000 share options granted to two employees lapsed immediately upon resignation of their employments during the Review Period.

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESSES

The Directors are of the view that none of the Directors had interest in any business which competed, or were likely to compete, either directly or indirectly, with our businesses, nor had they caused any harm to any interests owned by the Company for the six months ended 30 June 2015.

Other Information and Corporate Governance Highlights

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As on 30 June 2015, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company.

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Silver Lion Investment Holdings Limited (note 2)	Beneficial owner	302,460,664 (L)	15.21
Hover Wealth Limited (note 2)	Interest of corporation controlled by the substantial shareholder	302,460,664 (L)	15.21
Ran Chenghao (note 2)	Interest of corporation controlled by the substantial shareholder	302,460,664 (L)	15.21
CITIC Dameng Investments Limited (Note 3)	Beneficial owner	592,775,421 (L)	29.81
CITIC Dameng Holdings Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Apexhill Investments Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC United Asia Investments Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Highkeen Resources Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Group Smart Resources Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Starbest Venture Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Resources Holdings Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81

Other Information and Corporate Governance Highlights

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Keentech Group Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Projects Management (HK) Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Corporation Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
CITIC Limited (Note 3)	Interest of corporation controlled by the substantial shareholder	592,775,421 (L)	29.81
Bellamy Martin James (note 4)	Interest of corporation controlled by the substantial shareholder	263,077,703 (L)	13.22
Challenger Mining 8 Limited (note 4)	Beneficial owner	263,077,703 (L)	13.22
Kedar Sharon Rahamin (note 4)	Interest of corporation controlled by the substantial shareholder	263,077,703 (L)	13.22
He Jinbi (note 5)	Interest of corporation controlled by the substantial shareholder	156,149,000 (L)	7.85
Zhang Chunling (note 5)	Interest of spouse	156,149,000 (L)	7.85
Xi'an Maike Metal International Group Co., Ltd (西安邁科金屬國際集團有限公司) (note 5)	Interest of corporation controlled by the substantial shareholder	156,149,000 (L)	7.85
Triway International Limited (裕明國際有限公司) (note 5)	Beneficial owner	156,149,000 (L)	7.85
Maike Investment Holding Co., Ltd (邁科投資控股有限公司) (note 5)	Interest of corporation controlled by the substantial shareholder	156,149,000 (L)	7.85

Other Information and Corporate Governance Highlights

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Blue Andiamo GP Limited (note 6)	Interest of corporation controlled by the substantial shareholder	126,277,297 (L)	6.35
Salamanca Group Holdings Limited (note 6)	Interest of corporation controlled by the substantial shareholder	126,277,297 (L)	6.35
Deutsche Bank Aktiengesellschaft	Beneficial owner and custodian corporation/ approved lending agent	113,369,731 (L)	5.70
SAIF IV GP Capital Ltd. (note 7)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29
SAIF IV GP LP (note 7)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29
SAIF Partners IV L.P. (note 7)	Beneficial owner	105,243,000 (L)	5.29
Yan Andrew Y. (note 7)	Interest of corporation controlled by the substantial shareholder	105,243,000 (L)	5.29

Notes:

- The letter "L" denotes the person's long position in such shares.
- The 302,460,664 shares were registered in the name of Silver Lion Investment Holdings Limited, whose entire issued share capital was held by Hover Wealth Limited which was in turn since 1 April 2015, wholly owned by Mr. Ran Chenghao. Each of Mr. Ran Chenghao and Hover Wealth Limited was therefore deemed to be interested in these shares.
- The entire issued share capital of CITIC Dameng Investments Limited is held by CITIC Dameng Holdings Limited, which is in turn 9.35% owned by Apexhill Investments Limited and 35.43% owned by Highkeen Resources Limited. Apexhill Investments Limited is wholly owned by CITIC United Asia Investments Limited, which is in turn wholly owned by CITIC Projects Management (HK) Limited. Highkeen Resources Limited is wholly owned by Group Smart Resources Limited, which is in turn wholly owned by Starbest Venture Limited. The entire issued share capital of Starbest Venture Limited is held by CITIC Resources Holdings Limited. 49.5% of the issued share capital of CITIC Resources Holdings Limited is held by Keentech Group Limited, which is in turn wholly owned by CITIC Projects Management (HK) Limited. CITIC Projects Management (HK) Limited is wholly owned by CITIC Corporation Limited, which is in turn wholly owned by CITIC Limited.
- Challenger Mining 8 Limited is 50% owned by Mr. Bellamy Martin James and 50% owned by Mr. Kedar Sharon Rahamin. Therefore, each of Mr. Bellamy Martin James and Mr. Kedar Sharon Rahamin is deemed to be interested in all the shares of the Company held by Challenger Mining 8 Limited under the SFO.

Other Information and Corporate Governance Highlights

5. Triway International Limited is wholly owned by Xi'an Maike Metal International Group Co., Ltd, and Xi'an Maike Metal International Group Co., Ltd is 49.40% owned by Maike Investment Holding Co., Ltd and Maike Investment Holding Co., Ltd is 95% owned by Mr. He Jinbi. Therefore, each of Mr. He Jinbi, Maike Investment Holding Co., Ltd and Xi'an Maike Metal International Group Co., Ltd is deemed to be interested in all the shares of the Company held by Triway International Limited. Ms. Zhang Chunling is the spouse of Mr. He Jinbi and therefore, Ms. Zhang Chunling is deemed to be interested in all the shares of the Company in which Mr. He Jinbi was interested or deemed to be interested under the SFO.
6. The entire issued share capital of Blue Andiamo GP Limited is held by Salamanca Group Holdings Limited. 25,255,459 Shares are registered in the name of CMS 2 Limited Partnership, which is wholly owned by CM Silver 2 Limited. 55,246,318 Shares are registered in the name of F.S.B.S. Limited Partnership, which is wholly owned by Five Stars B.S. Limited. 45,775,520 Shares are registered in the name of RD 8 Limited Partnership, which is wholly owned by Red Dragon 8 Limited. CM Silver 2 Limited, Five Stars B.S. Limited and Red Dragon 8 Limited are wholly owned by Blue Andiamo GP Limited.
7. SAIF Partners IV L.P. is wholly owned by SAIF IV GP, L.P., which is in turn wholly owned by SAIF IV GP Capital Ltd.. SAIF IV GP Capital Ltd. is wholly owned by Mr. Andrew Y. Yan.

Other than as disclosed above, as on 30 June 2015, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

As on 30 June 2015, none of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Review Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Throughout the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2015.

CORPORATE GOVERNANCE HIGHLIGHTS

The Company is committed to high standards of corporate governance and transparency.

The Board is of the view that during the Review Period, the Company has complied with all of the code provisions as set out in the CG Code, save and except for code provisions A.2.1 and E.1.2 with explanation described below.

Other Information and Corporate Governance Highlights

Code Provision A.2.1

During the Review Period, the roles of Chairman and Chief Executive Officer of the Company were combined and vested in Mr. Ran Xiaochuan. Such deviation is deemed appropriate as Mr. Ran Xiaochuan had no special power which was different from that of other Directors in the decision-making of the Board.

Mr. Ran Xiaochuan was replaced by Dr. Yin Bo and Dr. Li Chang Zhen as Chairman and Chief Executive Officer of the Company, respectively on 25 August 2015. Henceforth, the Company, complies with code provision A.2.1 of CG Code.

Code Provision E.1.2

According to code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting.

Mr. Ran Xiaochuan, the former Chairman of the Board, was unable to attend the 2015 annual general meeting of the Company held on 11 June 2015 (“the Meeting”). He had arranged Ms. Nina Zhan, the Joint Company Secretary, Board Secretary and director of Investor Relations of the Company, who is very familiar with the Group’s business and operations, to attend and chair the Meeting. Mr. Miu Edward Kwok Chi, an independent non-executive Director, together with the external independent auditors of the Company, also attended the Meeting and answered questions from the attending shareholders and investors. All resolutions proposed were duly passed by shareholders’ voting at the meeting.

The Board

The Board is currently composed of two Executive Directors, four Non-Executive Directors and three Independent Non-Executive Directors. The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group.

Note:

1. Mr. Hu Shuo has been appointed as a non-executive Director with effect from 10 February 2015 and was re-elected by the Shareholders at the 2015 annual general meeting held on 11 June 2015.
2. Dr. Yin Bo has been appointed as an executive Director with effect from 19 August 2015 and has been further appointed as the Chairman of the Company with effect from 25 August 2015.
3. Dr. Li Chang Zhen has been appointed as an executive Director with effect from 19 August 2015 and has been further appointed as the Chief Executive Officer of the Company with effect from 25 August 2015.
4. Mr. Ran Xiaochuan has been re-designated as a non-executive Director and has resigned as the Chairman of the Company with effect from 25 August 2015.

During the Review Period to the date of this Interim Report, there have been three Independent Non-Executive Directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that adequate balance-of-power and safeguards are in place.

The Corporate Information on pages 3 and 4 of this Interim Report includes changes since the publication of the annual results for 2014 on 25 March 2015 up to the date of this Interim Report.

Other Information and Corporate Governance Highlights

Change in information of the Board pursuant to Rule 13.51B(1) of the Listing Rules

Mr. William Beckwith Hayden has ceased to become a director of Sunward Resources Limited and has become as a director of NovaCopper Inc. (NYSE-MKT, TSX: NCQ) with effect from 18 June 2015 due to a merger of the two entities under a scheme of arrangement approved by their shareholders and the Toronto Stock Exchange.

Dr. Yin Bo was appointed as an Executive Director of the Company with effect from 19 August 2015. He was further appointed as the Chairman of the Company, the chairman of the Safety, Health and Environment Committee and a member of the Nomination and Remuneration Committee of the Board on 25 August 2015.

Mr. Ran Xiaochuan resigned as the Chairman of the Company and ceased to be a member of the Nomination and Remuneration Committee of the Board and was re-designated as a Non-Executive Director of the Company on 25 August 2015.

Dr. Li Chang Zhen was appointed as an Executive Director of the Company with effect from 19 August 2015. He was further appointed as the Chief Executive Officer of the Company, the chairman of the Strategy Committee and a member of the Safety, Health and Environment Committee of the Board on 25 August 2015.

Board Committees

The Board has established the following committees with defined terms of reference, which are on terms no less exacting than those set out in the CG Code, if any:

- Audit Committee
- Safety, Health and Environment Committee
- Strategy Committee
- Nomination and Remuneration Committee

Audit Committee

The Audit Committee has endeavoured to ensure a balanced, clear and understandable assessment of the Company's position and prospects in the annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

The Audit Committee has performed the following activities during the Review Period:

- reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014;
- reviewed the major internal audit issues, financial reporting system, internal control procedures and risk management system of the Company;
- reviewed the major audit findings in respect of the financial year ended 31 December 2014 from the external auditors; and
- reviewed the 2015 audit fee proposal.

An Audit Committee meeting was held on 24 August 2015 to review the unaudited interim condensed consolidated financial statements of the Group during Review Period. Matters relating to auditing, internal controls and financial reporting were also discussed thereat. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant interim results and sufficient disclosures have been made.

Other Information and Corporate Governance Highlights

As on the date of this Interim Report, the Audit Committee comprises Mr. Christopher Michael Casey, Mr. Andrew Joseph Dawber and Mr. Miu Edward Kwok Chi, with Mr. Christopher Michael Casey as its chairman.

Safety, Health and Environment Committee

During the Review Period to the date of this Interim Report, the Safety, Health and Environment Committee has held two meetings to review the occupational safety, health and environmental matters of the employees of the Company. The Safety, Health and Environment Committee considers that the Company has complied with all applicable occupational health and safety statutory and regulatory requirements in all material respects throughout the Review Period up to the date of this Interim Report.

Note:

1. Dr. Yin Bo has been appointed as the chairman of the Safety, Health and Environment Committee on 25 August 2015.
2. Dr. Li Chang Zhen has been appointed as a member of the Safety, Health and Environment Committee on 25 August 2015.
3. Mr. Lee Kenneth Jue ceased to be the chairman of the Safety, Health and Environment Committee on 25 August 2015.
4. As on the date of this Interim Report, the Safety, Health and Environment Committee comprises Dr. Yin Bo, Dr. Li Chang Zhen, Mr. Ran Xiaochuan, Mr. Lee Kenneth Jue and Mr. William Beckwith Hayden, with Dr. Yin Bo as its chairman.

Strategy Committee

During the Review Period and up to the date of this Interim Report, the Strategy Committee has held two meetings to:

- review and approve the strategic objectives of the Company;
- review the short term and long term strategies of the Group; and
- discuss prospective acquisition of assets.

An updated terms of reference of the Strategy Committee was made available at the Company's website.

Note:

1. Mr. Andrew Joseph Dawber has been appointed as a member of the Strategy Committee on 30 March 2015.
2. Mr. Hu Shuo has been appointed as a member of the Strategy Committee on 30 March 2015.
3. Dr. Li Chang Zhen has been appointed as the chairman of the Strategy Committee on 25 August 2015.
4. Mr. Miu Edward Kwok Chi ceased to be the chairman of the Strategy Committee on 25 August 2015.
5. As on the date of this Interim Report, the Strategy Committee comprises Dr. Li Chang Zhen, Mr. Ran Xiaochuan, Mr. Andrew Joseph Dawber, Mr. Hu Shuo, Mr. William Beckwith Hayden and Mr. Miu Edward Kwok Chi, with Dr. Li Chang Zhen as its chairman.

Other Information and Corporate Governance Highlights

Nomination and Remuneration Committee

During the Review Period and up to the date of this Interim Report, the Nomination and Remuneration Committee has held two meetings to:

- review the remuneration of the Directors and the Chief Financial Officer;
- revisit the issue revolving the offices of Chief Executive Officer and Chairman of the Company;
- review the performance of individual Executive Director; and
- review the independence of Independent Non-Executive Directors.

Note:

1. Dr. Yin Bo has been appointed as a member of the Nomination and Remuneration Committee on 25 August 2015.
2. Mr. Ran Xiaochuan ceased to be a member of the Nomination and Remuneration Committee on 25 August 2015.
3. As on the date of this Interim Report, the Nomination and Remuneration Committee comprises Mr. Miu Edward Kwok Chi, Mr. Christopher Michael Casey, Mr. William Beckwith Hayden, Dr. Yin Bo and Mr. Lee Kenneth Jue, with Mr. Miu Edward Kwok Chi as its chairman.

Risk Management and Internal Control

The interim financial information is reviewed by the external auditors. The Board is responsible for maintaining a sound and effective system of risk management and internal controls and reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives and to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

During the Review Period, the Group's Internal Audit team, under the supervision of our former Chairman, has reviewed the internal controls of the Group.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all members of the Board complied with the Model Code throughout the Review Period.

The Company has also established the "Employees Written Guidelines" on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Review Period.

Report on Review of Interim Condensed Financial Information



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**To the board of directors of
CHINA POLYMETALLIC MINING LIMITED**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed financial information set out on pages 33 to 57, which comprises the consolidated statement of financial position of China Polymetallic Mining Limited as at 30 June 2015 and the related consolidated statements of profit or loss and other comprehensive income and changes in equity, and consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 August 2015

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
REVENUE	3	78,336	104,449
Cost of sales		(35,793)	(43,404)
Gross profit		42,543	61,045
Other income and gains	4	8,472	6,604
Selling and distribution expenses		(334)	(445)
Administrative expenses		(21,597)	(20,051)
Other expenses		(73)	(1,351)
Finance costs	5	(34,352)	(6,688)
PROFIT/(LOSS) BEFORE TAX	5	(5,341)	39,114
Income tax expense	6	(1,197)	(11,452)
PROFIT/(LOSS) FOR THE PERIOD		(6,538)	27,662
Attributable to:			
Owners of the Company		(6,194)	27,822
Non-controlling interests		(344)	(160)
		(6,538)	27,662
Earnings/(loss) per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	7	RMB(0.003)	RMB0.014
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value	11	8,951	—
Other comprehensive income for the period, net of tax		8,951	—
Total comprehensive income for the period		2,413	27,662
Attributable to:			
Owners of the Company		2,667	27,822
Non-controlling interests		(254)	(160)
		2,413	27,662

Interim Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	578,073	592,785
Intangible assets	8	626,613	629,316
Prepaid land lease payments	8	12,182	12,317
Payments in advance	9	211,037	88,707
Prepayments and deposits	9	214,970	215,092
Deferred tax assets		26,086	23,991
Total non-current assets		1,668,961	1,562,208
CURRENT ASSETS			
Inventories		23,721	23,096
Trade receivables	10	115,413	107,974
Prepayments, deposits and other receivables	9	5,177	9,008
Available-for-sale investments	11	208,951	200,000
Structured deposits	12	99,035	302,021
Cash and cash equivalents		702,207	781,558
Total current assets		1,154,504	1,423,657
CURRENT LIABILITIES			
Trade payables	13	10,017	9,976
Other payables and accruals		172,476	153,268
Tax payable		98,423	99,549
Dividend payable	16	–	153
Interest-bearing bank and other loans	14	477,581	966,485
Total current liabilities		758,497	1,229,431
NET CURRENT ASSETS		396,007	194,226
Total assets less current liabilities		2,064,968	1,756,434

Interim Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
NON-CURRENT LIABILITIES			
Other loans	14	304,859	–
Provision for rehabilitation		17,676	17,078
Total non-current liabilities		322,535	17,078
Net assets		1,742,433	1,739,356
EQUITY			
Equity attributable to owners of the Company			
Issued capital		17	17
Reserves		1,691,387	1,688,256
Non-controlling interests		1,691,404	1,688,273
		51,029	51,083
Total equity		1,742,433	1,739,356

Interim Consolidated Statement of Changes in Equity

30 June 2015

	Attributable to owners of the Company												
	Issued capital	Share premium	Available-for-sale investment revaluation reserves	Reserve funds	Safety fund surplus reserve	Capital contribution	Share option reserve	Difference arising from changes in non-controlling interests	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 note 15(a)	RMB'000 note 15(b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	17	1,320,467	-	29,115	7,371	239,578	57,444	(4,115)	28,699	12,509	1,691,085	51,592	1,742,677
Total comprehensive income for the period	-	-	-	-	-	-	-	-	27,822	-	27,822	(160)	27,662
Final 2013 dividend declared	-	-	-	-	-	-	-	-	-	(12,509)	(12,509)	-	(12,509)
Establishment for safety fund surplus reserve	-	-	-	-	1,607	-	-	-	(1,607)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(2,534)	-	-	-	2,534	-	-	-	-
Equity-settled share-based payments:													
Forfeit of Award Shares (as defined in note 15(a))	-	-	-	-	-	(6,578)	-	-	-	-	(6,578)	-	(6,578)
Share option expense	-	-	-	-	-	-	4,498	-	-	-	4,498	-	4,498
At 30 June 2014 (unaudited)	17	1,320,467	-	29,115	6,444	233,000	61,942	(4,115)	57,448	-	1,704,318	51,432	1,755,750
At 1 January 2015	17	1,314,942*	-*	29,115*	8,838*	233,000	66,980*	(4,115)*	39,496*	-	1,688,273	51,083	1,739,356
Loss for the period	-	-	-	-	-	-	-	-	(6,194)	-	(6,194)	(344)	(6,538)
Other comprehensive income for the period:													
Change in fair value of available-for-sale investments, net of tax (note 11)	-	-	8,861	-	-	-	-	-	-	-	8,861	90	8,951
Total comprehensive income for the period	-	-	8,861	-	-	-	-	-	(6,194)	-	2,667	(254)	2,413
Establishment for safety fund surplus reserve	-	-	-	-	1,093	-	-	-	(1,093)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(550)	-	-	-	550	-	-	-	-
Capital injection from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	200	200
Equity-settled share option arrangement	-	-	-	-	-	-	464	-	-	-	464	-	464
At 30 June 2015 (unaudited)	17	1,314,942*	8,861*	29,115*	9,381*	233,000*	67,444*	(4,115)*	32,759*	-	1,691,404	51,029	1,742,433

* These reserve accounts comprise the consolidated reserves of RMB1,691,387,000 (31 December 2014: RMB1,688,256,000) in the consolidated statement of financial position.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(5,341)	39,114
Adjustments for:			
Finance costs		32,869	6,688
Unrealised foreign exchange loss		59	144
Bank interest income	4	(1,355)	(950)
Interest income from structured deposits	4	(6,960)	–
Equity-settled share-based payments:			
Awarded Shares	15(a)	–	(6,578)
Share option expense	15(b)	464	4,498
Depreciation	8	16,197	17,732
Gain on disposal of items of property, plant and equipment	4	(156)	–
Amortisation of intangible assets	8	3,153	2,953
Amortisation of prepaid land lease payments	8	135	135
		39,065	63,736
Increase in trade receivables		(7,439)	(62,519)
Decrease/(increase) in inventories		(625)	504
Decrease in prepayments, deposits and other receivables		3,953	1,862
Increase in trade payables		41	2,208
Increase in other payables and accruals		20,479	15,866
		55,474	21,657
Cash generated from operations		55,474	21,657
Interest received		1,355	950
Income tax paid		(4,418)	(5,955)
		52,411	16,652
Net cash flows generated from operating activities		52,411	16,652

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(24,225)	(33,231)
Decrease/(increase) in structured deposits		209,946	(200,000)
Proceeds from disposal of items of property, plant and equipment		345	–
Payment in advance in respect of a proposed lead-zinc mining permit in Myanmar		(100,000)	–
Expenditures on exploration and evaluation assets		(1,293)	(632)
Net cash flows from/(used in) investing activities		84,773	(233,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(32,167)	(4,900)
Proceeds from bank and other loans		354,859	488,904
Service charges paid on financing activities		(111)	(796)
Repayment of bank and loans		(538,904)	(138,000)
Dividends paid	16	(153)	–
Net cash flows from/(used in) financing activities		(216,476)	345,208
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(79,292)	127,997
Cash and cash equivalents at beginning of the period		781,558	587,414
Effect of foreign exchange rate changes		(59)	(24)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		702,207	715,387

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Unit 6312, 63/F, The Center, 99 Queen's Road Central, Hong Kong.

During the Review Period, the Group were principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates. There were no significant changes in the nature of the Group's principal activities during the Review Period.

Organizationally and structurally, the Company does not have an immediate holding company or ultimate holding company. Silver Lion Investment Holdings Limited, a company incorporated in the British Virgin Islands, is in a position to exercise significant influence over the Company.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Review Period has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the following amendments to a number of IFRS issued by the International Accounting Standards Board that are mandatory for the first time for financial year beginning 1 January 2015.

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of IFRSs
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of IFRSs

The adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group.

Notes to Interim Condensed Financial Information

30 June 2015

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, net of various types of government surcharges.

The Group's revenue and contribution to profit were mainly derived from its sale of lead-silver concentrates and zinc-silver concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, except for the payment in advance of RMB100,000,000 in respect of a proposed lead-zinc mining permit in Myanmar, the principal assets employed by the Group are located in Yunnan Province, the PRC. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

The following table sets out the total revenue derived from sales to external customers by product and the percentage of total revenue by product during the Review Period:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Lead-silver concentrates	53,155	67.9	72,128	69.1
Zinc-silver concentrates	25,181	32.1	32,321	30.9
	78,336	100.0	104,449	100.0

Geographical information

All external revenue of the Group during the Review Period was attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Except for the payment in advance of RMB100,000,000 in respect of a proposed lead-zinc mining permit in Myanmar, the Group's non-current assets are all located in the PRC.

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

Information about major customers

Revenue derived from each of the major customers accounting for 10% or more of the total revenue is set out below:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Customer A	36,526	71,556
Customer B	9,287	25,660
Customer C	32,010	*

* Less than 10% of total revenue

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest income from structured deposits	6,960	–
Bank interest income	1,355	950
Gain from disposal of items of property, plant and equipment	156	–
Refund of prior years' electricity expense	–	5,645
Others	1	9
	8,472	6,604

Notes to Interim Condensed Financial Information

30 June 2015

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax was arrived at after charging/(crediting):

	Notes	For the six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cost of inventories sold		35,793	43,404
Interest on bank and other loans wholly repayable within five years		32,160	5,338
Interest on discounted bills receivable		1,483	–
Service charges paid on financing activities		111	796
Unwinding of a discount		598	554
Finance costs		34,352	6,688
Staff costs (including directors' and chief executive's remuneration):			
Wages and salaries		9,815	12,546
Equity-settled share-based payments:			
Forfeiture of Award Shares	15(a)	–	(6,578)
Share option expense	15(b)	463	4,498
Pension scheme contributions			
— Defined contribution fund		415	488
		10,693	10,954
Depreciation of items of property, plant and equipment	8	16,197	17,732
Amortisation of intangible assets [^]	8	3,153	2,953
Amortisation of prepaid land lease payments [^]	8	135	135
Depreciation and amortisation		19,485	20,820
Auditors' remuneration		1,500	1,500
Foreign exchange losses		55	144
Operating lease rentals in respect of:			
— Office building		739	803
Gain on disposal of items of property, plant and equipment	4	(156)	–

[^] The amortisation of intangible assets and prepaid land lease payments for the Review Period and the prior period is included in "Cost of sales" in the P&L statement.

Notes to Interim Condensed Financial Information

30 June 2015

6. INCOME TAX

The major components of income tax expense were as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the period	3,292	13,337
Deferred	(2,095)	(1,885)
Total tax charge for the period	1,197	11,452

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Review Period.
- (c) The subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the Review Period.

Pursuant to the income tax rules and regulations in the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in the PRC effective from 1 January 2008.

According to the articles of association of Yingjiang County Kunrun Industry Company Limited ("Kunrun"), a principal operating subsidiary in Mainland China, shareholders of Kunrun have the ultimate power to decide Kunrun's dividend policy. Pursuant to the shareholders' resolution dated 20 July 2015, the net profit of Kunrun for the Review Period, after appropriation to the statutory reserve fund, would be used for business development of Kunrun and would not be distributed to its shareholders. As a result, no deferred tax liabilities relating to withholding tax on the distributable profits of Kunrun for the Review Period have been recorded.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of loss per share is based on the loss attributable to owners of the Company for the Review Period of RMB6,194,000 (profit attributable to owners of the Company for the six months ended 30 June 2014: RMB27,822,000), and the weighted average number of ordinary shares of 1,988,765,000 (six months ended 30 June 2014: 1,988,765,000) in issue during the Review Period.

No adjustment has been made to the basic earnings per share amounts presented for the Review Period and the prior period in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price for the Company's shares during the Review Period and the prior period.

Notes to Interim Condensed Financial Information

30 June 2015

8. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAID LAND LEASE PAYMENTS

Movements in property, plant and equipment, intangible assets and prepaid land lease payments during the Review Period are as follows:

	Property, plant and equipment RMB'000 (Unaudited) (note (a))	Intangible assets RMB'000 (Unaudited) (note (b))	Prepaid land lease payments RMB'000 (Unaudited) (note (c))
Carrying amount at 1 January 2015	592,785	629,316	12,317
Additions	1,674	450	–
Disposal	(189)	–	–
Depreciation/amortisation charged for the Period (note 5)	(16,197)	(3,153)	(135)
Carrying amount at 30 June 2015	578,073	626,613	12,182

Notes:

- (a) As at 30 June 2015, the Group was in the customary process of obtaining the relevant building ownership certificates ("BOCs") for the Group's plant with a net carrying amount of RMB8,344,000 (31 December 2014: RMB8,607,000). The Group's plant can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.

As at 30 June 2015, the Group's plant with a net carrying amount of approximately RMB8,344,000 (31 December 2014: RMB8,607,000) was erected on the land where the Group was still in the process of applying for the land use rights certificate.

As at 30 June 2015, the Group's property, plant and machinery with a net carrying amount of RMB76,720,000 (31 December 2014: not applicable) were pledged to secure certain bank and other loans granted to the Group (note 14(b) & (e)).

- (b) As at 30 June 2015, the Group's intangible assets with a net carrying amount of approximately RMB62,057,000 (31 December 2014: not applicable) were pledged to secure certain bank and other loans granted to the Group (note 14(b) & (e)).

- (c) As at 30 June 2015, the Group's prepaid land lease payments with a net carrying amount of approximately RMB12,182,000 (31 December 2014: not applicable) were pledged to secure certain bank and other loans granted to the Group (note 14(b) & (e)).

Notes to Interim Condensed Financial Information

30 June 2015

9. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
<i>Current portion:</i>			
Prepayments in respect of:			
— purchase of inventories	(a)	102	111
— professional fees		30	30
— prepaid land lease payments to be amortised within one year		270	270
— others		3,183	2,161
Deposits in respect of:			
— preliminary survey for certain lead and zinc mines	(b)	—	1,300
— bank loan guarantee	(c)	—	4,200
— others		336	167
Staff advances		1,256	769
		5,177	9,008
<i>Non-current portion:</i>			
Payments in advance in respect of:			
— a proposed lead-zinc mining permit in Myanmar	(d)	100,000	—
— prepaid land lease payments		11,883	11,883
— property, plant and equipment		89,243	66,913
— exploration rights		9,911	9,911
		211,037	88,707
Prepayments in respect of purchase of inventories	(a)	213,500	213,200
Deposit in respect of:			
— environment rehabilitation		1,170	1,170
— others		300	722
		214,970	215,092
		431,184	312,807

Notes to Interim Condensed Financial Information

30 June 2015

9. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The balance mainly represented prepayments of RMB213,500,000 (31 December 2014: RMB213,200,000) made to Xiangcaopo Mining. Mr. Li Jincheng, the sole owner of Xiangcaopo Mining, entered into an equity pledge agreement with the Group in June 2011, pursuant to which Mr. Li Jincheng pledged his entire equity interest in Xiangcaopo Mining to the Group as security for the future delivery of the ores.
- (b) The balance as at 31 December 2014 represented a good-faith deposit for conducting a preliminary survey of certain lead and zinc mines, which was fully collected by the Group in February 2015.
- (c) The balance as at 31 December 2014 represented the deposit paid to an independent third party in relation to its guarantee service provided for a one-year bank loan from China Construction Bank on 19 December 2013, which was fully refunded to the Group during the Review Period.
- (d) The balance as at 30 June 2015 represented a payment in advance made by the Group as approved by the previous management of the Company in respect of a proposed lead-zinc mining permit in Myanmar, which was subject to various conditions and regulatory approvals that remain outstanding. Subsequent to the end of the Review Period, the Board determined not to pursue this opportunity and is requesting repayment of the balance.

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at 30 June 2015 and 31 December 2014, based on the delivery date, is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Within 3 months	72,567	91,165
3 to 6 months	18,487	4,763
6 to 9 months	24,359	12,046
	115,413	107,974

The Group granted a credit term of three months to its existing customers and up to nine months for its two largest customers during the Review Period given the unfavourable market conditions. As at 30 June 2015, trade receivables were non-interest-bearing and unsecured.

10. TRADE RECEIVABLES (CONTINUED)

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Neither past due nor impaired	105,724	91,165
Less than 3 months past due	–	6,891
3 to 6 months past due	9,689	9,918
	115,413	107,974

Receivables that were past due but not impaired relate to the Group's customers that have a good record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11. AVAILABLE-FOR-SALE INVESTMENTS

The balances as at 30 June 2015 and 31 December 2014 represent investments of one-year financial products with principal of RMB200,000,000 made in Ping An Bank, Chengdu Branch ("Ping An Bank") on 2 July 2014. The return rate of these financial assets ranges between 0% and 4.5 % and is based on the performance of the underlying investment portfolio including cash, money market instruments and bonds, which can be decided and adjusted by Ping An Bank at any time. Therefore, the above investments are designated as available-for-sale equity instruments. Pursuant to the underlying contracts, these financial products are principal guaranteed upon the maturity date.

As at 30 June 2015, the Group's financial products with a carrying value of RMB208,951,000 were stated at fair value due to the maturity date on 1 July 2015, which is immediately after 30 June 2015, has provided good subsequent information for the fair value of the financial products as at 30 June 2015.

As at 31 December 2014, the Group's financial products with a carrying value of RMB200,000,000 were stated at cost because the probabilities of the various estimates within the range of the return rate cannot be reasonably assessed and used in estimating fair value and accordingly the Directors are of the opinion that their fair value cannot be measured reliably.

During the Review Period, changes in fair value of the Group's available-for-sale investments of RMB8,951,000 (six months ended 30 June 2014: not applicable) have been recognised in other comprehensive income.

As at 30 June 2015, the above available-for-sale investments with a carrying value of RMB208,951,000 (31 December 2014: RMB200,000,000) were pledged as security for the Group's other loans (note 14(c)).

Notes to Interim Condensed Financial Information

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12. STRUCTURED DEPOSITS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Structured deposits in licensed banks in the PRC, at amortised cost	99,035	302,021

The balance as at 30 June 2015 represents one-year structured deposits with principal of RMB95,000,000 secured to other loans of RMB89,611,000 (note 14 (c)). These structured deposits have terms of less than one year and have expected annual rates of return of at least 3.3% and up to 4.8%.

The balance as at 31 December 2014 consists of two tranches of one-year structured deposits with principal of RMB200,000,000 secured to other loans of RMB189,287,000 and RMB95,000,000 secured to other loans of RMB89,611,000, respectively. These structured deposits have terms of less than one year and have expected annual rates of return of at least 3.05% and up to 5.0%.

13. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2015 and 31 December 2014, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Within 1 month	1,425	663
1 to 2 months	907	844
2 to 3 months	183	318
Over 3 months	7,502	8,151
	10,017	9,976

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

Notes to Interim Condensed Financial Information

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14. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Bank loans:			
Guaranteed	(a)	–	50,000
Secured and guaranteed	(b)	50,000	–
		50,000	50,000
Other loans:			
Secured	(c)	278,281	467,568
Guaranteed	(d)	–	349,617
Secured and guaranteed	(e)	454,159	99,300
		732,440	916,485
		782,440	966,485
Analysed into:			
<i>Bank loans repayable:</i>			
Within one year		50,000	50,000
		50,000	50,000
<i>Other loans repayable:</i>			
Within one year		427,581	916,485
In the second year		304,859	–
		732,440	966,485
		782,440	966,485
Balances classified as current liabilities		(477,581)	(966,485)
Balances classified as non-current liabilities		304,859	–

Notes to Interim Condensed Financial Information

30 June 2015

14. INTEREST-BEARING BANK AND OTHER LOANS (CONTINUED)

Notes:

- (a) The balance as at 31 December 2014 represents the bank loans guaranteed by Mr. Ran Xiaochuan, which are reclassified as “Secured and guaranteed” bank loans in January 2015 as mentioned in note 14(b) below.
- (b) The balance as at 30 June 2015 represents the bank loans reclassified from the guaranteed bank loans of RMB50,000,000 as at 31 December 2014, which are guaranteed by Mr. Ran Xiaochuan (note 18(a)) and bore interest at a fixed rate of 6.72% per annum. Such loans were withdrawn from the three-year banking facilities of RMB900 million granted by Ping An Bank on 25 June 2014 (the “Banking Facilities”). In January 2015, the Group and Ping An Bank entered into a mortgage agreement regarding the Banking Facilities, which is secured by:

	Net book amount as at 30 June 2015 RMB'000
<i>Secured by:</i>	
Property, plant and equipment	76,720
Intangible assets	62,057
Prepaid land lease payments	12,812

- (c) Balances as at 30 June 2015 consists of (i) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB188,670,000 on 4 July 2014, which was secured by the pledge of the Group's available-for-sale equity investments with the net carrying amount of RMB208,951,000 (31 December 2014: RMB200,000,000) (note 11), and bore interest at a fixed rate of 5.9% per annum. The loan was fully repaid by the Group on 3 July 2015; and (ii) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB89,611,000 on 14 August 2014, which was secured by the pledge of the Group's structured deposits with the net carrying amount of RMB99,035,000 (31 December 2014: of RMB95,000,000) (note 12), and bore interest at a fixed rate of 6.0% per annum. The loan was fully repaid by the Group on 13 August 2015. The Group has undertaken to settle both the other loans mentioned above by delivery of a pre-specified quantity of gold through a forward purchase contract at a price which equals the principal plus interest due.
- (d) The balances as at 31 December 2014 consists of (i) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB299,617,000 on 25 June 2014, which was guaranteed by Mr. Ran Xiaochuan, and bore interest at a fixed rate of 8.25% per annum. The loan is due for repayment on 24 June 2015. The Group has undertaken to settle it by delivery of a pre-specified quantity of gold through a forward purchase contract at a price which equals the principal plus interest due; and (ii) proceeds from discounted intra-group bills receivable of RMB50,000,000 guaranteed by Mr. Ran Xiaochuan.
- (e) Balances as at 30 June 2015 consists of (i) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB99,300,000 on 30 July 2014, which bore interest at a fixed rate of 8.50% per annum and was due for repayment on 29 July 2015. Such loan was extended for one year with maturity date on 28 July 2016. The loan was guaranteed by Mr. Ran Xiaochuan (note 18(a)) and secured by 99% of the equity interests in Kunrun, 90% of the equity interests in Dakuangshan Company, 90% of the equity interests in Liziping Company and 90% of the equity interests in Menghu Company; (ii) an other loan borrowed from Ping An Bank by way of gold lease arrangement, with the principal of RMB304,859,000 on 24 June 2015 withdrawn from the Banking Facilities, which was guaranteed by Mr. Ran Xiaochuan (note 18(a)) and bore interest at a fixed rate of 7.5% per annum with maturity date on 23 June 2017. The Group has undertaken to settle both the other loans mentioned above by delivery of a pre-specified quantity of gold through a forward purchase contract at a price which equals the principal plus interest due; and (iii) proceeds from discounted intra-group bills receivable of RMB50,000,000 guaranteed by Mr. Ran Xiaochuan (note 18(a)), which was withdrawn from the Banking Facilities and bore interest at a fixed rate of 6.0% per annum. In the opinion of the Directors, the Group has not transferred substantially all risks and rewards relating to the discounted bills receivable pursuant to the bill discount agreement entered into between Yunnan Next Horizon and Ping An Bank.

15. SHARE OPTION SCHEME

(a) Award Shares

The Company held an extraordinary general meeting on 9 August 2013, at which the shareholders approved the service agreement dated 28 May 2013 made between Mr. Ji (Jerry) He (“Mr. He”) and the Company (the “Service Agreement”) for the appointment of Mr. He as the chief executive officer of the Company.

Subject to the Service Agreement, the Company shall allot and issue 67,003,511 shares in the Company (“Award Shares”) to Mr. He at nil consideration. The Group recognised an expense of HK\$8,273,000 (equivalent to approximately RMB6,578,000) for the year ended 31 December 2013 in relation to Award Shares with a corresponding amount credited to the capital contribution reserve. Please refer to the 2014 annual report of the Company for details.

On 21 February 2014, Mr. He resigned as an executive director and the chief executive officer of the Company to pursue his other business interests. Award Shares lapsed upon Mr. He’s resignation on 21 February 2014 and the expense in relation to Award Shares accounted in 2013 was reversed during the Review Period upon his resignation.

(b) Share option scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants including executives or officers (including executive, non-executive and independent non-executive directors) or employees (whether full time or part time) of any member of the Group and any persons whom the Directors considers, in their sole discretion, have contributed or will contribute to the development and growth of the Group. The Share Option Scheme was approved by the Company’s shareholders on 24 November 2011 and, unless otherwise cancelled or amended, will remain in force for ten years from that date. Please refer to the 2014 annual report of the Company for details.

The following share options were outstanding under the Share Option Scheme during the Review Period:

	Notes	Weighted average exercise price HK\$ per share	Number of options
As at 1 January 2015			
— share options granted to the independent non-executive directors	(i)	2.22	42,162,162
— 2013 Granted Options (defined in note 15(b)(i))	(i)	1.70	117,637,838
Forfeited during the Review Period	(ii)	1.70	(13,000,000)
As at 30 June 2015			146,800,000

Notes to Interim Condensed Financial Information

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15. SHARE OPTION SCHEME (CONTINUED)

(b) Share option scheme (Continued)

Notes:

- (i) The share options outstanding as at 1 January 2015 represented share options of 42,162,162 granted by the Company on 11 December 2011 at the exercise price of HK\$2.22 per share and share options of 117,637,838 granted by the Company on 16 January 2013 at the exercise price of HK\$1.70 per share to certain of the eligible participants of the Company in respect of their services to the Group in the forthcoming year (the "2013 Granted Options") under the Share Option Scheme.
- (ii) The share options granted to certain eligible participants under the 2013 Granted Options were forfeited following resignation of the participants during the Review Period.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2015 and 31 December 2014 are as follows:

30 June 2015

Number of options	Exercise price per share* HK\$	Exercise period
10,540,536	2.22	From 14 December 2012 to 13 December 2016
15,810,813**	2.22	From 11 June 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2014 to 13 December 2016
5,270,271	2.22	From 14 December 2015 to 13 December 2016
52,318,919	1.70	From 16 January 2014 to 15 January 2018
26,159,460	1.70	From 16 January 2015 to 15 January 2018
26,159,459	1.70	From 16 January 2016 to 15 January 2018
146,800,000		

15. SHARE OPTION SCHEME (CONTINUED)

- (b) Share option scheme (Continued)
31 December 2014

Number of options	Exercise price per share* HK\$	Exercise period
10,540,536	2.22	From 14 December 2012 to 13 December 2016
15,810,813**	2.22	From 11 June 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2013 to 13 December 2016
5,270,271	2.22	From 14 December 2014 to 13 December 2016
5,270,271	2.22	From 14 December 2015 to 13 December 2016
58,818,919	1.70	From 16 January 2014 to 15 January 2018
29,409,460	1.70	From 16 January 2015 to 15 January 2018
29,409,459	1.70	From 16 January 2016 to 15 January 2018
<hr/>		
159,800,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

** The share options granted to three independent non-executive directors who failed to be reappointed during the Company's 2013 annual general meeting held on 11 June 2013 become immediately exercisable according to their service agreements with the Company.

The Group had 115,370,270 share options exercisable as at 30 June 2015 (31 December 2014: 95,710,810). The Group recognised a share option expense of HK\$571,000 (equivalent to approximately RMB464,000) during the Review Period (six months ended 30 June 2014: HK\$5,558,000, equivalent to approximately RMB4,498,000).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity-settled share options granted on:	
	14 December 2011	16 January 2013
Dividend yield (%)	1.83	2.90
Expected volatility (%)	63.65	52.37
Risk-free interest rate (%)	0.83	0.38

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to Interim Condensed Financial Information

30 June 2015

15. SHARE OPTION SCHEME (CONTINUED)

(b) Share option scheme (Continued)

No other feature of the options granted was incorporated into the measurement of fair value.

As at 30 June 2015, the Company had 146,800,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 146,800,000 additional ordinary shares of the Company and additional share capital of HK\$1,468 and share premium of at least HK\$271,482,856 (before issue expenses).

At the date of this Interim Report, the Company had 146,800,000 share options outstanding under the Share Option Scheme, which represented approximately 7.4% of the Company's shares in issue as at that date.

16. DIVIDENDS

(a) Dividend attributable to the Review Period

At a meeting of the Directors held on 25 August 2015, the Directors resolved not to declare or pay any interim dividend for the Review Period to shareholders (six months ended 30 June 2014: RMB5,525,000).

(b) Dividends attributable to the previous financial year and paid during the Review Period:

	RMB'000 (Unaudited)
Interim dividend in respect of the six months ended 30 June 2014 of HK\$0.0035 per share, payable at 1 January 2015	153
Dividend paid during the Review Period	(153)
<hr/>	
Dividend payable at 30 June 2015	–

Notes to Interim Condensed Financial Information

30 June 2015

17. COMMITMENTS

The Group had the following capital commitments at the end of the Review Period:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Contracted, but not provided for:		
— Exploration and evaluation assets	6,736	7,746
— Property, plant and equipment	27,728	28,046
	34,464	35,792
Authorised, but not contracted for:		
— Exploration and evaluation assets	15,140	98,179
— Property, plant and equipment	58,668	22,977
— A proposed lead-zinc mining permit in Myanmar	50,000	–
	123,808	121,156
	158,272	156,948

18. RELATED PARTY TRANSACTIONS

(a) During the Review Period, the Group had the following material transactions with its related party:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Bank loan guaranteed by Mr. Ran Xiaochuan	50,000	50,000
Other loan guaranteed by Mr. Ran Xiaochuan	454,159	299,617

The bank and other loans were guaranteed by Mr. Ran Xiaochuan, the Company's non-executive director (being an executive director prior to re-designation on 25 August 2015), for nil consideration (note 14(b), (d) & (e)).

Notes to Interim Condensed Financial Information

30 June 2015

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	1,559	1,202
Basic salaries and other benefits	445	815
Equity-settled share-based payments:		
Share option expense	290	695
Award Shares	–	(6,578)
Pension scheme contributions	5	7
	2,299	(3,859)

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's cash deposit, interest-bearing bank and other loans approximate to their fair values based on the prevailing borrowing rates available for deposit and loans with similar terms and maturities during the Review Period. The fair value measurement hierarchy of the above interest-bearing bank and other loans requires significant unobservable inputs (Level 3).

The carrying amounts of the Group's other financial instruments approximate to their fair values due to the short term to maturity at the end of the Review Period.

20. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group entered into set-off arrangements in respect of its balances of trade receivables and trade payables as at 30 June 2015 (31 December 2014: RMB3,110,000).

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements are set out as follows:

	Gross amount of recognised financial assets/ (liabilities) RMB'000	Gross amount of recognised financial liabilities set off in the statement of financial position RMB'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position RMB'000
Trade receivables	117,976	(2,563)	115,413
Trade payables	(12,580)	2,563	(10,017)

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 25 August 2015.

Glossary

“2013 Granted Options”	the 157,837,833 share options which were granted to certain grantees on 16 January 2013
“Board”	the board of directors of the Company
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
“China” or “PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this Interim Report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Polymetallic Mining Limited (中國多金屬礦業有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009
“Dakuangshan Company”	Mang City Xindi Mining Company Limited (芒市鑫地礦業有限責任公司), a subsidiary of the Company whose registered office is at Mang City, Yunnan Province, the PRC
“Dakuangshan Mine”	a lead-zinc-silver polymetallic mine to which the Dakuangshan Company owns the mining right
“Dazhupeng Mine”	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, China, with respect to which we hold an exploration permit
“Directors”	directors of the Company or any one of them
“Group”	the Company and its subsidiaries
“g/t”	grams per tonne
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“IFRS”	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and the International Accounting Standards (the “IAS”) and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect
“IPO”	the initial public offering and listing of shares of the Company on the main board of Hong Kong Stock Exchange on 14 December 2011
“kg”	kilogram(s)
“km”	kilometre(s), a metric unit measure of distance
“kt”	thousand tonnes
“Kunrun”	Yingjiang County Kunrun Industry Company Limited (盈江縣昆潤實業有限公司), a subsidiary of the Company whose registered office is at Yingjiang County, Yunnan Province, the PRC
“Listing Date”	14 December 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Liziping Company”	Nujiang Shengjia Chengxin Industrial Company Ltd. (怒江州聖佳誠信實業有限公司), a subsidiary of the Company whose registered office is at Lanping County, Yunnan Province, the PRC
“Liziping Mine”	a lead-zinc-silver polymetallic mine to which the Liziping Company owns the exploration right
“Lushan Mine”	a tungsten-tin polymetallic ore mine located in Yingjiang County, Yunnan Province, China, operated by Xiangcaopo Mining, an independent third party
“Menghu Company”	Meng La Chen Feng Mining Development Company Limited (勐臘縣宸豐礦業開發有限公司), a subsidiary of the Company whose registered office is at Mengla County, Yunnan Province, the PRC
“Menghu Mine”	a lead mine to which the Menghu Company owns the mining right
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

Glossary

“Review Period”	the six months ended 30 June 2015
“RMB”	the lawful currency of the PRC
“Shizishan Mine”	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, China, and operated by Kunrun
“Silver Lion”	Silver Lion Investment Holdings Limited, a limited liability company incorporated in BVI with company number 1553896, whose registered office address is at PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI
“sq.km.”	square kilometer
“t”	tonne
“tpd”	tonnes per day
“US\$”	United States dollar(s), the lawful currency of the United States
“US” or “United States”	the United States of America
“Xiangcaopo Mining”	Yunnan Xiangcaopo Mining Co., Ltd, a limited liability company in China, currently wholly owned by Mr. Li Jincheng, an independent third party
“Yunnan Next Horizon”	Yunnan Next Horizon Polymetallic Investment Limited (雲南迅新多金屬投資有限公司), a subsidiary of the Company whose registered office is at Kunming, Yunnan Province, the PRC