中國有色礦業有限公司
China Nonferrous Mining Corporation Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code: 1258

2014
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE

Room 1201, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

1258

DIRECTORS

Non-Executive Director

Mr. Tao Luo *(Chairman)*

Executive Directors

Mr. Xinghu Tao *(Vice Chairman and President)*
Mr. Chunlai Wang *(Vice President)*
Mr. Xingeng Luo *(Vice President)*
Mr. Xinguo Yang *(Vice President)*
Mr. Kaishou Xie *(Vice President)*

Independent Non-Executive Directors

Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan (appointed on 28 August 2014)
Mr. Shuang Chen (resigned on 28 August 2014)

The main mine of Chambishi Copper Mine in daybreak

CORPORATE INFORMATION (CONTINUED)

THE COMMITTEES OF THE BOARD

Audit Committee

Mr. Jingwei Liu *(Chairman)*
Mr. Tao Luo
Mr. Huanfei Guan (appointed on 28 August 2014)
Mr. Shuang Chen (resigned on 28 August 2014)

Nomination Committee

Mr. Chuanyao Sun *(Chairman)*
Mr. Tao Luo
Mr. Jingwei Liu

Remuneration Committee

Mr. Huanfei Guan *(Chairman)*
(appointed on 28 August 2014)
Mr. Tao Luo
Mr. Chuanyao Sun
Mr. Shuang Chen (resigned on 28 August 2014)

Compliance Committee

Mr. Tao Luo *(Chairman)*
Mr. Chuanyao Sun
Mr. Huanfei Guan (appointed on 28 August 2014)
Mr. Shuang Chen (resigned on 28 August 2014)

JOINT COMPANY SECRETARIES

Mr. Aibin Hu
Mr. Tin Wai Lee CPA

LEGAL ADVISER

Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

HONG KONG SHARE REGISTRAR

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

CHAIRMAN'S STATEMENT

Chairman of the Board
Tao Luo

Dear Shareholders,

2014 was an important year for CNMC, the ultimate controlling shareholder of the Company, during which, it overcame difficulties in pursuit of excellence and strength. With its practical, hardworking and active endeavors, CNMC added a good annotation to the undertaking of mission and responsibility as a large state-owned enterprise.

We received heart-warming care and inspiring encouragement. During this year, CNMC received care and concern from the Communist Party of China and national leaders, such as Xi Jinping, Li Keqiang, Zhang Gaoli and Li Yuanchao, etc. In particular, on 24 January 2014, Premier Li Keqiang made significant instructions to CNMC, who said, "I would like to extend my regards to you for your delightful achievements and hope you could make on-going reform and innovation, stick to the way to boost enterprise growth with practical actions, actively fulfil the responsibilities as a state-owned enterprise and make new contributions to the quality improvement and efficiency enhancement of the PRC economy". This important instruction has been providing CNMC with great impetus in its development. As at the end of 2014, the total assets of CNMC expanded by 6.61% year-on-year, and the operating revenue and total profit in the year grew 6.4% and 5.53% year-on-year respectively, making it once again listed on the "Fortune Global 500" with a 398th standing. As such, CNMC outperformed each of the performance indicators assigned by the SASAC of the State Council.

CHAIRMAN'S STATEMENT (CONTINUED)

With the African dream in mind, we made glorious achievements despite difficult market and economic conditions. Since 2013, the friendly cooperation between CNMC, the Company and Zambia has been further consolidated and enhanced, which created a favorable environment for us to promote reform and development. With the care and support from parties concerned and through strengthening management and accelerating project construction, the Company saw a steady development of production and operation and recorded growth in revenue, net profit and profit attributable to owners of the Company despite a low speed growth of the world economy and a prolonged downturn on the base metal market. This provided an important bolster to the growth of CNMC amid unfavorable market and economic conditions. On 31 March 2015, CNMC and the Embassy of Zambia in China jointly hosted the Zambia-China Economic, Trade and Tourism Forum, at which Mr. Edgar Lungu, the then president of Zambia delivered an important speech when he was paying a state visit to China. Before the forum started, President Lungu had a special meeting with Mr. Xinghu Tao (the vice president of CNMC and the president of the Company) and myself. Accompanied by us, President Lungu also held a discussion with investors from China where he highly praised the contribution made by CNMC and the Company to Zambia and expressed his continuous and firm support.

Building our future with practical actions, striving for development. The Company will continue to follow the development strategy as a rapidly growing vertically integrated copper producer with mining, ore processing, leaching and smelting capacities in the future. More efforts will be put to ensure law-abiding corporate management and operational regulatory compliance, so as to improve the level and efficiency of its corporate governance. While increasing our efforts in resources exploration and acquisition, we will expedite the construction of projects such as Chambishi Southeast Mine and Mwambashi Mine, continue to improve the production capacities of existing in-operation mines and the smelting and leaching businesses and optimize the product and industrial structure. In addition, we will make full use of the financing functions of the capital market. With all these efforts, we aspire to become the world's top-notch listed mining company.

Once again, I would like to extend my heartfelt gratitude to all investors for your trust in and support to us.

Tao LUO
Chairman
China Nonferrous Mining Corporation Limited

25 March 2015

RESULTS HIGHLIGHTS

A CONTINUOUSLY STEADY GROWTH IN OPERATING RESULTS

In 2014, the growth of the operating revenue of the Group remained stable and the Group recorded revenue of US$1,942.0 million, representing a growth of 11.4% year-on-year.

In 2014, the Group recorded profit attributable to owners of the Company of US$146.8 million, representing a growth of 118.3% year-on-year.

In 2014, net cash flows generated from the operating activities of the Group amounted to US$221.8 million, representing a growth of 62.9% year-on-year.

RAPID GROWTH IN PRODUCT OUTPUT

In 2014, the Group produced 222,224 tonnes of blister copper, up 10.5% year-on-year.

In 2014, the Group produced 56,492 tonnes of copper cathode, up 46.0% year-on-year.

In 2014, the Group produced 612,598 tonnes of sulfuric acid, up 17.0% year-on-year.

Blister copper products

RESULTS HIGHLIGHTS (CONTINUED)

STEADY PROGRESS IN PROJECT DEVELOPMENT

The main construction of Phase II of the Expansion Project of CCS was completed on 30 April 2014 and the remaining construction was completed in December 2014.

The integrated exploration and construction project of the Chambishi Southeast Mine of NFCA is under development and is expected to be completed in 2016.

The construction project of paste backfilling system of Chambishi Mine of NFCA was completed and put into use in the first half of 2014.

The slag copper recovery project of Luanshya was officially completed and put into operation at the end of July 2014.

The Mabende project of CNMC Huachin Mabende completed construction and produced the first batch of copper cathode in March 2014.

The Mwambashi strip mine project of SML is in the construction and expected to complete construction and commence operation in the middle of 2015.

The primary design for cobalt converter slag recycling project of CCS was completed in 2014 and entered into the construction phase upon the review of the Board on 16 January 2015.

The Kakoso tailings development project of SML is under preparation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results of Operations

The following table sets forth sales volume, average selling price, revenue and percentage contribution to total revenue of the products of the Group during the years indicated.

	For the year ended 31 December							
	2014				2013			
	Sales Volume (note)	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume	Average Selling Price	Revenue	% of Total Revenue
	(Tonnes)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(Tonnes)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**242,397**	**6,340**	**1,536,767**	**79.1%**	199,057	7,095	1,412,390	81.0%
Copper cathodes	**56,216**	**6,006**	**337,654**	**17.4%**	38,891	6,886	267,790	15.3%
Sulfuric acid	**421,106**	**156**	**65,867**	**3.4%**	400,827	159	63,843	3.7%
Bismuth	**180**	**9,361**	**1,685**	**0.1%**	—	—	—	—
Total			**1,941,973**	**100%**			1,744,023	100%

Note: The sales volumes of all the products (except for sulfuric acid and bismuth) are on a contained-copper basis.

Revenue

The revenue of the Group increased by 11.4% from US$1,744.0 million in 2013 to US$1,942.0 million in 2014. In 2014, the Group's revenue from blister copper, copper cathode, sulfuric acid and bismuth accounted for 79.1%, 17.4%, 3.4% and 0.1%, respectively, of the total revenue.

Agitation leaching production scene

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The revenue from blister copper increased by 8.8% from US$1,412.4 million in 2013 to US$1,536.8 million in 2014. Due to the decline in international copper prices, the average selling price of blister copper decreased by 10.6% from US$7,095 per tonne in 2013 to US$6,340 per tonne in 2014. Notwithstanding this, the Group managed to increase the production volume of blister copper through the commencement of production of the entire Phase II of the Expansion Project of CCS, reinforced management and uplifted level of the technological and economic indicators in 2014, thereby ensuring the increase of revenue from blister copper. The sales volume of blister copper of CCS in 2014 amounted to 242,397 tonnes, representing an increase of 21.8% from 2013.

The revenue from copper cathode increased by 26.1% from US$267.8 million in 2013 to US$337.7 million in 2014. The sales volume of copper cathode increased by 44.5% from 38,891 tonnes in 2013 to 56,216 tonnes in 2014, which was attributable to the significant increase in production volume of copper cathode as the CNMC Huachin Mabende Project commenced production and the production capacity of the heap leaching system of Muliashi Project improved. Although the average selling price of copper cathode, due to the decline in international copper prices, decreased by 12.8% from US$6,886 per tonne in 2013 to US$6,006 per tonne in 2014, the revenue from copper cathode still increased significantly due to the significant increase in the production volume of copper cathode.

The revenue from sulfuric acid increased by 3.2% from US$63.8 million in 2013 to US$65.9 million in 2014, primarily attributable to the increase in the production volume of blister copper in 2014 as compared with that in 2013, which in turn increased the production volume and the sales volume of sulfuric acid, a by-product generated during the production of blister copper, by 5.1% from 400,827 tonnes in 2013 to 421,106 tonnes in 2014.

The revenue from bismuth was US$1.7 million. As a by-product, bismuth has been extracted and produced since 2014.

Cost of sales

The following table sets forth the cost of sales, unit cost of sales, gross profits and gross profit margins of the products of the Group during the periods indicated.

	For the year ended 31 December							
	2014				2013			
	Cost of sales	**Unit cost of sales**	**Gross profit**	**Gross profit margin**	Cost of sales	Unit cost of sales	Gross profit	Gross profit margin
	(US$'000)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(US$'000)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper	**1,406,205**	**5,801**	**130,562**	**8.5%**	1,270,403	6,382	141,987	10.1%
Copper cathodes	**223,110**	**3,969**	**114,544**	**33.9%**	189,601	4,875	78,189	29.2%
Sulfuric acid	**8,616**	**20**	**57,251**	**86.9%**	9,762	24	54,081	84.7%
Bismuth	**1,455**	**8,083**	**230**	**13.7%**	—	—	—	—
Total	**1,639,386**		**302,587**	**15.6%**	1,469,766		274,257	15.7%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The cost of sales of the Group increased by 11.5% from US$1,469.8 million in 2013 to US$1,639.4 million in 2014, primarily due to the increased total costs as a result of the growth in sales volume of blister copper, partially offset by the decrease in international copper prices.

The cost of sales of blister copper increased by 10.7% from US$1,270.4 million in 2013 to US$1,406.2 million in 2014, primarily due to an year-on-year increase of 21.8% in the sales volume of blister copper, partially offset by a decrease of 9.1% in unit cost of sales of blister copper from US$6,382 per tonne in 2013 to US$5,801 per tonne in 2014 as a result of the lower price of copper concentrate purchased from external suppliers attributable to the decrease in international copper prices.

The cost of sales of copper cathode increased by 17.7% from US$189.6 million in 2013 to US$223.1 million in 2014, primarily due to an increase of 44.5% in the sales volume of copper cathode, coupled with a decrease in the unit cost of sales of copper cathode from US$4,875 per tonne in 2013 to US$3,969 per tonne in 2014.

The cost of sales of sulfuric acid decreased by 11.7% from US$9.8 million in 2013 to US$8.6 million in 2014, primarily due to an increase of 5.1% in the sales volume, coupled with a decrease in the unit cost of sales from US$24 in 2013 to US$20 in 2014.

Gross profit and gross profit margin

The Group recorded a gross profit of US$302.6 million in 2014, representing an increase of 10.3% from US$274.3 million in 2013. The gross profit margin decreased by 0.1% from 15.7% in 2013 to 15.6% in 2014. The decrease in gross profit were mainly due to the decrease in cost was lower than the decrease of the international copper prices.

The gross profit margin of blister copper decreased by 1.6% from 10.1% in 2013 to 8.5% in 2014, primarily attributable to the decline in international copper prices which led to decreased average selling price of blister copper.

The gross profit margin of copper cathode increased by 4.7% from 29.2% in 2013 to 33.9% in 2014, primarily due to the improvement of the gross profit margin of Muliashi Project, CNMC Huachin Mabende Project and Huachin Leach as a result of expanded production capacity and the increased self-sufficiency rate of materials.

The gross profit margin of sulfuric acid increased by 2.2% from 84.7% in 2013 to 86.9% in 2014, primarily due to the greater decrease in the unit production cost.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Distribution and selling expenses

The distribution and selling expenses of the Group decreased by 78.6% from US$42.6 million in 2013 to US$9.1 million in 2014, primarily due to the changes in the selling and settlement terms of blister copper which led to a decrease in distribution and selling expenses by shifting the burden of transportation costs from the sellers to the buyers.

Administrative expenses

The administrative expenses of the Group increased by 15.2% from US$51.6 million in 2013 to US$59.5 million in 2014, primarily due to the increases in, among others, salary and other expenses as a result of the expansion of operations.

Finance costs

The finance costs of the Group increased by 73.2% from US$10.6 million in 2013 to US$18.4 million in 2014, primarily due to the enlargement of financing scale and the significant decrease in interest expenses being capitalised during 2014 as compared with that of 2013.

Gain/loss arising on from change in fair value of derivatives

The gain from change in fair value of derivatives was US$3.9 million in 2014 while 2013 recorded a loss from change in fair value of derivatives of US$0.3 million. The Group entered into copper futures contracts to hedge its net exposure to the copper price fluctuations due to the timing difference between the time it expects to procure copper concentrate from external suppliers and the time it expects to sell blister copper to external customers. In 2014, the Group entered into more future contracts in light of market conditions and the copper price fluctuations were more volatile during the term of such future contracts, which led to an increase in returns from hedging risks.

Other losses

Other losses of the Group increased by US$60.5 million from US$3.3 million in 2013 to US$63.8 million in 2014, including the increase of exchange loss from US$0.5 million in 2013 to US$20.3 million in 2014 as well as an impairment of US$40.0 million in mining assets, primarily due to the delay of value-added tax refund by Zambia Tax Bureau to a subsidiary of the Group during the year which resulted in the increase of value-added tax refund as denominated in Zambian Kwacha and thus an increase of the exchange loss due to depreciation of Zambian Kwacha during the year; in addition, impairment provision was made for mining assets of the Group as a result of mainly the implementation of a new taxation system in Zambia effective from 1 January 2015. For details of the new taxation system of Zambia, please refer to the announcement of the Company dated 3 February 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income tax expense

The income tax expense of the Group decreased by US$109.0 million from US$48.8 million in 2013 to a credit of US$60.2 million in 2014. Effective tax rate was 27.7% in 2013. The decrease in income tax expense was primarily due to the reversal of provision for deferred income tax liabilities as a result of the new taxation system of Zambia with effect from 1 January 2015.

Profit and net profit margin attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company increased significantly by 118.3% from US$67.3 million in 2013 to US$146.8 million in 2014. The profit margins attributable to owners of the Company (being the profit attributable to the owners of the Company as a percentage of revenue) were 3.9% in 2013 and 7.6% in 2014, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

The following table sets forth certain information regarding the consolidated statements of cash flows of the Group for the periods indicated:

	For the year ended 31 December	
	2014	2013
	US$'000	*US$'000*
NET CASH FROM OPERATING ACTIVITIES	**221,785**	136,156
NET CASH USED IN INVESTING ACTIVITIES	**(168,185)**	(258,803)
NET CASH FROM FINANCING ACTIVITIES	**32,462**	277,532
NET INCREASE IN CASH AND CASH EQUIVALENTS	**86,062**	154,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**415,135**	264,723
Effect of foreign exchange rate changes	**(52)**	(4,473)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by:		
Bank balances and cash	**502,562**	415,135
Bank overdrafts	**(1,417)**	—
	501,145	415,135

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Net cash flows from operating activities

Cash inflows from operating activities are primarily attributable to the sales revenue of copper and sulfuric acid products and cash outflows are primarily attributable to various operating expenses. Net cash flows generated from the operating activities of the Group increased by 62.9% from US$136.2 million in 2013 to US$221.8 million in 2014, primarily attributable to the decrease in the inventories, increase in depreciation expense and increase in impairment of mining assets.

Net cash flows used in investing activities

Cash outflows from investing activities are mainly for the purchase of properties, plants and equipment for copper production. The net cash flows used in investing activities of the Group decreased by 35.0% from US$258.8 million in 2013 to US$168.2 million in 2014, primarily due to the fact that after the completion of investments in the Muliashi Project, Phase II of the Expansion Project of CCS, CNMC Huachin Mabende Project and the Luanshya Slag Copper Recovery Project, investments in the reporting period declined comparatively. Investment in 2014 was primarily used in the Integrating Exploration and Construction Project of the Chambishi Southeast Mine of NFCA.

Net cash flows from financing activities

The cash inflows from financing activities primarily consist of new bank borrowings and other borrowings. The cash outflows from financing activities primarily consist of repayments for bank borrowings, payments of dividends and interest payments. The net cash flows generated from financing activities of the Group decreased by 88.3% from US$277.5 million in 2013 to US$32.5 million in 2014, primarily due to the decrease in new bank borrowings of the Company, the increase in repayments for bank borrowings and the increase in dividends paid to minority shareholders.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) increased by US$87.5 million from US$415.1 million as at 31 December 2013 to US$502.6 million as at 31 December 2014.

Trade receivables

The trade receivables of the Group increased by US$40.1 million from US$143.4 million as at 31 December 2013 to US$183.5 million as at 31 December 2014, which is in line with the expansion of the Group's operations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Inventory

The inventories held by the Group decreased by US$56.5 million from US$370.2 million as at 31 December 2013 to US$313.7 million as at 31 December 2014, primarily due to the inventories of raw materials and spare parts of the Group as at 31 December 2014 increased by US$65.5 million while finished products decreased by US$101.7 million as compared with that of 31 December 2013 to meet production plans and changes in the market.

Significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or acquisition of capital asset

Saved as disclosed in this annual report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 December 2014. Apart from those disclosed in this annual report, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this annual report.

Charge on asset

Details of charges on assets as at 31 December 2014 are included in note 25 to the audited consolidated financial statements of this annual report.

Gearing ratio

As at 31 December 2014, the gearing ratio was 52.79% (as at 31 December 2013: 57.12%) which is calculated by the net debts (being bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Contingent liabilities

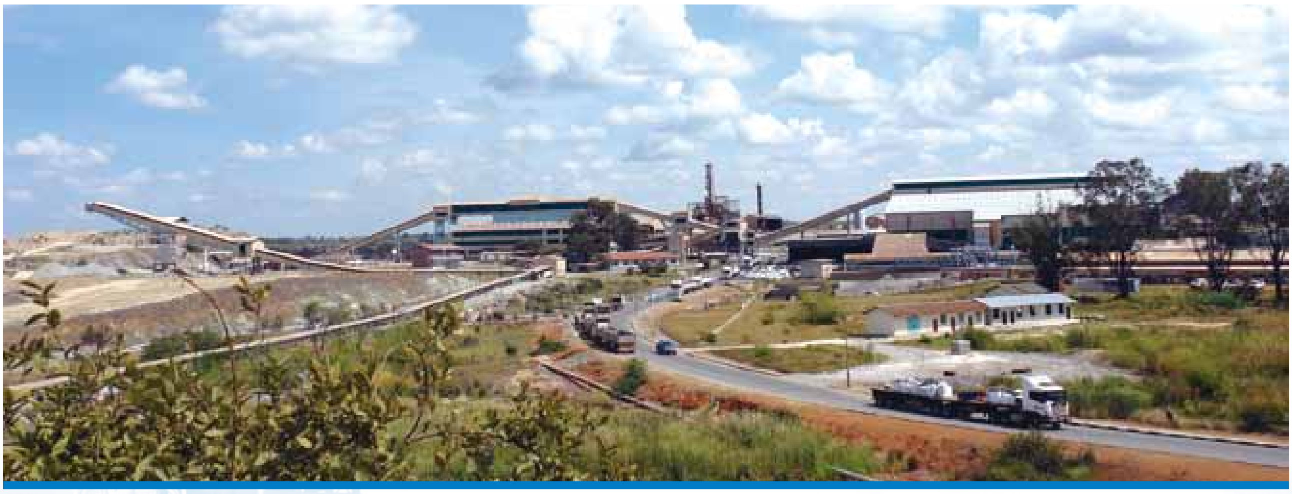
Details of contingent liabilities as at 31 December 2014 are included in note 39 to the audited consolidated financial statements of this annual report.

Bank and other borrowings

Details of bank and other borrowings as at 31 December 2014 are included in note 25 to the audited consolidated financial statements of this annual report.

Trade payables

Trade payables of the Group decreased by US$75.2 million from US$239.4 million as at 31 December 2013 to US$164.2 million as at 31 December 2014, mainly due to decrease in trade payables for copper concentrates as a result of the decline in copper price.



Panorama of Chambishi Copper Mine processing plant

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital expenditure

	For the year ended 31 December	
	2014	2013
	(US$'000)	*(US$'000)*
Mining and ore processing facilities at Southeast Mine of NFCA	**68,888**	60,446
Other mining and ore processing facilities of NFCA	**17,370**	18,761
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**12,287**	19,228
Mining and leaching facilities at Luanshya (Muliashi Project)	**30,791**	42,989
Smelting facilities at CCS	**28,759**	36,787
Leaching facilities at SML	**6,514**	16,538
Leaching facilities at Huachin Metals Leach SA	**1,118**	5,624
Leaching facilities at CNMC Huachin Mabende	**22,302**	67,793
Total	**188,029**	268,166

The total capital expenditure of the Group decreased by US$80.1 million from US$268.2 million in 2013 to US$188.0 million in 2014. During the reporting period, the capital expenditure of the Group was primarily used in the Muliashi Project, Phase II of the Expansion Project of CCS, CNMC Huachin Mabende Project and the Integrated Exploration and Construction Project of the Chambishi Southeast Mine.

Financial Policies

During the year ended 31 December 2014, the Group had in place the Financial Budget Management System, the Funds Management System, the Inventories Management System, the Fixed Assets Management System, the Financial Information Disclosure Management System, Management Measures on Approval Procedures and Permissions of Financial Income and Expenses of the Central Office and other financial policies, which aim to regulate and enhance internal control of relevant activities of the Group to ensure the safety of the Group's assets, protect investors' interests and improve operation and management level for compliance with relevant laws and regulations of Hong Kong as well as the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MARKET RISK DISCLOSURE

In the normal course of business, the Group's market risks mainly comprise commodity price risk, foreign exchange risk and interest rate risk.

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the market price of copper which affect the prices of the major commodities purchased, produced and sold by the Group. To mitigate this risk, the Group has entered into copper futures contracts and provisional price arrangement to manage its exposure in relation to forecasted sales of copper products, forecasted purchase of copper concentrate, inventories and the Group's commitment to sell its copper products.

Foreign currency exchange risk

The Group operates business in Zambia and the DRC and most of its sales and purchases in the past were denominated in US dollar, its functional currency, while certain sales and purchases were settled in currencies other than its functional currency (mainly Zambian Kwacha, or ZMK, and Reminbi, or RMB), which exposed the Group to foreign currency risk. During the reporting period, the Group did not engage in any foreign currency hedging activities.

Interest rate risk

The Group is exposed to interest rate risk of cash flow under the impact of interest rates changes of interest-bearing financial assets and liabilities which mainly include interest-bearing restricted bank balances, bank balances and bank and other borrowings at variable interest rates. The Group currently does not have any interest rate hedging policy. However, the Directors of the Company will consider hedging significant interest rate risk should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OVERVIEW

In 2014, despite the adverse impact of decreased copper price and market fluctuations, the Group's business maintained a strong growth momentum.

During the reporting period, the Group saw a further increase in its production and sales volume and achieved revenue of US$1,942.0 million, representing an increase of 11.4% over the same period in the previous year. The profit attributable to owners of the Company amounted to US$146.8 million, representing an increase of 118.3% over the same period in the previous year. Such significant increase was primarily attributable to the considerable increase in revenue and gross profit from major products and the considerable income tax credit arising from the reversal of deferred income tax liabilities as a result of 2015 new taxation system of Zambia.

Meanwhile, the CNMC Huachin Mabende Project and Luanshya Slag Copper Recovery Project of the Group commenced production during the reporting period while Phase II of the Expansion Project of CCS was put to use in its entirety and the heap leaching system of the Muliashi Project continued to expand, improving the Group's competitiveness with significantly enhanced production capacities. Other construction projects of the Group, including the Integrated Exploration and Construction Project of the Chambishi Southeast Mine and Mwambashi Mine Project were also progressing smoothly, underpinning the Group's further business growth in the future. For details of such projects, please refer to the paragraph titled "Projects Under Progress" on page 35.

BUSINESS REVIEW

The Group is a leading, fast growing and vertically integrated copper producer, focusing on the mining, ore processing, leaching, smelting and sales of copper, based in Zambia and DRC. The Group also produces sulfuric acid and bismuth, the by products generated during the blister copper smelting process.

The businesses of the Group are carried out mainly through the following companies: NFCA, Luanshya, CCS and SML located in Zambia, as well as through two joint subsidiaries, namely Huachin Leach and CNMC Huachin Mabende located in DRC.

In 2014, blister copper, copper cathode and sulfuric acid produced by the Group amounted to 222,224 tonnes, 56,492 tonnes and 612,598 tonnes respectively, representing increases of 10.5%, 46.0% and 17.0% respectively, over the previous year. These production growths have spurred a growth of 11.4% in revenue of the Group from US$1,744.0 million in 2013 to US$1,942.0 million in 2014.

Central office building of NFCA in the green bush

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES

Assumptions adopted for the annual update of resources and/or reserves

The same assumptions as those applied in the 2012 prospectus in accordance with the JORC Code were adopted for the annual update of resources and/or reserves in this report. Relevant updates were made according to our new exploration and based on the historical data used by technical consultants.

As confirmed by internal experts, resources and/or reserves had no material changes and the main changes were attributable to adjustment made upon production wastage and intensified exploration.

As at 31 December 2014, the Group's ore reserves and mineral resources reported in accordance with the JORC Code were as follows:

(1) Resources

Chambishi Main Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**8.58**	**2.25%**	**—**	**—**	11.74	2.31%	—	—
Indicated	**7.34**	**2.39%**	**—**	**—**	5.58	2.43%	—	—
Inferred	**6.65**	**2.34%**	**—**	**—**	8.27	2.36%	—	—

Note: 1. Geological ore of 927,000 tonnes was consumed in mining activities in 2014;

2. In 2014, no exploratory drilling holes were completed with a drilling footage at the deep section of the main ore body for development purpose. 47 pit drilling holes were completed in the year with drilling footage of 4,500.2m for productive exploration purpose.

Spray leaching operations in the No.1 stockpile of heap leaching system of Muliashi Project

Leach solution from spray leaching of Muliashi Project

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Chambishi West Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore *(Mt)***	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Oxide ore								
Measured	**3.8**	**1.98%**	**1.02%**	**—**	3.56	2.07%	1.11 %	—
Indicated	**1.42**	**1.99%**	**0.96%**	**—**	1.36	2.22%	1.08 %	—
Inferred	**0.96**	**1.99%**	**0.96%**	**—**	0.001	1.77%	0.64 %	—
Sulfide Ore								
Measured	**8.36**	**2.21%**	**—**	**—**	13.70	2.1%	—	—
Indicated	**6.55**	**2.23%**	**—**	**—**	10.63	2.08%	—	—
Inferred	**11.51**	**2.32%**	**—**	**—**	8.24	2.18%	—	—

Note:

1. Geological ore of 1,100,600 tonnes at a grade of 2.16% was consumed in mining activities in 2014;
2. In 2014, 1 surface drilling hole was completed with a drilling footage of 738.73m in Chambishi West Mine for development purpose while 23 pit drilling holes were completed in the year with drilling footage of 2,325.08m for productive exploration purpose;
3. Certain resources of the Chambishi West Mine were re-classified into the Chambishi Main Mine.

Chambishi Southeast Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore *(Mt)***	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**1.95**	**1.90%**	**—**	**0.11%**	2.22	1.96%	—	0.11%
Indicated	**28.6**	**1.90%**	**—**	**0.11%**	28.00	1.88%	—	0.11%
Inferred	**117.78**	**1.88%**	**—**	**0.10%**	119.86	1.84%	—	0.10%

Note: 6 investigative drilling holes with drilling footage of 1,046.77m were completed for development purpose in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Mwambashi Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore (Mt)**	**Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	**2.50**	**2.15%**	**1.09%**	**2.50**	2.50	2.15%	1.09%	2.50
Indicated	**4.88**	**1.96%**	**0.68%**	**4.88**	4.88	1.96%	0.68%	4.88
Inferred	**3.31**	**2.06%**	**0.48%**	**3.31**	3.31	2.06%	0.48%	3.31

Note: The Mwambashi Mine has two types of resources, namely high-grade and low-grade resources. Only high-grade resources are disclosed herein.

Kakoso Tailings

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore (Mt)**	**Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	**—**	**—**	**—**	**—**	—	—	—	—
Indicated	**—**	**—**	**—**	**—**	—	—	—	—
Inferred	**9.08**	**0.60%**	**0.47%**	**—**	9.08	0.60%	0.47%	—

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Chambishi Tailings and Ore Piles

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**—**	**—**	**—**	**—**	—	—	—	—
Indicated	**—**	**—**	**—**	**—**	—	—	—	—
Inferred	**0.46**	**0.36%**	**0.25%**	**0.00%**	0.82	0.36%	0.25%	0.00%

Note: Approximately 360,000 tonnes of pile ores were processed in 2014.

Baluba Center Mine Sulfide

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Measured	**3.90**	**2.14%**	**0.08%**	**0.16%**	6.94	2.34%	0.08%	0.16%
Indicated	**8.15**	**2.08%**	**0.08%**	**0.15%**	6.29	2.19%	0.08%	0.15%
Inferred	**3.76**	**1.50%**	**0.06%**	**0.08%**	4.28	1.52%	0.07%	0.08%

Note: Baluba Center Mine Sulfide consumed geological ore of approximately 1,407,100 tonnes with TCu grade of 2.09% in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Muliashi North Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore** *(Mt)*	**copper**	**copper**	**Cobalt**	Ore *(Mt)*	copper	copper	Cobalt
Measured	**26.84**	**1.14%**	**0.49%**	**0.02%**	32.08	1.09%	0.49%	0.02%
Indicated	**18.77**	**1.04%**	**0.42%**	**0.02%**	20.16	1.03%	0.42%	0.02%
Inferred	**21.29**	**1.00%**	**0.34%**	**0.02%**	21.29	1.00%	0.34%	0.02%

Note: Muliashi North Mine consumed geological ore of approximately 4,834,400 tonnes with TCu grade of 1.06% in 2014.

Muliashi South Oxidize

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore** *(Mt)*	**copper**	**copper**	**Cobalt**	Ore *(Mt)*	copper	copper	Cobalt
Measured	**2.0**	**1.19%**	**1.2%**	**0.02%**	—	—	—	—
Indicated	**1.1**	**1.58%**	**0.72%**	**0.02%**	—	—	—	—
Inferred	**0.2**	**1.33%**	**0.52%**	**0.02%**	4.40	1.73%	0.34%	0.02%

Note: 31 drilling holes with drilling footage of 1,509.7m were completed in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(1) Resources (Continued)

Mashiba Mine

JORC category	**31 December 2014** Ore (Mt)	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2013 Ore (Mt)	Average grade Total copper	Oxide copper	Cobalt
Measured	**3.17**	**1.89%**	**0.24%**	**0.02%**	3.17	1.89%	0.24%	0.02%
Indicated	**5.67**	**1.96%**	**0.22%**	**0.03%**	5.67	1.96%	0.22%	0.03%
Inferred	**4.97**	**1.67%**	**0.43%**	**0.04%**	4.97	1.67%	0.43%	0.04%

Note: No exploration or mining activities were carried out in 2014.

Baluba East Mine

JORC category	**31 December 2014** Ore (Mt)	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2013 Ore (Mt)	Average grade Total copper	Oxide copper	Cobalt
Measured	**6.40**	**1.90%**	**1.00%**	**—**	6.40	1.90%	1.00%	—
Indicated	**27.64**	**0.77%**	**0.31%**	**—**	27.64	0.77%	0.31%	—
Inferred	**3.27**	**1.03%**	**0.37%**	**—**	3.27	1.03%	0.37%	—

Note: No exploration or mining activities were carried out in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves

Chambishi Main Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Proved	**3.72**	**1.47%**	**—**	**—**	4.65	1.56%	—	—
Probable	**2.64**	**1.48%**	**—**	**—**	1.87	1.51%	—	—

Note: The Chambishi Main Mine produced ore of 911,000 tonnes in 2014.

Chambishi West Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore**	**copper**	**copper**	**Cobalt**	Ore	copper	copper	Cobalt
	(Mt)				*(Mt)*			
Oxide ore								
Proved	**1.43**	**1.85%**	**1.01%**	**—**	0.77	2.01%	1.14%	—
Probable	**2.74**	**1.79%**	**0.90%**	**—**	2.35	1.90%	0.96%	—
Sulfide Ore								
Proved	**4.61**	**2.08%**	**—**	**—**	5.96	1.87%	—	—
Probable	**14.31**	**2.06%**	**—**	**—**	14.75	1.95%	—	—

Note: The Chambishi West Mine produced ore of 935,000 tonnes in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves (Continued)

Chambishi Southeast Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore (Mt)**	**copper**	**copper**	**Cobalt**	Ore (Mt)	copper	copper	Cobalt
Proved	**—**	**—**	**—**	**—**	—	—	—	—
Probable	**37.72**	**1.84%**	**—**	**0.08%**	38.68	1.76%	—	0.08%

Baluba Center Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore (Mt)**	**copper**	**copper**	**Cobalt**	Ore (Mt)	copper	copper	Cobalt
Proved	**1.87**	**1.40%**	**0.06%**	**0.04%**	3.49	1.55%	0.06%	0.11%
Probable	**4.87**	**1.27%**	**0.11%**	**0.09%**	4.94	1.46%	0.07%	0.10%

Muliashi North Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
		Total	**Oxide**			Total	Oxide	
JORC category	**Ore (Mt)**	**copper**	**copper**	**Cobalt**	Ore (Mt)	copper	copper	Cobalt
Proved	**13.33**	**1.01%**	**0.45%**	**0.02%**	13.39	1.01%	0.45%	0.02%
Probable	**22.86**	**1.13%**	**0.49%**	**0.02%**	28.11	1.09%	0.49%	0.02%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves (Continued)

Baluba East Mine

JORC category	**31 December 2014** Ore (Mt)	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2013 Ore (Mt)	Average grade Total copper	Oxide copper	Cobalt
Proved	**6.38**	**1.81%**	**0.95%**	**0.02%**	6.38	1.81%	0.95%	0.02%
Probable	**27.57**	**0.73%**	**0.30%**	**0.03%**	27.57	0.73%	0.30%	0.03%

Note: No exploration or mining activities were carried out in 2014.

Mashiba Mine

JORC category	**31 December 2014** Ore (Mt)	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2013 Ore (Mt)	Average grade Total copper	Oxide copper	Cobalt
Proved	**2.66**	**1.35%**	**0.17%**	**—**	2.66	1.35%	0.17%	—
Probable	**4.76**	**1.40%**	**0.16%**	**—**	4.76	1.40%	0.16%	—

Note: No exploration or mining activities were carried out in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESOURCES AND RESERVES *(CONTINUED)*

(2) Reserves (Continued)

Mashiba B Mine

	31 December 2014				31 December 2013			
		Average grade				Average grade		
JORC category	**Ore (Mt)**	**Total copper**	**Oxide copper**	**Cobalt**	Ore (Mt)	Total copper	Oxide copper	Cobalt
Proved	**7.38**	**2.02%**	**0.82%**	**—**	7.38	2.02%	0.82%	—
Probable	**3.31**	**2.06%**	**0.48%**	**—**	3.31	2.06%	0.48%	—

Note: No exploration activities were carried out in 2014 as the construction of its infrastructures were still in progress.

ISA furnace of copper smelting company

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PRODUCTION OVERVIEW

NFCA

NFCA mainly operates two mines, namely the Chambishi Main Mine and the Chambishi West Mine, and the ancillary processing plants.

In 2014, copper contained in copper concentrates produced by NFCA amounted to 28,600 tonnes, representing an increase of 1.9% over the same period in the previous year. Such increase in production volume was primarily attributable to improved mining operation management which resulted in a stable increase in production.

The Chambishi Main Mine and West Mine of NFCA produced ore of 911,000 tonnes and 935,000 tonnes, respectively, during the year.

Main shaft of Chambishi Copper Mine

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PRODUCTION OVERVIEW *(CONTINUED)*

Luanshya

Luanshya operates two copper mines under production, namely the Baluba Center Mine and the Muliashi North Mine, and also operates Muliashi Leach Plant.

Copper contained in copper concentrates produced by the Baluba Center Mine in 2014 amounted to 16,854 tonnes, representing an increase of 4.1% over the same period in the previous year, mainly due to the production of a total of 1,542 tonnes of copper contained in copper concentrates after the Slag Copper Recovery Project was put into operation.

The Muliashi Project produced 29,481 tonnes of copper cathode in 2014, representing an increase of 22.3% over the same period in the previous year. Among which, 21,703 tonnes was produced by the agitation leaching system, representing an increase of 0.7% over the same period in the previous year, which achieved its designed capacity; and 7,780 tonnes was produced by the heap leaching system, representing an increase of 204% over the same period in the previous year.

The Baluba Center Mine and the Muliashi North Mine produced ore of 1,410,000 tonnes and 4,830,000 tonnes, respectively, during the year.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In 2014, blister copper and sulfuric acid produced by CCS amounted to 222,224 tonnes and 602,787 tonnes, respectively, representing increases of 10.5% and 15.2%, respectively, over the same period in the previous year. The increase of production volume was mainly attributable to the Phase II of the Expansion Project of CCS gradually put into use, together with the continuous improvement of management, which further enhanced its product output and comprehensive recovery capacity.

Electrode workshop of Muliashi Project

Electrode workshop of Muliashi Project

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PRODUCTION OVERVIEW *(CONTINUED)*

SML

SML mainly operates the Chambishi Leach Plant, the CNMC Huachin Leach Project through Huachin Leach and the CNMC Huachin Mabende Project through CNMC Huachin Mabende.

In 2014, copper cathodes produced by SML amounted to 27,011 tonnes in aggregate, representing an increase of 85.4% over the same period in the previous year. In particular, the CNMC Huachin Mabende Project was put into operation in March and produced an extra 13,361 tonnes of copper cathodes; while Chambishi Leach Plant produced 3,623 tonnes of copper cathodes in aggregate, representing a decrease of 9.5% over the same period in the previous year, mainly due to the low grade and insufficient quantity of purchased oxide ore; and the CNMC Huachin Leach Project produced 10,027 tonnes of copper cathodes in aggregate, representing a decrease of 5.1% over the same period in the previous year, mainly due to the unstable power supply in areas where the project was located.

Meanwhile, the copper contained in copper concentrates produced by SML Chambishi Processing Plant in 2014 amounted to 497 tonnes, representing an increase of 154.9% over the same period in the previous year, mainly attributable to the increase in the quantity of purchased ores and small quantity of sulfide ore supplied by the Mwambashi Mine Project.

The table below sets forth the production volume of the products of the Group and the year-on-year growth for the periods indicated.

	Production volume for 2014 *(Tonnes)*	Production volume for 2013 *(Tonnes)*	Year-on-year growth/(decrease) *(%)*
Copper concentrate	**45,951**	44,448	3.4%
Blister copper	**222,224**	201,123	10.5%
Copper cathodes	**56,492**	38,682	46.0%
Sulfuric acid	**612,598**	523,469	17.0%
Bismuth	**180**	—	—

Note: The production volumes of all the products are on a contained-copper basis, except for sulfuric acid and bismuth.

Settling pond for leaching

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2014 are set out below:

	NFCA			Luanshya		SML	
Unit: Million US dollars	Chambishi Main Mine	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Mine Sulfide	Muliashi North Mine	Mwambashi	Total
Exploration activities							
Drilling and analysis	0.47	0.46	0.12	0.65	0.18	0.15	2.03
Others	0.12	0.10	0.10	—	—	—	0.32
Sub-total	**0.59**	**0.56**	**0.22**	**0.65**	**0.18**	**0.15**	**2.35**
Development activities (including mine construction)							
Purchases of assets and equipment	—	7.09	—	9.36	3.51	2.55	22.51
Civil work for construction of tunnels and roads	—	5.32	37.10	9.44	5.47	—	57.33
Staff cost	—	—	—	1.82	5.00	0.71	7.53
Others	—	—	21.02	—	8.05	1.27	30.34
Sub-total	**—**	**12.41**	**58.12**	**20.62**	**22.03**	**4.53**	**117.71**
Mining activities (excluding ore processing)							
Staff cost	4.05	3.28	—	23.75	0.34	—	31.42
Consumables	—	—	—	16.36	2.61	—	18.97
Fuel, electricity, water and Others services	7.76	6.29	—	—	—	—	14.05
On-site and remote system management	—	—	—	15.70	0.03	—	15.73
Non-income taxes, royalties and other government expenses	—	—	—	6.74	11.32	—	18.06
Others	2.51	2.04	—	—	—	—	4.55
Sub-contracting charges	35.3	28.59	—	—	43.44	6.46	113.79
Depreciation	12.82	10.38	—	10.23	6.93	0.81	41.17
Sub-total	**62.44**	**50.58**	**—**	**72.78**	**64.67**	**7.27**	**257.74**

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES

Mining Exploration

During the year, NFCA and Luanshya, subsidiaries of the Company, conducted mining exploration for production and exploration purposes, respectively. SML conducted mining exploration activities. In particular:

In the Chambishi Main Mine of NFCA, 47 pit drilling holes were completed for production purposes with drilling footage of 4,500.02m. In the Chambishi West Mine, 23 pit drilling holes (75mm end hole caliber) for production purposes were completed with drilling footage of 2,325.08m while 1 surface drilling hole (75mm end hole caliber) was completed for exploration purposes with drilling footage of 738.73m. In the Chambishi Southeast Mine, 6 investigative drilling holes (75mm end hole caliber) were completed for surface exploration purposes with drilling footage of 1,046.77m.

Luanshya conducted drilling in Baluba Mine and Muliashi Open-pit Mine (North Mine) for production and exploration purposes. In particular, 217 drilling holes (46mm end hole caliber) for production purposes were completed in Baluba Mine with drilling footage of 5,556m. In Muliashi Open-pit Mine, a total of 31 pit drilling holes (75mm end hole caliber) for production and exploration purposes were completed with drilling footage of 1,510m. In addition, 33 platform trenches (1m × 1m) were completed with a total length of 1,172m and a total capacity of 1,172 m^3.

SML completed 3 drilling holes (75mm end hole caliber) for Mwambashi Mine with an aggregate drilling footage of 521m.

Mining Development

For details of mining development please refer to "Projects Under Progress" on page 35.

Mining Activities

For details of mining activities please refer to "Production Overview" on page 29.

3# shaft of Chambishi Copper Mine

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES *(CONTINUED)*

Infrastructure projects, subcontracting arrangements and procurement of equipment

During the year, the new contracts entered into and commitments undertaken by the Group are as follows:

NFCA

The new infrastructure contracts engaged in the year amounted to US$95,560,000. As of 31 December 2014, there was US$84,510,000 of capital commitments in relation to infrastructure projects.

SML

The Group's new infrastructure contracts engaged in the year amounted to US$16,760,000. As of 31 December 2014, there was US$10,000,000 of capital commitments in relation to infrastructure projects.

No subcontracting arrangements were entered into by the Group during the year*.

During the year, contracts which amounted to US$7,577,000 were entered into by the Group for purchase of equipment related to mining exploration, mining development and mining activities, including equipment for mining, transportation, processing, drainage, soil discharge, electricity, laboratory, etc. As at 31 December 2014, there was US$2,278,000 of the capital commitments in relation to the purchase of equipment.

* Subcontracting arrangement refers to an arrangement made between one party to a contract and a third party, pursuant to which the third party shall fulfill all or part of the obligation of that party under the said contract. For example, it refers to the circumstance where the Group wins a project as a contractor and then transfers the entire project or subcontracts in part the project to a third party.

Panorama of copper smelting company

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROJECTS UNDER PROGRESS

CCS

Phase II of the Expansion Project

The Group is forging ahead with the construction of Phase II of the Expansion Project of CCS, of which, the main construction was completed on 30 April 2014 and the remaining construction was completed in December 2014. The project has been equipped with a production capacity of 250,000 tonnes of blister copper and 600,000 tonnes of sulfuric acid per annum. The aggregate project investments amounted to US$211.44 million, among which, an accumulated investment of a total of US$151.68 million had been completed as at the end of 2014, representing 71.74% of the total investment.

Central auxiliary shaft of Chambishi West Mine

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROJECTS UNDER PROGRESS *(CONTINUED)*

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine under development is one of the key development mine projects of the Company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in copper concentrates of approximately 63,000 tonnes per annum. By the end of 2014, in terms of shaft construction: 1,197m of main shaft was completed with a capacity of 53,437m^3/10,636m^3; 467m of auxilliary shaft was completed with a capacity of 25,057m^3/5,760m^3. Total length of 678m of the south air shaft was completed with a capacity of 28,681m^3/4,821m^3; and total length of 958m of the north air shaft completed with a capacity of 38,468m^3/6,726m^3. In terms of drift exploitation: 634m of the north air shaft horizontal engineering was completed with a capacity of 11,048m^3/221m^3; 1,004m of the south air shaft 560ML middle section was completed with a capacity of 14,700m^3/13m^3; 1,494m of the south air shaft 680ML exploration engineering was completed with a capacity of 21,662m^3/66m^3. The aggregate project investments amounted to US$830 million, among which, a total of US$183 million of investments had been completed as of the end of December, 2014, representing 22.05% of the total investment amount. The entire project is expected to be completed in 2016.

Construction project of paste backfilling system

The aggregate investments in the construction project of paste backfilling system was US$12.01 million with a design mining capacity of 300t/d. The system will play an essential role in the sustainable and balanced operation of West Mine. By the end of 2014, the completed investments amounted to US$9,733,800, representing 81% of the total investment. Construction of the system was completed and put into use in the first half of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROJECTS UNDER PROGRESS *(CONTINUED)*

Luanshya

Slag copper recovery project

Processing capacity of the slag copper recovery project was designed at 500kt/a with the average grade for copper contained in the slag copper at 1.10% and the copper contained in produced copper concentrates at 3,500t/a. The project was commenced in October 2013 and was officially completed and put into operation at the end of July 2014. Expected total investment for the project was US$20,130,000. The completed investments by the end of 2014 amounted to US$13,019,100, representing 64.68% of the total investment.

CNMC Huachin Mabende

The 20,000-tonne Leaching Copper Project of Mabende

SML is undertaking a project to construct and operate a leaching plant with annual output of 20,000 tonnes of copper cathode through CNMC Huachin Mabende (the "CNMC Huachin Mabende Project"). Total investment for the project amounted to US$148 million. By the end of 2014, the completed investments amounted to US$148 million, representing 100% of the total investment. Construction of the CNMC Huachin Mabende Project commenced in April 2013 and the project was equipped with the production capacity and the system produced the first batch of copper cathode in March 2014.

Workers of Mabende Project hoisting copper cathode products (the first batch of products produced in March 2014)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROJECTS UNDER PROGRESS *(CONTINUED)*

SML

Mwambashi Strip Mine project

The project comprises a strip mine with designed capacity of 600,000 tonnes of ores per annum and a process plant with a capacity of 2,000 tonnes. The construction was commenced in September 2013. The total investment amount is US$71,570,400. The completed investments by the end of December 2014 amounted to US$25.40 million, representing 35.49% of the total investment.

In addition, the primary design for Cobalt Converter Slag Recycling Project was completed in 2014 and entered into the construction phase upon the review of the Board on 16 January 2015. Total investment for the project amounted to US$40.89 million. It has an annual processing capacity of 100,000 tonnes of converter slag and 50,000 tonnes of high cobalt matte, with construction period of one year. Meanwhile, the Group currently carries out development of certain new resource projects such as mining activities in the south Muliashi mine of Luanshya and Kakoso tailings to secure a continuous growth of the Company.

Surface mine of Muliashi Project

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

HUMAN RESOURCES

As of 31 December 2014, the Group employed a total of 7,004 employees (as of 31 December 2013: 6,482 employees). The remuneration of employees (including Directors) was determined by the Group based on their performance, experience and the prevailing market practice. Employees were also entitled to bonus as an incentive subject to their performance. As of 31 December 2014, the total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US$97.7 million (in 2013: US$96.6 million).

Managerial members of NFCA participating the mine rescue drilling contest

First-aid team of the mine

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2015 OUTLOOK

In 2015, economy of the United States is expected to grow at a even greater speed, which will offset the adverse effects arising from the downturn in other economies. Further monetary easing policies and the weakening currencies in Europe and Japan are intended to bolster their economic recovery. The emerging economies as a whole are still in the period of adjustments amid growth. In particular, the emerging economies in Asia will see improvements in economic growth condition and financial stability. As such, the global economy will speed up slightly. As for China, although facing relatively big downward pressure on economic growth, it will still maintain a certain level of growth amid moderate adjustments. As China further deepens its reform and advance the delivery of benefits of reform in an all-round way, it is expected to see stronger vitality and momentum in economic growth. Thus, a continued stable economy in China with moderate growth speed is anticipated. In light of the slow global economic growth, decline in oil price and slow down of demand growth, copper price will have a wide-range fluctuation. With the recovery of economy and downstream consumption, copper price is expected to receive impetus to move upside gradually. Therefore, the price of copper remains optimistic in the long run .

In 2015, the Group will continue to increase investments in geological exploration and development, pay high attention to and more efforts in expanding the exploration area, as well as exploring the surrounding areas and in the depth of the existing mines. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper resources such as Zambia and the DRC, with an aim to increase the Group's resources.

The Group will continue to optimise internal management, intensify cost control and improve operation efficiency, so as to continuously enhance its profitability. The Group will continue to pay due efforts in its mining activities in underground mines including Chambishi Main Mine, Chambishi West Mine and Baluba Center Mine and the Muliashi Open-pit Mine, so as to increase the production volume of copper concentrate and oxide ore from its own mines. Great efforts will be put in the management of the technology of CCS, Muliashi Leaching and Smelting, SML, Huachin Leach and CNMC Huachin Mabende and to advance the work in meeting the quality standards and designed capacity, so as to improve the output and quality of blister copper, copper cathode and sulfuric acid, with a view to further increase the operating efficiency and profit from existing production capacity.

Meanwhile, the Group will continue to carry out the Integrated Exploration and Construction Project of the Chambishi Southeast Mine, vigorously speed up the development of new mines such as the Mwambashi Strip Mine and Muliashi South Oxidize, accelerate the implementation of the Cobalt Converter Slag Recycling Project, so as to increase the self-sufficiency rate of our smelting plants, expand the leaching and smelting capacity, and thus leverage the advantages of vertical integration to improve profitability.

Outdoor scene of CCS

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Leach solution from spray leaching of Muliashi Project

A bird view of the mining and processing project of Chambishi Southeast Mine

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

BOARD OF DIRECTORS

Our Board of Directors is responsible for the management and conduct of our business and consists of nine Directors, including one non-executive Director, five executive Directors and three independent non-executive Directors. The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Position/Title
Tao Luo	61	Chairman and Non-executive Director
Xinghu Tao	57	Vice Chairman, Executive Director and President
Chunlai Wang	54	Executive Director and Vice President
Xingeng Luo	52	Executive Director and Vice President
Xinguo Yang	41	Executive Director and Vice President
Kaishou Xie	59	Executive Director and Vice President
Chuanyao Sun	70	Independent Non-executive Director
Jingwei Liu	47	Independent Non-executive Director
Huanfei Guan (appointed on August 28, 2014)	58	Independent Non-executive Director
Shuang Chen *(Note)* (resigned on August 28, 2014)	47	Independent Non-executive Director

Note: For the biography of Shuang Chen, please refer to "Directors and Senior Management Biographies" of 2013 Annual Report.

Tao Luo (羅濤), 61, is the chairman and non-executive Director of our Company and was appointed to our Board on April 12, 2012. He has been the general manager of CNMC since July 2005. He currently also serves as the chairman of China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (中國有色金屬建設股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000758), ZCCZ and China Nonferrous Metals International Mining Co., Ltd. (中色國際礦業股份有限公司), the non-executive deputy chairman of Chaarat Gold Holdings Limited ("CGHL") (a company listed on the Alternative Investment Market of the London Stock Exchange ("AIM"), the non-executive chairman of Kryso Resources Plc ("KYS") (a company listed on AIM) and the non-executive chairman of Ord River Resources Limited ("ORD") (a company listed on the Australian Stock Exchange). Mr. Luo has 38 years of experience in the nonferrous metal industry. He was the vice general manager of Aluminum Corporation of China (中國鋁業公司) from 2001 to July 2005. Prior to that, Mr. Luo also served as the vice dean of General Research Institute for Nonferrous Metals (北京有色金屬研究總院), the deputy supervisor of the Human Resources and Training Department of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司) and the director general of Human Resources Department of the State Nonferrous Metals Industry Bureau of the PRC (中國國家有色金屬工業局). Mr. Luo graduated from Beijing Radio and Television University (北京廣播電視大學) in 1990. He was recognized as a State Council Special Allowance Expert in 2010, and was accredited as a Senior Engineer (professor level) in 2012.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

Xinghu Tao (陶星虎), 57, is the vice chairman, executive Director and president of our Company and was appointed to our Board on July 18, 2011. He has been the vice general manager of CNMC since November 2007. Mr. Tao currently also serves as the chairman of NFCA, CCS, SML, Luanshya and MPongwe and the vice chairman of ZCCZ. Mr. Tao has 33 years of experience in the mining industry. He became the general manager of ZCCZ and NFCA in June 2006 and September 2002, respectively. Mr. Tao worked in Zhongtiaoshan Nonferrous Metals Group Co., Ltd. (中條山有色金屬集團有限公司) ("Zhongtiaoshan") from 1982 to 2002, during which he also served as the mine manager of Tongkuangyu Mine and the general manager and director of Zhongtiaoshan, etc.. Mr. Tao graduated from the Beijing Steel and Iron Institute (北京鋼鐵學院) (currently the University of Science and Technology Beijing (北京科技大學)) in 1982 with a major in mining engineering. He completed graduate studies in economic management from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) in January 2005. Mr. Tao was recognized as a State Council Special Allowance Expert in 2004 and was recognized as a Senior Mining Engineer (professor level) in 1999.

Chunlai Wang (王春來), 54, is an executive Director and the vice president of our Company primarily in charge of NFCA. He was appointed to our Board on April 12, 2012. Mr. Wang is also responsible for the human resources department of our Company. Mr. Wang has 34 years of experience in the mining industry. He currently is the general manager of NFCA and a director of SML. He served as the deputy general manager of NFCA from 2005 to 2009 and became its executive director in 2007. From 1981 to 2005, Mr. Wang worked in the Dongguashan Copper Mine of Tongling Nonferrous Metals Group Co., Ltd. (銅陵有色金屬集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000630) during which period he served as a mining engineer, assistant to the mine manager, deputy mine manager and mine manager. Mr. Wang graduated from Anhui Metallurgy College (安徽冶金專科學校) in 1981 with a major in mining and obtained a Master of Business Administration degree from the School of Business of Nanjing University (南京大學工商管理學院) in 2005. Mr. Wang was recognized as a State Council Special Allowance Expert in 2002 and was recognized as a Senior Mining Engineer (professor level) in 2007.

Xingeng Luo (駱新耿), 52, is an executive Director and the vice president of our Company primarily in charge of Luanshya. He was appointed to our Board on April 12, 2012. Mr. Luo is also responsible for corporate development and investor relations department of our Company. Mr. Luo has 30 years of experience in the mining industry. He has been the general manager and director of Luanshya, a director of SML and the general manager of NFCA since September 2009, May 2008 and May 2007, respectively. Prior to joining NFCA in April 2004, Mr. Luo worked at Zhongtiaoshan Nonferrous Metals Group Co., Ltd. (中條山有色金屬集團有限公司) ("Zhongtiaoshan") from July 1984 and became the mine manager of the Hujiayu Mine under Zhongtiaoshan in August 1998. He was appointed as chief engineer of Zhongtiaoshan in May 2001. Mr. Luo received a bachelor's degree in mining from Jiangxi University of Science and Technology (江西理工大學) in 1984. He was recognized as a State Council Special Allowance Expert in 2005 and was recognized as a Senior Mining Engineer (professor level) in 2002.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

Xinguo Yang (楊新國), 41, is an executive Director and the vice president of our Company primarily in charge of CCS. He was appointed to our Board on April 12, 2012. Mr. Yang is also responsible for the administrative department of our Company. Mr. Yang has 20 years of experience in the copper smelting industry. He has been a director and general manager of CCS since November 2010. Mr. Yang joined CCS in 2006 as the deputy general manager, prior to which he worked as the supervisor of the production department in Yunnan Copper (雲南銅業) and the deputy supervisor of logistics department in Yunnan Copper Group (雲南銅業集團). Mr. Yang graduated from Kunming Institute of Technology (昆明工學院) (currently the Kunming University of Science and Technology (昆明理工大學)) in 1994 with a major in nonferrous metals metallurgy.

Kaishou Xie (謝開壽), 59, is an executive Director and the vice president of the Company primarily in charge of SML. He was appointed to the Board on April 12, 2012. Mr. Xie served as the general manager of Sino-Metals Leach Zambia Limited and Chambishi Sulfuric Acid Plant Zambia Limited* (贊比亞謙比希硫磺制酸公司) since 2006 and 2008 respectively. He served as an executive director and the general manager of Sino-Metals Leach Zambia Limited and Chambishi Sulfuric Acid Plant Zambia Limited* as well as the chairman of Huachin Metals Leach SPRL and CNMC Huachin Mining Company Limited* (中色華鑫礦業公司) in the DRC from 2008 to 2012. He served as director and general manager of Kunming Jinsharen Cemical Co., Ltd. (昆明金沙人化工有限公司) from 2003 to 2006, the workshop director, assistant to the factory director, vice factory director and chief engineer of Dongchuan Aluminum Factory (東川鋁廠) from 1991 to 1998, and the deputy general manager of Dongchuan Aluminum Co., Ltd. (東川鋁業有限公司) from 1998 to 2003. He worked in the Tangdan Mine of Dongchuan Copper Mines Administration (東川礦務局) from 1972 to 1991. Mr. Xie graduated from the Southwest University of Science and Technology (西南科技大學) with a degree in law.

Chuanyao Sun (孫傳堯), 70, is an independent non-executive Director of the Company, the chairman for the Nomination Committee and a member of the Compliance and Remuneration Committee and was appointed to join the Board on 27 April 2012. He has 46 years of experience in the mining industry. Mr. Sun currently serves as an independent non-executive director of Jiamusi Electric Machine Company Limited (哈爾濱電氣集團佳木斯電機股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ 000922) and China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) (a company listed on the Hong Kong Stock Exchange, HK02068). Mr. Sun joined the Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) ("BGRIMM") in 1981 and served as its dean from February 1988 to February 2007. He worked at the Xinjiang Keketuohai Ore Processing Plant (新疆可可托海礦業加工廠) from December 1968 and became its deputy factory director in October 1976. Mr. Sun graduated from Northeastern Institute of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and was awarded a master degree in BGRIMM (北京礦冶研究總院) with a major in ore processing in 1981. Mr. Sun is an associate of Chinese Academy of Engineering (中國工程院) and St Petersburg Academy of Engineering and Science in Russia (俄羅斯聖彼德堡工程科學院), a council member of International Council on Mineral Processing (國際礦物加工大會理事會), deputy director of Committee of Experts of China Nonferrous Metal Industry Association (中國有色金屬工業協會專家委員會), the director of the Ore Processing Academic Committee of the Nonferrous Metals Society of China (中國有色金屬學會選礦學術委員會) and the director of Key Laboratory of Mineral Processing of the State (國家礦物加工重點實驗室).

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

Jingwei Liu (劉景偉), 47, is an independent non-executive Director of our Company, the chairman of the Audit Committee and a member of the Nomination Committee, and was appointed to our Board on April 27, 2012. He currently serves as a partner and deputy general manager of Shinewing Certified Public Accountants (信永中和會計師事務所). Mr. Liu previously served as a director and general manager of Beijing Jincheng Gardening Co., Ltd. (北京金城園林公司). He has also served as an independent director of Jinxi Axle Co., Ltd, (晉西車軸股份有限公司) (a company listed on the Shanghai Stock Exchange, SH600495) since 2010 and of Chongqing Fuling Zhacai Group Co., Ltd. (重慶市涪陵榨菜集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ002507) since 2008. Mr. Liu was previously an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鉭業股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000962) from 2005 to April 2011. Mr. Liu graduated from the School of Economics of Beijing Forestry University (北京林業大學經濟管理學院) in 1989 and is a PRC Certified Public Accountant.

Mr. Huanfei Guan (關浣非), aged 58, is an independent non-executive Director of our Company, chairman of the Remuneration Committee, a member of the Audit Committee and the Compliance Committee, and was appointed to our Board on August 28, 2014. He has been appointed as the chairman emeritus of Culturecom Holdings Limited (a company listed in Hong Kong, SEHK 0343) and the chairman of the board of directors of UCAN.COM Group Limited, a subsidiary of Culturecom Holdings Limited, since July 2013. Mr. Guan was an independent non-executive director of Silver Base Group Holdings Limited (a company listed in Hong Kong, SEHK 0886) for the period from March 2008 to January 2011. He was re-designated as an executive director and president of that company from January 2011 to December 2012. He has been engaged as a senior consultant of that company since January 2013. Mr. Guan has extensive experience in the finance and insurance industry in Hong Kong and the PRC. Mr. Guan served various senior managerial positions in the People's Insurance Company of China (Jilin Branch) (中國人民保險公司吉林省分公司), the business department of Hong Kong and Macao Regional Office of China Insurance Group (中國保險港澳管理處), Ming An Insurance Company (Hong Kong) Limited (香港民安保險有限公司) and China Pacific Insurance Co., (HK) Ltd. (中國太平洋保險(香港)有限公司). Mr. Guan also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee (風險資產管理委員會副主任委員), deputy chairman of credit asset management committee (信貸資產管理委員會副主任委員), chairman of loan verification committee (貸款審查委員會主任委員), deputy general manager of the Bank of Communications Hong Kong Branch, the director of Bank of Communications Trustee Limited (交通銀行信託有限公司), the chairman and chief executive of China BOCOM Insurance Co., Ltd. (中國交銀保險有限公司) and an executive director and general manager of BoCommLife Insurance Company Limited. Mr. Guan is also an economic and technical consultant of Jilin Provincial Government (吉林省人民政府經濟技術顧問). Mr. Guan obtained a doctor's degree in Economics in 2000 from Wuhan University and was a post-doctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002. Mr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has also been appointed as a part-time lecturer of professional degree of Fudan University since 2013.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (CONTINUED)

SENIOR MANAGEMENT

Xinghu Tao (陶星虎) is the president of our Company. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Chunlai Wang (王春來) is a vice president of our Company primarily in charge of NFCA. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Xingeng Luo (駱新耿) is a vice president of our Company primarily in charge of Luanshya. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Xinguo Yang (楊新國) is a vice president of our Company primarily in charge of CCS. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Kaishou Xie (謝開壽) is a vice president of our Company primarily in charge of SML. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Hong Han (韓紅), 43, is the chief financial officer of our Company. Ms. Han has over 16 years of experience in financial management. She joined CNMC in 1998 and has been the deputy supervisor of its Financial Department since 2003. In 2010, she was appointed as the financial and quality supervisor of phase I of the enterprise resource planning construction project of CNMC. Ms. Han received a bachelor's degree in auditing and a master's degree in accounting from Xi'an Jiaotong University (西安交通大學) in 1995 and 1998, respectively. Ms. Han has been a PRC Certified Public Accountant since 1996 and became a Senior Accountant in 2005. Ms. Han is a member of the Chinese Institute of Certified Public Accountants.

Aibin Hu (胡愛斌), 46, is the chief compliance officer and joint company secretary of our Company with over 20 years of experience in the mining industry. Mr. Hu joined Luanshya in November 2009 and served as the board secretary and assistant to the general manager of Luanshya. He served as the deputy manager of the Administrative Department of NFCA from January 2007 to October 2009. Mr. Hu served as the office secretary of Tongling Nonferrous Metals Group Holdings Co., Ltd. (安徽銅陵有色金屬集團控股公司) from June 2001 to October 2003 and was seconded to the reorganization group of the SASAC from November 2003 to December 2006. Mr. Hu graduated from Anhui Normal University (安徽師範大學) with a bachelor's degree in science in 1994 and received a Master of Business Administration degree from Beijing Jiaotong University (北京交通大學) on 2008. Mr. Hu is a qualified enterprise legal adviser in the PRC and a senior economist.

JOINT COMPANY SECRETARIES

Aibin Hu (胡愛斌), 46, is the joint company secretary and chief compliance officer of our Company. Please refer to the paragraph headed "Senior Management" above for his biographical background.

Tin Wai Lee (李天維), 40, was appointed as a joint secretary of the Company on 15 December 2013. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and has over 11 years of experience in auditing, taxation and company secretarial industries. He is also a partner of a local accounting firm.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. The Group had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules for the year ended 31 December 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code.

The Company had made specific enquiry to all the Directors and confirmed that all of them complied with the Model Code for the year ended 31 December 2014.

BOARD OF DIRECTORS

On 28 August 2014, Mr. Shuang Chen has resigned as an independent non-executive Director, member of the Audit Committee, chairman of the Remuneration Committee and member of the Compliance Committee due to other career pursuit which requires more of his attention. On the same day, Mr. Huanfei Guan has been appointed as an independent non-executive Director, member of the Audit Committee, chairman of the Remuneration Committee and member of the Compliance Committee.

As at 31 December 2014, the Board of the Company comprised five executive Directors, namely Mr. Xinghu Tao, Mr. Chunlai Wang, Mr. Xingeng Luo, Mr. Xinguo Yang and Mr. Kaishou Xie; one non-executive Director, namely Mr. Tao Luo; and three independent non-executive Directors, namely Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Huanfei Guan. Mr. Tao Luo is the chairman of the Board.

For the year ended 31 December 2014, all the members of the Board and Board Committees actively attended relevant meetings. The attendances at the meetings of the Board and its committees and the annual general meeting held in person or through other electronic means of communication are as follows:

	Number of meetings held for the year ended 31 December 2014					
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Compliance Committee	AGM
Mr. Tao Luo	4/4	2/2	2/2	1/1	2/2	1/1
Mr. Xinghu Tao	3/4	N/A	N/A	N/A	N/A	0/1
Mr. Chunlai Wang	3/4	N/A	N/A	N/A	N/A	1/1
Mr. Xingeng Luo	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Xinguo Yang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Kaishou Xie	3/4	N/A	N/A	N/A	N/A	0/1
Mr. Chuanyao Sun	3/4	N/A	2/2	1/1	2/2	1/1
Mr. Jingwei Liu	4/4	2/2	2/2	N/A	N/A	1/1
Mr. Shuang Chen (resigned on 28 August 2014)	3/4	2/2	N/A	1/1	1/1	1/1
Mr. Huanfei Guan (appointed on 28 August 2014)	2/2	0/0	N/A	0/0	1/1	0/0

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

The Board shall meet at least four times a year at approximately quarterly intervals. The Audit Committee shall meet not less than twice a year to review and discuss the interim and annual consolidated financial statements. The Compliance Committee shall meet at least two times a year to review the Company's internal control policies and corporate management. Both of the Nomination Committee and the Remuneration Committee shall meet at least once a year. In addition, the chairman of the Board shall meet with non-executive Directors (including independent non-executive Directors) without the attendance of executive Directors at least once a year. The Company was in compliance with all the requirements in respect of meetings of Board committee throughout the year of 2014.

The Board is responsible for leading, supervising and managing the Company. Its main duties include but are not limited to: (i) formulating and reviewing the corporate governance policies and practice of the Company; (ii) reviewing and inspecting trainings and continuing development of Directors and senior management; (iii) reviewing and monitoring relevant policies and rules of the Company in relation to compliance with laws and regulations; and (iv) reviewing the Company's compliance with Corporate Governance Code and the disclosure of relevant information in the Corporate Governance Report. The Board supervises the business, strategy and decision making as well as performance of the Group, in a bid to achieve sound growth momentum to improve shareholder value. Each Director executes his duties in good faith and make objective decisions in compliance with requirements of applicable laws and regulations. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transaction is entered into. Non-executive Directors and independent non-executive Directors actively participated in the meetings of the Board and its committees to exercise their independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct of the Company. All of the non-executive Directors and independent non-executive Directors made positive contributions to the strategy and policies of the Company's development through independent, constructive and informed comments. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee.

The Board also has a balance of skills and experience appropriate for the requirements of the Company's business and it ensures that changes to its composition can be managed without undue disruption. There is a sufficient number of non-executive Directors for their views to carry weight. As not less than one-third of the Board shall be made up of independent non-executive Directors, there is also a strong independent element on the Board, which facilitates the exercise of independent judgment by the Board. One of the independent non-executive Directors, Mr. Jingwei Liu, holds the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS *(CONTINUED)*

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

The directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the directors were arranged by the Company and its professional advisers.

During the year ended 31 December 2014, all the Directors (that is, Mr. Tao Luo , Mr. Xinghu Tao, Mr. Chunlai Wang, Mr. Xingeng Luo, Mr. Xinguo Yang, Mr. Kaishou Xie, Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Huanfei Guan) have taken continuous professional development trainings in order to refresh their knowledge and skills and have provided their records to the Company.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received written annual confirmation from each independent non-executive Director of his independence and considers that all independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

The Company has arranged appropriate insurance cover in respect of legal action against all the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman of the Board and chief executive of the Company are separate, with a clear division of responsibilities in writing. Mr. Tao Luo is the chairman of the Board while Mr. Xinghu Tao is the president of the Company. Mr. Luo, as the chairman of the Board, leads the Board and is responsible for ensuring that the Board works effectively and performs its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. The chairman of the Board promotes a culture of openness and discussion to facilitate the effective contribution of Directors (especially non-executive Directors and independent non-executive Directors) and ensure constructive relations between executive and non-executive Directors. Mr. Tao, as the president of the Company, is responsible for the management of our business operations.

APPOINTMENT AND RETIREMENT OF DIRECTORS

In accordance with the Article 102 of the Company's Articles of Association, at each annual general meeting, one-third of the directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring director shall be eligible for re-election. In compliance with this provision, Mr. Chunlai Wang, Mr. Chuanyao Sun and Mr. Jingwei Liu, being one-third of the directors, shall retire at the forthcoming annual general meeting. They are eligible for re-election and will offer themselves for re-election.

CORPORATE GOVERNANCE REPORT (CONTINUED)

APPOINTMENT AND RETIREMENT OF DIRECTORS *(CONTINUED)*

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Each of the executive Directors had signed a service agreement with the Company for an initial term of three years (subject to termination in certain circumstances as stipulated in the relevant service agreement). Each of the non-executive Directors (including three independent non-executive Directors) had signed a letter of appointment with the Company for an initial term of three years (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

Save as disclosed herein, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without the payment of compensation other than statutory compensation).

PRACTICES OF BOARD MEETINGS

Notices of regular Board meetings are given to all the Directors at least 14 days before the meetings. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable time in advance. Minutes of all Board meetings and committee meetings are kept by the joint company secretaries and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comments and records within a reasonable time after the Board meeting is held. Minutes of the meetings of the Board and Committees recorded sufficient details of the matters considered and decisions reached at relevant meetings, including any concerns raised by Directors or dissenting views expressed.

The Directors, upon reasonable request, will be provided with independent professional advice, at the Company's expenses, to assist them perform their duties. They may also have access to the senior management whenever necessary. Senior management would attend all regular Board meetings as and whenever necessary to report and advise the Board on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. All Directors are entitled to have access to Board papers and related materials. The Company shall provide prompt and full responses to queries raised by the Directors as soon as it possibly can.

Pursuant to the provision of the Company's Articles of Association, a Director shall not vote nor be counted in the quorum at the Board meeting on any resolution approving any contract or arrangement or concerning a matter in which he or any of his associate(s) has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises because of specified matters set out in the Articles.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference and the same has been published on the website of Hong Kong Stock Exchange. Each committee is delegated with authorities and duties within its terms of reference. The agenda of Board committees and relevant documents will be sent to all Directors at least three days before the intended date of relevant meetings. Each committee shall report to the Board according to its terms of reference.

AUDIT COMMITTEE

The Audit Committee consists of three members. On 28 August 2014, Mr. Shuang Chen has resigned as a member of Audit Committee. On the same day, Mr. Huanfei Guan has been appointed as a member of Audit Committee. As at 31 December 2014, the Audit Committee members are Mr. Jingwei Liu, Mr. Tao Luo and Mr. Huanfei Guan. The chairman of the Audit Committee is Mr. Jingwei Liu, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include but are not limited to being in charge of matters related to external auditors, assisting the Board by providing an independent view of the effectiveness of the financial process, internal control and risk management system of the Group, overseeing the audit process, reviewing the financial information of the Company and performing other duties and responsibilities assigned by the Board.

The Company's and the Group's financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made.

For the period under review, the Audit Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Jingwei Liu	2/2
Mr. Tao Luo	2/2
Mr. Huanfei Guan (appointed on 28 August 2014)	0/0
Mr. Shuang Chen (resigned on 28 August 2014)	2/2

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION COMMITTEE

The Nomination Committee consists of three members, comprising Mr. Chuanyao Sun, Mr. Tao Luo and Mr. Jingwei Liu. The chairman of the Nomination Committee is Mr. Chuangyao Sun. The Company has adopted the board diversity policy on 30 August 2013. The primary functions of the Nomination Committee include but are not limited to reviewing the structure, size, diversity (including but not limited to gender, age, culture and educational background) and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. Therefore, on 28 August 2014, the Board, after taking into account the diversity policy, appointed Mr. Huanfei Guan as an independent non-executive Director. As Mr. Guan has extensive experience in the finance industry, his knowledge and experience will broaden the horizon of the Board and benefit the development of the Company. The Nomination Committee is authorised by the Directors to obtain advices from external counsels or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when it is needed. The Nomination Committee will be provided adequate resources to perform its duties.

The Nomination Committee of the Company has fulfilled the primary duties mentioned above. The Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming annual general meeting and was pleased to recommend the re-election of all the three eligible Directors to the Board.

For the period under review, the Nomination Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Chuanyao Sun	2/2
Mr. Tao Luo	2/2
Mr. Jingwei Liu	2/2

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION COMMITTEE

The Remuneration Committee consists of three members. On 28 August 2014, Mr. Shuang Chen has resigned as the chairman of Remuneration Committee. On the same day, Mr. Huanfei Guan has been appointed as the chairman of Remuneration Committee. As at 31 December 2014, the Remuneration Committee members are, Mr. Huanfei Guan and Mr. Chuanyao Sun, being independent non-executive Directors, and Mr. Tao Luo, being a non-executive Director. The Remuneration Committee is chaired by Mr. Huanfei Guan, an independent non-executive Director. The primary duties of the Remuneration Committee include, but not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of the Directors (including executive Directors) and senior management and on the establishment of a formal and transparent procedure for development policy on such remuneration; (ii) determining the specific remuneration packages of all the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee is authorised by the Directors to obtain advices from external counsels or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when it is needed. The Remuneration Committee will be provided adequate resources to perform its duties.

The remuneration payable to each of the directors is determined by the Remuneration Committee with reference to his contribution of time, effort and expertise on the Company's matters.

The Remuneration Committee of the Company has performed the primary duties mentioned above.

For the remuneration of the Director for the year ended 31 December 2014, please refer to note 12 to the audited consolidated financial statements of this annual report.

Please see below for the remuneration of the senior management of the Company by band for the year ended 31 December 2014:

	Number of senior management
HK$300,001 to HK$500,000	3
HK$500,001 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	2

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION COMMITTEE *(CONTINUED)*

For the period under review, the Remuneration Committee held one meeting and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Huanfei Guan (appointed on 28 August 2014)	0/0
Mr. Shuang Chen (resigned on 28 August 2014)	1/1
Mr. Tao Luo	1/1
Mr. Chuanyao Sun	1/1

COMPLIANCE COMMITTEE

The Compliance Committee consists of three members. On 28 August 2014, Mr. Shuang Chen has resigned as a member of the Compliance Committee. On the same day, Mr. Huanfei Guan has been appointed as a member of the Compliance Committee. As at 31 December 2014, the Compliance Committee members are Mr. Tao Luo, Mr. Huanfei Guan and Mr. Chuanyao Sun. The chairman of the Compliance Committee is Mr. Tao Luo. The primary functions of the Compliance Committee include, without limitation, overseeing and monitoring the compliance status of our business and operations based on the applicable legal and regulatory requirements as well as our own internal control policies and procedures; reviewing regular and special reports submitted by the compliance principal in each subsidiary and requiring such compliance principals to prepare specific reports dealing with particular internal control or compliance issues for review; holding regular meeting to discuss, investigate and make plans for the legal and compliance matters; formulating and reviewing our policies and practice on corporate government and making recommendations to the Board; and reviewing our compliance with Corporate Governance Code set out in the Listing Rules and disclosure in the Corporate Governance Report section of our consolidated financial statements.

The Compliance Committee of the Company has performed the primary duties mentioned above.

For the period under review, the Compliance Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Tao Luo	2/2
Mr. Huanfei Guan (appointed on 28 August 2014)	1/1
Mr. Shuang Chen (resigned on 28 August 2014)	1/1
Mr. Chuanyao Sun	2/2

CORPORATE GOVERNANCE REPORT (CONTINUED)

INDEPENDENT AUDITOR

The Group's independent external auditor is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte is responsible for presenting independent opinions on the consolidated financial statements of the Group and the Company in accordance with the results of their auditing work, and reporting to the Shareholders of the Company on the same. Apart from the statutory audit and the annual consolidated financial statement, Deloitte was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2014 and to provide service on the review of continuing connected transactions.

The remuneration paid to Deloitte in respect of audit services and other non-auditing services (that is, review of the interim consolidated financial statements of the Group) for the year ended 31 December 2014 amounted to US$466,000 (RMB2,880,000) and US$181,000 (RMB1,120,000) respectively.

COMPANY SECRETARIES

Mr. Aibin Hu and Mr. Tin Wai Lee are the joint company secretaries of the Company.

Mr. Lee's primary corporate contact person at the Company is Mr. Aibin Hu. The joint company secretaries have taken no less than 15 hours of relevant professional training during the year. Joint secretaries of the Company shall report to chairman of the Board and/or chief executive.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group, which were prepared in accordance with statutory requirements and applicable accounting standards. The management has provided detailed explanation and information to the Board, which will enable the Board to make informed assessment on the financial and other information put before the Board for approval. Updated information has been provided by the management to members of the Board on a monthly basis, containing fair and understandable assessment on performance, financial condition and prospect of the Company.

The auditor's report for the consolidated financial statements for the year ended 31 December 2014 is set out on pages 73 to 74 of this annual report.

INTERNAL CONTROL

The Group dedicates to maintain and establish quality corporate governance. Pursuant to code provisions of the Corporate Governance Code set out in Appendix 14 of Listing Rules, the Basic Standards, the Guidelines for Evaluation as well as other requirements under relevant laws and regulations, the Group has conducted self-evaluation on the effectiveness of internal control in respect of design and operation as at the base date. As at 31 December 2014, the internal control for businesses and matters involved in evaluation was established and operated effectively. Thus the internal control objective of the Company was achieved and the internal control of the Company was sound and effective.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL *(CONTINUED)*

The Board recognises its responsibility for maintaining an adequate and sound internal control system and makes appraisal of effectiveness of internal control on regular basis. Through the Audit Committee, the Compliance Committee and an external firm of qualified accountants providing internal control services, the Board conducts reviews on the effectiveness of these systems at least annually, covering all material controls, including financial, operational and compliance controls, and risk management functions. In addition, the review also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

We noticed that the internal control shall be in line with certain benchmarks such as the operation size, business scope, competition situation and risk level, and adjusted in a timely manner based on the changes in conditions. During the year, we refined the post setup of corporate general counsel and the legal and compliance matters department subsidiaries' level to further improve the management system of compliance and internal control. To be in line with the changes in the Listing Rules and cater for the needs for business development, we supplemented and improved three regulations including the Rules of Procedure of the General Meeting, the Board of Directors and the President Office of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司股東大會、董事會暨總裁辦公會議事規則》), the Administrative Rules of the General Meetings and Board of Directors of Investees of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司出資企業股東會董事會管理規則》), Management Measures for Approval Procedures and Authorities for Financial Income and Expenditures of Headquarters of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司本部財務收支審批程序和權限管理辦法》), established Guidance for Law Compliance Review of Rules and Regulations, Economic Contracts and Important Decisions《中國有色礦業有限公司規章制度、經濟合同與重要決策法律審核工作指引》; we also engaged a third party advisor to assist the Group and its subsidiaries to establish the Manual for Internal Control Management, and made continuous efforts to streamline and document rules and regulations. These regulations laid a necessary foundation for further improving the governance structure and enhancing the governance standards of the Company. The Company invited Davis Polk & Wardwell to provide special trainings on obligations on performing Directors' duties and connected transactions to all the Directors, senior management and compliance personnel. The Company also assigned staff to participate in trainings organised by Hong Kong Stock Exchange and the HKICS in relation to the updates of Listing Rules, organised compliance personnel to attend the trainings of corporate legal counsel and the examination thereof, and supported professional staff such as corporate finance personnel to take part in continuing education trainings. Reports of litigations, connected transactions and internal control system were presented at the end of each month while necessary investigation and examination were conducted to secure the effective operation of internal control system. In the future, members of the Group will continue to enhance internal management, improve internal control and strengthen executive capability, so as to facilitate the implementation of our strategy.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group emphasises the importance of maintaining good communication with the Shareholders and investors, so as to increase the Group's transparency and facilitate the performance of undertaking by the Shareholders. The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. The chairman of the Board will attend and invite the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend the annual general meetings. The members of the Board are pleased to answer Shareholders' questions. To foster two-way communication amongst the Group, its Shareholders and potential investors, the Group has assigned personnel in respect of investor relations to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he may put forth his enquiry in writing to the investor relations personnel who will handle the same accordingly. The Group is also willing to maintain communication with shareholders and investors on a continuous basis through individual and group meetings. In addition, the Group is committed to maximising the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

An annual general meeting and any extraordinary general meetings at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days. All other extraordinary general meetings may be called by notice of not less than fourteen (14) clear days or of shorter period pursuant to provisions of articles of association of the Company. In addition, in accordance with the provisions of the Company's Articles of Associations, an extraordinary general meeting may be convened on requisition as provided by the Companies Ordinance. According to the Companies Ordinance, the Directors are required to call a general meeting if the Company has received requests to do so from Shareholders of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings. Such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting. The Directors also have a duty to circulate a resolution proposed as a written resolution by a Shareholder (together with any statement of not more than 1,000 words on the subject of the resolution proposed by the Shareholder) if the Company has received such requests from the Shareholders of the Company representing not less than 5% of the total voting rights of all the Shareholders entitled to vote on the resolution.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange after the relevant shareholders' meeting.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INVESTOR RELATIONS

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the reporting period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. One of the joint company secretaries, Mr. Aibin Hu, together with the manager of general affairs department, Mr. Shuai Hao are responsible for the investor relations of the Group with the full support from the Board and the senior management. Mr. Hu can be contacted by email at huab@cnmc.com.cn, by telephone at +86 10 8442 6886 and by fax at +86 10 8442 6376. Mr. Hao can be contacted by email at haos@cnmc.com.cn and by telephone at +86 10 8442 6232. During the reporting period, the Group actively participated in various investor relations activities and provided on-time information to investors through its company website.

CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

The Group published interim and annual results and disclosed discloseable inside information promptly in strict compliance with guidelines of Securities and Futures Commission and Hong Kong Stock Exchange, to provide financial performance, operating strategies and future prospects of the Company to the public in an accurate and effective manner.

The Group maintained a close relationship with certain institutions including professional media and investment banks, in a view to learn about the market recognition and expectation to the Group through various channels such as media and analysts. In the meantime, the Group provided updates to the public in a bid to increase the Group's publicity.

The Company's website is considered to be one of the quickest means to communicate with investors. Through on-going information dissemination, the Group's website www.cnmcl.net serves as a platform to communicate with the public. The Group regularly updates the website contents, disseminates the latest updates, so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responds to different enquiries made by the Shareholders, investors, analysts and media by means of email, facsimile and telephone. The Group also published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

Chambishi Leaching Office area in Lubumbashi in DRC

CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to the tenet of "delivering returns to shareholders, employees and the society through corporate development". In 2014, subsidiaries of the Group strived to achieve development and obtain economic benefits in compliance with relevant laws and regulations in host countries concerning safety and environmental protection. Meanwhile, it spared no efforts in fulfilling its corporate social responsibility in respect of production safety, environment protection, spearheading local economic development, employment provision and local public welfare undertakings.

The Group always adheres to the safe production principle of "safety first, prevention foremost", and firmly embeds the safe production concept of "respect for life, prevention first". The standards for safe production management has been improved year by year through the implementation of an accountability mechanism of the entities responsible for safe production, confirmation of the scope of safe production responsibility, enhancement of education on safe production and risk prevention and control, development of overall safety inspection and hidden danger investigation and governance, constant improvement and optimisation of the contingency plan and reinforcement of emergency rescue team building in 2014. Throughout 2014, the Group maintained stable performance in safe production.

The Group has attached great importance to the harmonious relationship between enterprise development and the natural environment, community and residents. The Group endeavours to promote the establishment of an environmental management system, pays attention to using environmental-friendly equipment and advanced technology for production, fully implements energy conservation and emission reduction in the process of production by optimising resource management, and strives to achieve a win-win situation of environmental protection and resource development. In 2014, NFCA supported and made donation to World Environment Day Committee and Green Environment Watch Organization, and proactively participated in the environmental protection campaigns for communities organized by such two organizations.

Along with its self-development, the Group follows the "win-win" concept of cooperation, actively cultivates the local market, supports local enterprises and contributes to the local economy and social development and progress in the place where its operations are located through the creation of taxes, provision of jobs and development of related industries.

The Group has the utmost respect of a "people-oriented" corporate governance concept and promotes an equal and normative labor policy. We fully respect the cultural background of local staff, protect their legitimate rights and interests and endeavour to improve the working and living conditions of our staff. Meanwhile, we provide quality environment for their growth by carrying out comprehensive and multi-level trainings for our employees, so as to achieve a joint development of employees and enterprise.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

In 2014, the Group actively participated in local social welfare undertakings in Zambia through monetary funding, physical assets, constructions and other means. It supported urban and community construction, donated books, food and medical supplies, made donation to the construction of schools, sponsored local cultural and physical educational undertakings. In particular, a mine hospital of Luanshya cooperated with local hygiene departments to actively carry out prevention and control of tropical epidemics, infectious diseases and endemic diseases, and participated in the prevention and control of the Ebola epidemic, including sterilizing the communities and providing publicity materials on prevention of the Ebola epidemic, which were highly appreciated by the local government and residents thus further establishing a positive image as a role model for the Sino-Zambian economic cooperation.

Grader (engineering vehicles) and construction fences donated by NFCA to the local city hall

Voluntary Chinese teaching in Luanshya trust school

Donation of food to the infants of the locals area by Luanshya

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulfuric acid. There has been no significant change in the Group's principal activities for the year ended 31 December 2014.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Hong Kong Stock Exchange on 29 June 2012. Net proceeds from the Global Offering have been and will continue to be used by the Group for the operations in Zambia, such as exploration and development of mines, construction of smelting plants, repayment of bank loans and replenishment of working capital, which are in compliance with the intended use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

According to the intended usages as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the application of such proceeds as at 31 December 2014 was as follow:

	Net Proceeds *(US$'000)*		
Items	**Available**	**Utilised**	**Unutilised**
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	—
Expansion of the Chambishi Copper Smelter	48,000	48,000	—
The Muliashi Project	12,000	12,000	—
Development of the Mwambashi Project	12,000	12,000	—
Acquisitions of companies with existing exploration rights and additional mining assets	37,000	—	37,000
Repayment of certain existing loans	36,000	36,000	—
Working capital and other general corporate purposes	30,770	23,884	6,866
Total	247,770	203,884	43,886

RESULTS

The Group's operating results for the year ended 31 December 2014 and the financial position of the Group as at 31 December 2014 are set out on pages 75 to 168 in the audited consolidated financial statements contained in this annual report.

REPORT OF THE DIRECTORS (CONTINUED)

DIVIDENDS

The Board has recommended the payment of final dividend of US$0.283 cent per share for the year ended 31 December 2014.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group and the Prospectus, is set out on page 169 in this annual report.

BANK AND OTHER BORROWINGS

Details of bank borrowings of the Group during the year ended 31 December 2014 are set out in note 25 to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Company during the year ended 31 December 2014 amounted to US$5,000.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 15 to the consolidated financial statements.

As at 31 December 2014, the Group did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) exceed 5%.

RESERVES

Details of change in the reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company had distributable reserves amounting to US$183,228,000.

SHARE CAPITAL

Details of the changes in share capital of the Company during the year ended 31 December 2014 is set out in note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the year ended 31 December 2014.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, sales to the Group's five largest customers accounted for 92.8% of the Group's total sales, and sales to its largest customer, being the Retained Group, accounted for 58.6% of the Group's total sales. The second largest customer, namely Yunnan Copper Group, is a Substantial Shareholder of CCS.

During the year ended 31 December 2014, purchases from the Group's five largest suppliers in aggregate accounted for approximately 61.7% of the total purchases and purchases from the largest supplier accounted for approximately 25.8% of total purchases. The fourth largest supplier, Fifteen MCC Africa, is fellow subsidiary of CNMC, the ultimate Controlling Shareholder of the Company.

Save as disclosed above, none of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

CONTRACT OF SIGNIFICANCE

Save as disclosed in "Connected Transactions", no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries during the year ended 31 December 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2014.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The Directors of the Company during the year were as follows:

Non-Executive Director
Mr. Tao Luo

Executive Directors
Mr. Xinghu Tao
Mr. Chunlai Wang
Mr. Xingeng Luo
Mr. Xinguo Yang
Mr. Kaishou Xie

Independent Non-Executive Directors
Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan (appointed on 28 August 2014)
Mr. Shuang Chen (resigned on 28 August 2014)

In accordance with the Company's Articles of Association, at each annual general meeting, one-third of the directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. A vacancy of the Board created by the removal of a Director may be filled by the election or appointment by the shareholders at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment, shareholders may authorise the Board at such general meeting to fill any vacancy in the number left unfilled. In compliance with the provisions of the Articles, Mr. Chunlai Wang, Mr. Chuanyao Sun and Mr. Jingwei Liu shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received annual confirmation of independence from the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out on page 42 to page 46 in this annual report.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had an interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2014.

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors of the company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group throughout the year ended 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares of the Company granted to any Director or their respective spouse or minor children; or were any such rights exercised by them or was the Company, or any of its subsidiaries a party to any arrangement to enable those persons to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests or short positions which fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as stipulated in the Listing Rules.

REPORT OF THE DIRECTORS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2014, so far as it is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Section 336 of the SFO:

Substantial Shareholder	Capacity/Nature of interest	Long/short position	Number of shares	Approximate percentage of shareholdings
CNMD *(Note)*	Registered owner	Long position	2,600,000,000	74.52%
CNMC	Interest in a controlled corporation	Long position	2,600,000,000	74.52%

Note: CNMD is a wholly-owned subsidiary of CNMC and therefore, by virtue of the SFO, CNMC is deemed or taken to be interested in all the Shares which are owned by CNMD.

As at 31 December 2014, each of the following entities were directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of our Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
NFCA	ZCCM-IH	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Group	40%
SML	China Hainan Sino-Africa Mining Investment Ltd.* （海南中非礦業投資有限公司）	30%
Huachin Leach	Huachin SPRL	37.5%
Kakoso Company	Shenzen Resources Limited	12%
CNMC Huachin Mabende	Huachin SPRL	40%

Save as disclosed above, as at 31 December 2014, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

REPORT OF THE DIRECTORS (CONTINUED)

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 38 to the consolidated financial statements.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme.

CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group had the following continuing connected transactions subject to reporting and announcement requirements but exempt from the independent Shareholders' approval requirements:

1. CNMC Copper Supply Framework Agreement

On 14 May 2012, the Company entered into the CNMC Copper Supply Framework Agreement with CNMC pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to the Retained Group. Details of the CNMC Copper Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2014, the revenue from the sale of copper products to the Retained Group amounted to US$1,148,709,000.

CNMC held 100% and 74.52% of the Company's issued share capital before and after the Listing, respectively. The Retained Group consists of CNMC and its subsidiaries, excluding the Group. Both CNMC and the Retained Group constitute connected persons of the Company under the Listing Rules.

2. Yunnan Copper Supply Framework Agreement

On 14 May 2012, the Company entered into the Yunnan Copper Supply Framework Agreement with Yunnan Copper Group pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products to Yunnan Copper Group and its subsidiaries. Details of the Yunnan Copper Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2014, the revenue from the sale of copper products to Yunnan Copper Group and its subsidiaries amounted to US$432,108,000.

Yunnan Copper Group is a Substantial Shareholder of CCS holding 40% of the issued share capital of CCS. Yunnan Copper Group and its subsidiaries constitute connected persons of the Company under the Listing Rules.

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(CONTINUED)*

3. Huachin Ore Supply Framework Agreement

On 14 May 2012, the Company entered into the Huachin Ore Supply Framework Agreement with Huachin Minerals pursuant to which the Company agreed to purchase, or procure its subsidiaries to purchase, ores mined by Huachin Minerals. Details of the Huachin Ore Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2014, the Group purchased ores amounting to US$9,885,000 from Huachin Minerals.

Huachin Minerals is 70% owned by Mr. Ng Siu Kam, who holds the entire interest in Huachin SPRL. Huachin SPRL holds 37.5% of Huachin Leach, one of the Company's subsidiaries. Huachin Minerals constitutes a connected person of the Company under the Listing Rules.

4. Mutual Supply Framework Agreement

On 14 May 2012, the Company entered into the Mutual Supply Framework Agreement with CNMC pursuant to which both parties agreed to provide, or procure their respective subsidiaries to provide certain raw materials, products and services to each other, and CNMC agreed to provide, or procure its subsidiaries to provide transportation and logistics services to the Group. Details of the Mutual Supply Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2014, the amount paid by the Group for the provision of raw materials, products and services provided by the Retained Group amounted to US$134,307,000; and the revenue from the provision of raw materials, products and services to the Retained Group amounted to US$1,736,000.

5. Properties Leasing Framework Agreement

On 14 May 2012, the Company entered into the Properties Leasing Framework Agreement with CNMC pursuant to which CNMC agreed to lease certain buildings and properties to the Group for general business and ancillary purposes. Details of the Properties Leasing Framework Agreement were disclosed in the section headed "Connected Transactions" in the Prospectus. During the year ended 31 December 2014, the rentals paid to the Retained Group amounted to US$6,393,000.

6. Guarantees from CNMC

During the year ended 31 December 2014, CNMC continued to guarantee one external borrowings of the Group provided by third party independent financial institutions which involved the Group providing security deposit.

As at 31 December 2014, the outstanding amounts of the secured loans taken out by Luanshya with China Construction Bank, Johannesburg Branch amounted to US$100,000,000.

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(CONTINUED)*

7. Guarantee fees to CNMC

During the year ended 31 December 2014, the Group had reimbursed CNMC certain guarantee fees in respect of certain guarantee provided by CNMC.

The Group had procured the following loans guaranteed by CNMC which involved the Group paying guarantee fees to CNMC:

- On 13 September 2012, Luanshya entered into a loan contract with Industrial and Commercial Bank of China (Europe) S.A. in respect of a fixed term loan for 1,093 days in the amount of US$60,000,000 for working capital. This loan involved the Industrial and Commercial Bank of China Limited, Beijing Branch issuing a legal and valid letter of credit or guarantee to Industrial and Commercial Bank of China (Europe) S.A.. Industrial and Commercial Bank of China Limited, Beijing Branch charged CNMC guarantee fees at a rate of 0.2875% per quarter of the guaranteed amount in respect of the guarantee it issued to Industrial and Commercial Bank of China (Europe) S.A.. Pursuant to a guarantee contract dated 5 September 2012 between Luanshya and CNMC, Luanshya had agreed to reimburse CNMC for any guarantee fees it paid to Industrial and Commercial Bank of China Limited, Beijing Branch in this connection.

- On 14 November 2012, CCS obtained a term loan facility of US$70,000,000 for general corporate purposes from China Construction Bank, Johannesburg Branch which was guaranteed by CNMC. The facility is repayable in full on or before 12 October 2015. The facility involved China Construction Bank Corporation, Beijing Branch issuing a guarantee or letter of credit for an amount of US$70,000,000 to China Construction Bank, Johannesburg Branch and CCS providing a security deposit of US$2,000,000. China Construction Bank, Beijing Branch charged CNMC guarantee fees calculated at 1.4% per annum of the guaranteed amount in respect of the guarantee it issued to China Construction Bank, Johannesburg Branch. Pursuant to a guarantee contract dated 26 September 2012 between CCS and CNMC, CCS had agreed to reimburse CNMC for any guarantee fees it paid to China Construction Bank, Beijing Branch in this connection.

- On 13 December 2012, Luanshya entered into a loan contract with Industrial and Commercial Bank of China (Europe) S.A. in respect of a fixed term loan for 1,095 days in the amount of US$45,000,000 for working capital. This loan involved the Industrial and Commercial Bank of China Limited, Beijing Branch issuing a legal and valid letter of credit or guarantee to Industrial and Commercial Bank of China (Europe) S.A.. Industrial and Commercial Bank of China Limited, Beijing Branch charged CNMC guarantee fees at a rate of 0.275% per quarter of the guaranteed amount in respect of the guarantee it issued to Industrial and Commercial Bank of China (Europe) S.A.. Pursuant to a guarantee contract dated 3 December 2012 between Luanshya and CNMC, Luanshya had agreed to reimburse CNMC for any guarantee fees it paid to Industrial and Commercial Bank of China Limited, Beijing Branch in this connection.

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(CONTINUED)*

7. Guarantee fees to CNMC *(Continued)*

Guarantee Fee Framework Agreement

On 7 March 2013, the Company entered into the Guarantee Fee Framework Agreement with CNMC pursuant to which the subsidiaries of the Company will reimburse CNMC for any guarantee fees that it pays to third party financial institutions for the unconditional irrevocable letters of guarantee to be issued. The details of the Guarantee Framework Agreement had been disclosed in the announcement dated 7 March 2013 published by the Company. During the year ended 31 December 2014, the aggregate amount of guarantee fees paid by the Group to CNMC amounted to US$2,988,000.

For related party transactions disclosed in note 37 to the consolidated financial statements which constituted connected transactions under the Listing Rules, the Company has complied with all the relevant disclosure requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transactions of the Group and have confirmed that these transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor has been engaged to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its letter containing its findings and conclusions, in respect of the above-mentioned continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules.

In respect of the continuing connected transactions disclosed (the "Disclosed Continuing Connected Transactions"), the Company's auditor confirmed that:

a. nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(CONTINUED)*

c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the letter, nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have exceeded the maximum aggregate annual value disclosed in the prospectus of the Company dated 20 June 2012 and the previous announcement dated 7 March 2013 made by the Company in respect of each of the Disclosed Continuing Connected Transactions.

A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

On 18 November 2014, the Company entered into new framework agreements for the renewal of the aforesaid connected transactions. Such new framework agreements are for a term of three years from 1 January 2015 to 31 December 2017. For those continuing connected transactions requiring shareholders' approval, approval has been obtained from independent shareholders at an extraordinary general meeting held on 29 December 2014. For details, please refer to the announcement and circular of the Company dated 18 November 2014 and 8 December 2014, respectively.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the compliance by CNMC and its associates with the Non-Competition Undertaking under the Deed of Non-Competition Undertaking, including whether to pursue any business opportunities which may be referred or offered to the Company by the Retained Group. The Company has received an annual confirmation from CNMC in respect of its compliance with the Non-Competition Undertaking. The independent non-executive Directors of the Company have reviewed the status of compliance of the Non-Competition Undertaking for the year ended 31 December 2014 and confirmed that all the undertakings under the Deed of Non-Competition Undertaking have been complied with by CNMC.

REPORT OF THE DIRECTORS (CONTINUED)

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

The Group had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the period from the Listing Date to 31 December 2014.

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as at the date of this annual report.

AUDIT COMMITTEE

The Group's audited consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee, who were of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

AUDITOR

A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company is to be submitted at the forthcoming annual general meeting.

On Behalf of the Board of Directors
Tao LUO
Chairman

25 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 168, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance"), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITY *(CONTINUED)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** **US$'000**	2013 US$'000
Revenue	5, 6	**1,941,973**	1,744,023
Cost of sales		**(1,639,386)**	(1,469,766)
Gross profit		**302,587**	274,257
Other income	7	**13,863**	10,333
Distribution and selling expenses	5	**(9,091)**	(42,578)
Administrative expenses		**(59,506)**	(51,634)
Finance costs	8	**(18,415)**	(10,635)
Gain (loss) arising on change in fair value of derivatives	26	**3,863**	(300)
Other losses	9	**(63,808)**	(3,264)
Profit before tax		**169,493**	176,179
Income tax credit (expense)	10	**60,150**	(48,819)
Profit and total comprehensive income for the year	6, 11	**229,643**	127,360
Profit and total comprehensive income attributable to:			
Owners of the Company		**146,821**	67,257
Non-controlling interests		**82,822**	60,103
		229,643	127,360
Earnings per share	14		
— Basic *(US cents per share)*		**4.21**	1.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	Notes	**2014** **US$'000**	2013 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,208,297**	1,185,068
Interest in an associate	16	**2,143**	2,143
Restricted bank balances	22	**7,980**	12,137
Other assets	21	**20,359**	12,870
Finance lease receivables	18	**7,281**	16,645
		1,246,060	1,228,863
CURRENT ASSETS			
Inventories	19	**313,660**	370,175
Finance lease receivables	18	**10,335**	10,335
Trade receivables	20	**183,483**	143,386
Prepayments and other receivables	21	**210,489**	148,332
Available-for-sale investments	17	**—**	6,397
Derivatives, at fair value	26	**780**	—
Restricted bank balances	22	**8,773**	4,573
Bank balances and cash	22	**502,562**	415,135
		1,230,082	1,098,333
CURRENT LIABILITIES			
Trade payables	23	**164,190**	239,445
Other payables and accrued expenses	24	**78,721**	101,256
Income tax payable		**16,796**	31,356
Bank and other borrowings			
— due within one year	25	**330,000**	61,000
Derivatives, at fair value	26	**—**	614
Bank overdrafts, unsecured		**1,417**	—
		591,124	433,671
NET CURRENT ASSETS		**638,958**	664,662
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,885,018**	1,893,525

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2014

	Notes	2014 US$'000	2013 US$'000
CAPITAL AND RESERVES			
Share capital	27	**613,233**	447,901
Share premium		**—**	165,332
Retained profits		**309,358**	169,516
Equity attributable to owners of the Company		**922,591**	782,749
Non-controlling interests		**200,263**	137,441
TOTAL EQUITY		**1,122,854**	920,190
NON-CURRENT LIABILITIES			
Bank and other borrowings			
— due after one year	25	**674,955**	817,955
Deferred income	28	**24,629**	21,752
Provision for restoration, rehabilitation and environmental costs	29	**20,831**	20,043
Deferred tax liabilities	30	**41,749**	113,585
		762,164	973,335
		1,885,018	1,893,525

The consolidated financial statements on pages 75 to 168 were approved and authorised for issue by the Board of Directors on 25 March 2015 and are signed on its behalf by:

Tao Luo
DIRECTOR

Xinghu Tao
DIRECTOR

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AT 31 DECEMBER 2014

	Notes	2014 US$'000	2013 US$'000
NON-CURRENT ASSETS			
Equipment	15	**29**	27
Investment in a subsidiary	31	**315,859**	315,859
Receivable from a subsidiary	32	**76,728**	68,728
Loans to subsidiaries	32	**371,443**	341,443
		764,059	726,057
CURRENT ASSETS			
Other receivables		**19**	475
Loans to a subsidiary	32	**50,000**	—
Due from subsidiaries	32	**11,369**	10,559
Bank balances and cash	22	**120,902**	113,713
		182,290	124,747
CURRENT LIABILITIES			
Due to a subsidiary	32	**—**	14,988
Accrued expenses	24	**888**	1,376
Bank borrowings			
— due within one year	25	**55,000**	50,000
		55,888	66,364
NET CURRENT ASSETS		**126,402**	58,383
TOTAL ASSETS LESS CURRENT LIABILITIES		**890,461**	784,440
CAPITAL AND RESERVES			
Share capital	27	**613,233**	447,901
Share premium	40	**—**	165,332
Retained profits	40	**183,228**	121,207
TOTAL EQUITY		**796,461**	734,440
NON-CURRENT LIABILITIES			
Bank borrowings			
— due after one year	25	**94,000**	50,000
		890,461	784,440

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Equity attributable to owners of the Company					
	Share capital	**Share premium**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2013	447,901	165,332	102,259	715,492	135,546	851,038
Profit and total comprehensive income for the year	—	—	67,257	67,257	60,103	127,360
Capital contribution by a non-controlling shareholder of a subsidiary	—	—	—	—	3,600	3,600
Dividend declared by subsidiaries	—	—	—	—	(61,808)	(61,808)
Balance at 31 December 2013	447,901	165,332	169,516	782,749	137,441	920,190
Profit and total comprehensive income for the year	—	—	146,821	146,821	82,822	229,643
Transfer from share premium upon abolition of par value	165,332	(165,332)	—	—	—	—
Dividend declared by a subsidiary	—	—	—	—	(20,000)	(20,000)
Dividend declared	—	—	(6,979)	(6,979)	—	(6,979)
Balance at 31 December 2014	613,233	—	309,358	922,591	200,263	1,122,854

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	US$'000	*US$'000*
OPERATING ACTIVITIES		
Profit before tax	**169,493**	176,179
Adjustments for:		
Loss on impairment of mining assets	**40,000**	—
Depreciation of property, plant and equipment	**114,140**	88,676
Deferred income recognised	**(7,674)**	(4,594)
Interest income	**(3,455)**	(1,394)
Finance income arising from finance leases with a fellow subsidiary	**(801)**	(1,154)
(Gain) Loss arising on change in fair value of derivatives	**(3,863)**	300
Loss on disposal of property, plant and equipment, net	**42**	533
Finance costs	**18,415**	10,635
Operating cash flows before movements in working capital	**326,297**	269,181
Decrease (Increase) in inventories	**56,515**	(39,760)
Increase in trade and other receivables and prepayments	**(87,383)**	(106,933)
(Decrease) increase in trade and other payables and accrued expenses	**(47,400)**	15,801
Cash generated from operations	**248,029**	138,289
Income tax paid	**(26,244)**	(2,133)
NET CASH FROM OPERATING ACTIVITIES	**221,785**	136,156
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**—**	(6,397)
Proceeds from redemption of available-for-sale investments	**6,397**	—
Purchase of property, plant and equipment	**(190,848)**	(267,339)
Placement of restricted bank balances	**(43)**	(2,301)
Repayment of finance lease receivables from a fellow subsidiary	**9,364**	8,828
Interest received	**3,455**	1,394
Finance income earned under finance leases to a fellow subsidiary received	**801**	1,154
Receipts of government grants	**—**	5,403
Proceeds from disposal of property, plant and equipment	**2,689**	455
NET CASH USED IN INVESTING ACTIVITIES	**(168,185)**	(258,803)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	US$'000	*US$'000*
FINANCING ACTIVITIES		
Capital contribution by a non-controlling shareholder of a subsidiary	**—**	3,600
New bank and other borrowings raised	**203,000**	300,505
Repayment of bank and other borrowings	**(77,000)**	(11,000)
Dividends paid to shareholders	**(6,979)**	—
Dividends paid to non-controlling shareholders of subsidiaries	**(64,958)**	—
Interest paid	**(21,601)**	(15,573)
NET CASH FROM FINANCING ACTIVITIES	**32,462**	277,532
NET INCREASE IN CASH AND CASH EQUIVALENTS	**86,062**	154,885
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**415,135**	264,723
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(52)**	(4,473)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		
Represented by:		
Bank balances and cash	**502,562**	415,135
Bank overdrafts	**(1,417)**	—
	501,145	415,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. In the opinion of the directors (the "Directors"), the Company's parent and ultimate holding company are China Nonferrous Mining Development Limited, incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC"), which is wholly owned by State-owned Assets Supervision and Administration Commission of the State Council and is established in the People's Republic of China (the "PRC"), respectively. The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal place of business is located at 32 Enos Chomba Road, Kitwe, The Republic of Zambia ("Zambia").

The principal activity of the Company is investment holding. The Group's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper, sulfuric acid and bismuth. The activities of the subsidiaries of the Company are set out in the note 31.

The consolidated financial statements are presented in United States dollar ("US$"), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied, for the first time, an interpretation and certain amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Group and the Company have applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible asset with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new requirements include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair value Measurements.*

During the year, the Group made impairment for its mining assets and the relevant disclosures under Amendments to HKAS 36 have been set out in note 15.

HK(IFRIC) — Int 21 *Levies*

The Group has applied HK(IFRIC) — Int 21 *Levies* for the first time in the current year. HK(IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Other than set out above, the application of other amendments to HKFRSs has had no material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

The Group and the Company have not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2013-2014 Cycle[4]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

HKFRS 9 *Financial Instruments* *(Continued)*

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

HKFRS 9 *Financial Instruments* *(Continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on amounts reported based on assessment of the Group's financial assets and financial liabilities as at 31 December 2014. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review is performed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

HKFRS 15 *Revenue from Contracts with Customers* *(Continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors are still assessing the impacts on the application of HKFRS 15 on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the unit of production method and the straight-line method and for depreciation for its mining properties (as included in property, plant and equipment) and other property, plant and equipment, respectively. The Directors are still assessing the impacts on the application of the amendments on the amounts reported and disclosures made in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 16 and HKAS 38 until the Group performs a detailed review.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures.*

The accounting option must be applied by category of investments.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Company's financial statements.

Other than set out above, the Directors do not anticipate that the application of other amendments to HKFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and the Company's financial position and/or disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the an associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments in associates *(Continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for goods sold in the normal course of business, net of allowances, applicable sales taxes and mineral royalty.

Sale of goods

Revenue from the sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition *(Continued)*

Sale of goods (Continued)

For certain sales of the Group, the sales price is determined on a provisional basis at the date of sale, as the final selling price is subject to the grades of copper, gold and silver in the Group's copper products and movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimated grades of copper, gold and silver in the Group's copper products and fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously in trade receivables on the consolidated statement of financial position and changes in fair value are recognised in revenue on the consolidated statements of profit or loss and other comprehensive income. In all cases, fair value is estimated by reference to forward market prices.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probably that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies

The functional currency of companies comprising the Group is US$. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(Continued)*

Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The resulting deferred tax assets and liabilities due to a change in tax rates (and tax laws) is recognised in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purpose (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method or the unit-of-production method.

Mining properties in the course of development or construction are included under construction in progress and are not depreciated. Capitalised mining properties costs are depreciated once commercial production commences, as described in "Property, plant and equipment — mining properties".

Depreciation for other property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	10 to 30 years
Machinery and equipment	3 to 10 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of any item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment *(Continued)*

Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties, are firstly capitalised as property, plant and equipment under the heading of "Construction in progress" in the year in which they are incurred and then reclassified to the heading of "Mining properties" when they are ready for commercial production.

When a decision is taken that a mining property is viable for commercial production, all pre-production primary development expenditure other than land, buildings, plant and equipment, etc. is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties costs are depreciated on a unit-of-production basis over the total estimated remaining commercial reserves of each property or a group of properties.

Stripping costs incurred in the development of a mine (or pit) before the production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit of production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of an ore body, to the extent that the benefit from these activities is realised in the form of improved access ore, is recognised as a non-current asset ("Mining properties") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Impairment of property, plant and equipment

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of property, plant and equipment *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

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

Costs of inventories are determined on the following bases:

- Purchased copper concentrates and all other materials, including spare parts and consumables, are valued on weighted average basis.

- Finished products are valued at raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or production facilities. Costs arising from the installation of plant and other site preparation work, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in profit or loss.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "revenue" for provisional pricing arrangement and "other income" for other line items, as appropriate. Fair value is determined in the manner described in note 34.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Debt securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount relating to interest income calculated using the effective interest method is recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables (excluding the embedded commodity derivative component), receivables from/amounts due from/loans to subsidiaries, restricted bank balances, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amounts of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

Financial liabilities at FVTPL

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other income" line item. Fair value is determined in the manner described in note 34.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to a subsidiary, bank overdrafts, bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset (including finance lease receivables) only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset (including finance lease receivables), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Revenue recognition

The Group produces blister copper, copper cathodes, copper concentrates, bismuth and sulfuric acid. Copper products are sold under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenues are recognised when title and risk pass to the customer using history of grades of copper, gold and silver in copper products based on internal examination statistics and forward prices for the expected date of final settlement. Besides, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices result in the existence of a commodity derivative embedded in the relevant sale contracts. This embedded derivative is recorded at fair value, with changes in fair value recognised in the profit or loss.

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites and certain production facilities of the Group as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mining, leaching and smelting industries and they are normally incurred at the end of the life of the mine and production facilities. The costs are estimated on the basis of mine/plant closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Group's obligations at that time. A corresponding provision is created on the liability side.

The capitalised asset is charged to profit or loss over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

The Group provides for such costs in accordance with statutory requirements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Depreciation of mining properties

Mining properties costs are depreciated using the unit of production method (the "UOP"). The calculation of the UOP rate of depreciation, and therefore the annual depreciation charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mine reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the project, which, in turn is limited to the life of the proved and probable mineral reserves. Estimates of proved and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve base and the operating and development plan are performed regularly.

Estimated impairment of trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the estimates, the Directors considered detailed procedures have been in place to monitor this risk. In estimating whether allowance for bad and doubtful debts is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on the recoverability. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Details of movements of allowance for trade receivables are disclosed in note 20.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Impairment of property, plant and equipment

The Group's property, plant and equipment (other than construction in progress) are carried at cost less accumulated depreciation and accumulated impairment losses and their carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement and estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the fair value less costs of disposal or the value in use, i.e. the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amount used in the impairment test.

During the year, due to the amendments to the Income Tax Act and the Mines and Minerals Development Act enacted by the Parliament of Zambia on 23 December 2014 (see Note 10 for details), a loss of US$40 million was recognised for the impairment of mining assets of Luanshya (as defined hereinunder) (see Note 15 for details).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE

An analysis of the Group's revenue from sale of goods for the year is as follows:

	2014	2013
	US$'000	*US$'000*
Blister copper *(Note)*	**1,536,767**	1,412,390
Copper cathodes	**337,654**	267,790
Sulfuric acid	**65,867**	63,843
Bismuth	**1,685**	—
	1,941,973	1,744,023

Note: During the year, certain terms of the sales of blister copper to fellow subsidiaries and subsidiaries of a non-controlling shareholder of a subsidiary were changed from last year that the relevant transportation costs were borne by them and the selling prices were adjusted accordingly. Therefore, the distribution and selling expenses of the Group for the year were significantly decreased from the corresponding last year.

6. SEGMENT INFORMATION

Information reported to the President of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced.

The Group's operating and reportable segments in current year under HKFRS 8 *Operating Segments* are as follows:

- Leaching — Production and sale of copper cathodes (including exploration and mining of oxide copper mines) which are produced using the solvent extraction-electrowinning technology; and

- Smelting — Production and sale of blister copper (including exploration and mining of sulfuric copper mines), bismuth and sulfuric acid which are produced using ISA smelting technology. Bismuth and surlfuric acid are by-products in the production of blister copper.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	2014	2013
	US$'000	*US$'000*
Segment revenue		
Revenue from external customers		
— Leaching	**337,654**	267,790
— Smelting	**1,604,319**	1,476,233
	1,941,973	1,744,023
Inter-segment sales		
— Leaching	**2,470**	1,140
— Smelting	**24,322**	16,433
	26,792	17,573
Total segment revenue		
— Leaching	**340,124**	268,930
— Smelting	**1,628,641**	1,492,666
	1,968,765	1,761,596
Elimination*	**(26,792)**	(17,573)
Revenue for the year	**1,941,973**	1,744,023

* Inter-segment sales were conducted at terms mutually agreed among the companies comprising the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

	2014	2013
	US$'000	*US$'000*
Segment profit		
— Leaching	**16,733**	24,261
— Smelting	**203,819**	105,520
	220,552	129,781
Unallocated income*	**17,614**	13,102
Unallocated expenses#	**(7,002)**	(4,462)
Elimination	**(1,521)**	(11,061)
Profit for the year	**229,643**	127,360

* The unallocated income mainly represents the interest income of the Company arising from the loans to the subsidiaries of the Group.

The unallocated expenses mainly represent the administrative expenses and financial costs of the Company and China Nonferrous Mining Holdings Limited ("CNMH"), a directly wholly-owned subsidiary of the Company which directly holds the Group's shareholdings in the subsidiaries in Zambia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit for the year earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	2014	2013
	US$'000	*US$'000*
Segment assets		
— Leaching	**860,547**	690,100
— Smelting	**1,513,500**	1,590,574
Total segment assets	**2,374,047**	2,280,674
Unallocated assets*	**124,298**	113,740
Elimination	**(22,203)**	(67,218)
Consolidated total assets	**2,476,142**	2,327,196
Segment liabilities		
— Leaching	**684,600**	628,904
— Smelting	**973,760**	1,112,320
Total segment liabilities	**1,658,360**	1,741,224
Unallocated liabilities*	**174,371**	148,766
Elimination	**(479,443)**	(482,984)
Consolidated total liabilities	**1,353,288**	1,407,006

* The unallocated assets and liabilities mainly represent those of the Company and CNMH.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities, except for certain assets and liabilities of the Company and CNMH, are allocated to reportable and operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

Other segment information

Amounts included in the measure of segment profit and segment assets:

	2014 US$'000	2013 US$'000
Interest income		
— Leaching	**2**	6
— Smelting	**3,186**	743
	3,188	749
Unallocated interest income*	**267**	645
	3,455	1,394
Finance income arising from finance leases with a fellow subsidiary		
— Leaching	**801**	1,154
— Smelting	**—**	—
	801	1,154
Gain (loss) arising on change in fair value of derivatives		
— Leaching	**—**	—
— Smelting	**3,863**	(300)
	3,863	(300)
Finance costs		
— Leaching	**(2,190)**	—
— Smelting	**(12,001)**	(8,825)
	(14,191)	(8,825)
Unallocated finance costs**	**(4,224)**	(1,810)
	(18,415)	(10,635)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

Other segment information *(Continued)*

	2014 US$'000	2013 US$'000
Income tax credit (expense)		
— Leaching	**(12,183)**	(10,695)
— Smelting	**72,333**	(38,124)
	60,150	(48,819)
Depreciation		
— Leaching	**(44,352)**	(15,945)
— Smelting	**(69,788)**	(72,731)
	(114,140)	(88,676)
Loss on impairment of mining assets		
— Leaching	**(40,000)**	—
— Smelting	**—**	—
	(40,000)	—
Additions to non-current assets#		
— Leaching	**(60,725)**	(132,944)
— Smelting	**(127,304)**	(135,222)
	(188,029)	(268,166)

* Represents interest income earned from bank balances of the Company and CNMH.

** Represents finance costs incurred for bank loans of the Company.

Excluding financial instruments and deferred tax assets.

Revenue from major products

The Group's revenue from its major products is set out in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group's operation is mainly in Zambia and US$1,115,491,000 (2013:US$1,040,977,000) and US$115,308,000 (2013: US$159,104,000) of its non-current assets (other than financial instruments and deferred tax assets) are in Zambia and the Democratic Republic of Congo ("DRC"), respectively, by location of assets.

The Group's revenue from external customers by their geographical locations is detailed below:

	2014	2013
	US$'000	*US$'000*
PRC	**718,613**	660,447
Hong Kong	**427,599**	767,295
Australia	**425,785**	—
Switzerland	**165,393**	94,172
Singapore	**92,753**	120,700
Africa	**78,229**	101,409
Belgium	**33,601**	—
	1,941,973	1,744,023

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group are as follows:

	2014	2013
	US$'000	*US$'000*
Customer A		
— Leaching	**239,612**	164,074
— Smelting	**899,011**	875,985
Customer B		
— Smelting	**432,108**	411,114
	1,570,731	1,451,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

7. OTHER INCOME

	2014 US$'000	2013 US$'000
Interest income	**3,455**	1,394
Deferred income recognised	**7,674**	4,594
Finance income arising from finance leases with a fellow subsidiary	**801**	1,154
Net income from sale of spare parts and other materials	**298**	2,099
Others	**1,635**	1,092
	13,863	10,333

8. FINANCE COSTS

	2014 US$'000	2013 US$'000
Interest on bank and other borrowings:		
— wholly repayable within five years	**21,601**	9,165
— not wholly repayable within five years	**—**	6,408
Total borrowing costs	**21,601**	15,573
Unwinding of the discount *(Note 29)*	**539**	330
Less: Amounts capitalised in the cost of qualifying assets	**(3,725)**	(5,268)
	18,415	10,635
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**1.9%-3.4%**	2.2%-2.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

9. OTHER LOSSES

	2014	2013
	US$'000	*US$'000*
Foreign exchange losses, net*	**20,287**	471
Loss on disposal of property, plant and equipment, net	**42**	533
Loss on impairment of mining assets *(Note 15)*	**40,000**	—
Others	**3,479**	2,260
	63,808	3,264

* The Group's net foreign exchange losses for the year mainly arose from the retranslation of its VAT receivables which are denominated in Zambia Kwacha ("ZMK") as a result of the depreciation of ZMK against US$ during the current year.

10. INCOME TAX (CREDIT) EXPENSE

Income tax (credit) expense recognised in profit or loss:

	2014	2013
	US$'000	*US$'000*
Current tax:		
— Income Tax in Zambia	**277**	8,430
— Income Tax in DRC	**7,659**	2,664
— Income Tax in Ireland	**3,750**	17,374
	11,686	28,468
Deferred tax *(Note 30)*		
— Current year	**29,087**	20,351
— Attribute to a change in tax rate	**(100,923)**	—
	(71,836)	20,351
Total income tax (credit) expense	**(60,150)**	48,819

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profit. No provision for Hong Kong profits tax has been made as there was no assessable profit arising in, or derived from Hong Kong during the years ended 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10. INCOME TAX (CREDIT) EXPENSE *(CONTINUED)*

Income Tax in The Republic of Ireland ("Ireland") is calculated at 12.5% (2013: 12.5%) on the estimated assessable income.

Income Tax in DRC is calculated at 30% (2013: 30%) on the estimated assessable income.

Income Tax in Zambia is calculated at 35% (2013: 35%) on the assessable income, except for that arising from mining activities which is 30% (2013: 30%) on the relevant assessable income.

For the two years ended 31 December 2014 and 2013, the Group enjoyed the following income tax incentives:

- On 15 October 2014, Chambishi Copper Smelter Limited ("CCS", a directly 60% owned subsidiary of CNMH) was granted another ten-year income tax incentives for its investment in the production facilities expansion project (the "Production Facilities Expansion Project") and its assessable income from the Production Facilities Expansion Project is subject to zero rate income tax for the first five years commencing from 1 January 2014 (which is the first profitable year of the Production Facilities Expansion Project), 50% of income tax relief for the next three years thereafter, and 25% of income tax relief for the remaining two years. Practically, 45% of the assessable income of CCS is deemed to be generated from the Production Facilities Expansion Project as confirmed by a letter dated 15 December 2014 from Zambia Revenue Authority (the "ZRA") based on the ratio of investment amount on the Production Facilities Expansion Project to that of the total investment in the production facilities of CCS.

- On 3 April 2009, CCS was granted ten-year income tax incentives of zero rate income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining two years. The first profitable year of CCS, for Income Tax purpose, is 2010. In 2013 and 2014, CCS enjoyed tax incentives of zero rate income tax.

- On 10 June 2011, Sino-metals Leach Zambia Limited ("SML", a directly 55% owned subsidiary of CNMH) was granted ten-year income tax incentives of zero rate income tax for the first five profitable years; 50% of income tax relief for the next three years thereafter; and 25% of income tax relief for the remaining two years. The first profitable year of SML, for Income Tax purpose, is 2008. The applicable tax rate for SML for the years ended 31 December 2013 and 2014 was 17.5%.

Certain dividend income of CNMH from Zambian subsidiaries may be subject to Income Tax in Ireland at 12.5%. At the end of the reporting period, deferred tax liability of US$18,401,000 (31 December 2013: US$10,062,000) has been provided for temporary differences associated with undistributed earnings of these subsidiaries (see note 30) while the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounting to US$29,473,000 (31 December 2013: US$14,526,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10. INCOME TAX (CREDIT) EXPENSE *(CONTINUED)*

According to "An Act to amend the Income Tax Act" enacted by the Parliament of Zambia on 23 December 2014, there are certain amendments to the Income Tax Act that include, inter alia, to change the applicable tax rates on the assessable income from mineral processing and mining operations to 30% and 0%, respectively, with effect from 1 January 2015. Accordingly, commencing from 1 January 2015, the applicable tax rate on the assessable income from leaching and smelting operations of SML and CCS, respectively, is 30% whereas the applicable tax rate on the assessable income from the mining operations of NFC Africa Mining PLC ("NFCA", a direct 85% owned subsidiary of CNMH) and CNMC Luanshya Copper Mines PLC ("Luanshya", a direct 80% owned subsidiary of CNMH) is 0%. Further details of An Act to amend the Income Tax Act of Zambia is set out in note 30.

The income tax (credit) expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 ***US$'000***	2013 *US$'000*
Profit before tax	**169,493**	176,179
Tax at Income Tax rate in Ireland		
— for operations at 12.5%	**3,750**	17,374
Tax at Income Tax rate in DRC		
— for operations at 30%	**9,392**	5,312
Tax at Income Tax rate in Zambia		
— for operations at 30%	**(9,292)**	7,253
— for operations at 35%	**56,024**	48,749
	59,874	78,688
Tax effect of expenses not deductible for tax purpose	**25,887**	6,588
Deferred tax on undistributed profits of subsidiaries	**8,339**	10,062
Tax effect of income not taxable for tax purpose	**(1,012)**	(439)
Effect of tax incentives granted to the Group	**(52,315)**	(46,080)
Effect on deferred taxation due to amendments to Income Tax Act of Zambia enacted during the year	**(100,923)**	—
Income tax expense for the year	**(60,150)**	48,819
Effective tax rate	**N/A**	27.7%

10. INCOME TAX (CREDIT) EXPENSE *(CONTINUED)*

Other taxes

The Group is also subject to other non-income taxes as below:

The Group is subject to Value Added Tax ("VAT") at 16% on purchases and sales in Zambia and DRC whereas VAT is exempted on export, and relevant input VAT paid for purchases supported by valid VAT invoices could be refunded by the ZRA and DRC to the extent total input VAT paid on purchases exceeds total output VAT payable on domestic sales.

In addition, NFCA and Luanshya are also subject to mineral royalty at 6% on the norm value of the copper concentrates and copper cathodes produced. According to "An Act to amend the Mines and Minerals Development Act, 2008" enacted by the Parliament of Zambia on 23 December 2014, there are certain amendments to the Mines and Minerals Development Act that include, inter alia, to change the rates of mineral royalty to 8% and 20% of the norm value of the base metals or precious metals produced or recoverable from open cast mining and underground mining operations, respectively, with effect from 1 January 2015. Accordingly, commencing from 1 January 2015, the mineral royalty for copper concentrates produced by NFCA and Luanshya from underground mining operations will be levied at 8% whereas the copper cathodes produced by Luanshya from open cast mining operations will be levied at 20%.

In May 2013, SML received assessments in relation to the Pay-as-you-earn, mineral royalty and withholding tax for years 2005 to 2011 from ZRA for additional taxes of US$1,440,000, US$4,232,000 and US$199,000, respectively. Management of SML had lodged objection on the aforesaid assessments and submitted additional information to ZRA. Based on the current discussion with ZRA, management of SML believes that the additional taxes should be approximately US$1 million that has been fully accrued in the consolidated financial statements. In the opinion of the Directors, based on the current discussion with ZRA, the additional taxes have been appropriately and adequately accrued.

In the opinion of the Company's Zambian counsel, pursuant to the Convention between the Republic of Zambia and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax on Income, distribution of dividends to CNMH, a wholly owned subsidiary of the Company and an investment holding company incorporated under the laws of Ireland, from its Zambian subsidiaries is exempt from withholding tax save for instances where CNMH has a permanent establishment in Zambia. The Directors confirm that CNMH has no permanent establishment in Zambia, and therefore are of the view that no provision for withholding tax on the undistributed profit of the Zambian subsidiaries is required to be made for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2014	2013
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**114,140**	88,676
Auditor's remuneration	**1,138**	1,122
Staff costs (including Directors' remuneration as disclosed in Note 12):		
Salaries, wages and welfare	**86,043**	84,210
Retirement benefit schemes contributions	**13,522**	14,957
Total staff costs	**99,565**	99,167
Less: Amounts included in construction in progress	**(1,818)**	(2,593)
	97,747	96,574
Cost of inventories recognised as an expense	**1,639,386**	1,469,766
Donations	**5**	425
Minimum lease payments in respect of		
— Land and buildings	**6,277**	6,234
— Machinery and equipment	**9**	19

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid or payable to the Directors are as follows:

	2014				
Name of director	Fees *US$'000*	Salaries and other allowances *US$'000*	Discretionary performance bonus *US$'000*	Retirement benefit schemes contributions *US$'000*	Total emoluments *US$'000*
Executive Directors					
Mr. Xinghu Tao	—	—	—	—	—
Mr. Chunlai Wang	—	208	—	7	215
Mr. Xingeng Luo	—	179	—	14	193
Mr. Xinguo Yang	—	144	96	18	258
Mr. Kaishou Xie	—	89	64	—	153
Non-Executive Director					
Mr. Tao Luo	—	—	—	—	—
Independent Non-executive Directors					
Mr. Chuanyao Sun	—	39	—	—	39
Mr. Jingwei Liu	—	39	—	—	39
Mr. Huanfei Guan*	—	13	—	—	13
Mr. Shuang Chen#	—	26	—	—	26
	—	737	160	39	936

* Mr. Huanfei Guan was appointed as a Director on 28 August 2014.

Mr. Shuang Chen resigned as a Director on 28 August 2014.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Directors *(Continued)*

	2013				
Name of director	Fees *US$'000*	Salaries and other allowances *US$'000*	Discretionary performance bonus *US$'000*	Retirement benefit schemes contributions *US$'000*	Total emoluments *US$'000*
Executive Directors					
Mr. Xinghu Tao	—	—	—	—	—
Mr. Chunlai Wang	—	133	70	6	209
Mr. Xingeng Luo	—	182	—	13	195
Mr. Xinguo Yang	—	182	76	12	270
Mr. Kaishou Xie	—	117	72	—	189
Non-Executive Director					
Mr. Tao Luo	—	—	—	—	—
Independent Non-executive Directors					
Mr. Chuanyao Sun	—	39	—	—	39
Mr. Jingwei Liu	—	39	—	—	39
Mr. Shuang Chen	—	39	—	—	39
	—	731	218	31	980

No Directors waived any emoluments in the year ended 31 December 2014 (2013: Nil).

Mr. Xinghu Tao, the President of the Company, assumes the role as a chief executive and his emoluments for services rendered by him to the Group have been borne by CNMC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Employees

Of the five individuals with the highest emoluments in the Group, three (2013: three) were Directors whose emoluments are included in the disclosure above. The emoluments of the remaining two (2013: two) individuals were as follows:

	2014	2013
	US$'000	*US$'000*
Salaries and other allowances	**402**	454
Retirement benefit schemes contributions	**22**	25
	424	479

The emoluments of the above employees were within the following bands:

	2014	2013
	Number of employees	
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**2**	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

13. DIVIDENDS

	2014	2013
	US$'000	*US$'000*
Dividends recognised as distribution during the year:		
2013 Final, paid — US$0.002 per share (2013: Nil)	**6,979**	—

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2014 of US$0.00283 per share, amounting to US$9,874,000 (2013: US$0.002 per share in respect of the year ended 31 December 2013 amounting to US$6,979,000) has been proposed by the Directors and is subject to approval of the shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE

	2014	2013
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**146,821**	67,257
Number of ordinary shares for the purpose of basic earnings per share *('000)*	**3,489,036**	3,489,036

During the year ended 31 December 2014 and 2013, there was no potential ordinary share outstanding. Accordingly, no diluted earnings per share is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Mining properties	Land and buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	US'000	*US'000*	*US'000*	*US'000*	*US'000*	*US'000*
Cost						
At 1 January 2013	356,219	195,507	490,334	42,962	202,041	1,287,063
Additions	8,990	4,558	20,178	7,156	226,891	267,773
Transfer from construction in progress	—	120,539	44,139	—	(164,678)	—
Disposals	—	—	(1,450)	(90)	—	(1,540)
At 31 December 2013	365,209	320,604	553,201	50,028	264,254	1,553,296
Additions	8,627	1,502	11,939	9,995	148,037	180,100
Transfer from construction in progress	9,962	60,809	100,113	—	(170,884)	—
Disposals	—	—	(6,179)	(1,020)	(1,781)	(8,980)
At 31 December 2014	383,798	382,915	659,074	59,003	239,626	1,724,416
Depreciation and impairment						
At 1 January 2013	(83,784)	(28,210)	(143,757)	(24,353)	—	(280,104)
Depreciation	(13,938)	(14,576)	(51,565)	(8,597)	—	(88,676)
Disposals	—	—	464	88	—	552
At 31 December 2013	(97,722)	(42,786)	(194,858)	(32,862)	—	(368,228)
Depreciation	(18,926)	(28,640)	(56,990)	(9,584)	—	(114,140)
Impairment *(Note)*	(13,155)	(9,654)	(17,191)	—	—	(40,000)
Disposals	—	—	5,429	820	—	6,249
At 31 December 2014	(129,803)	(81,080)	(263,610)	(41,626)	—	(516,119)
Carrying amounts						
At 31 December 2014	253,995	301,835	395,464	17,377	239,626	1,208,297
At 31 December 2013	267,487	277,818	358,343	17,166	264,254	1,185,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

THE GROUP *(Continued)*

Note: Due to the amendments to the Income Tax Act and the Mines and Minerals Development Act enacted by the Parliament of Zambia on 23 December 2014 (see Note 10 for details), a loss of US$40 million was recognised during the year for the impairment of mining assets of Luanshya for the open cast mining operations, involving the production of copper cathodes using leaching in Zambia. As it is not possible to estimate the recoverable amount of an individual asset of mining assets of Luanshya, the Group estimates the recoverable amount of the mining assets as a CGU to which the assets belongs and are and allocated on a pro-rata basis to the relevant non-current assets of the CGU based on the carrying amounts.

As at 31 December 2014, the recoverable amount of these mining assets of Luanshya has been determined at approximately US$433 million on the basis of their value in use determined using the income approach.

Major assumptions included, amongst others, the following:

- Future cash inflows with reference to the latest mine reserves.
- Future copper price with reference to the market estimation taken into account the historical fluctuation.
- Future production costs with anticipated growth of inflation at 1.3% per annum under the current production technology.
- The applicable tax rate of 0% on the assessable income from mineral processing and mining operations according to the amendments to the Income Tax Act and mineral royalty at rate of 20% on the norm value of the copper cathodes produced according to the Mines and Minerals Development Act enacted by the Parliament of Zambia on 23 December 2014.
- The discount rate of 11.03% per annum.

The Directors believe these major assumptions are reasonable and achievable.

The loss on impairment of mining assets of Luanshya has been included in profit or loss in the "Other losses" line item.

Except for certain pieces of land of Luanshya amounting to US$528,000 (2013: US$530,000), in Zambia held under medium-term lease, the above land and buildings are located in Zambia held under long-term lease.

The Group has not obtained land use right certificates for certain parcels of its land for its tailing storage facility and several residential areas, which in the opinion of the Directors, are not crucial to the operations of the Group.

THE COMPANY

As at 31 December 2014, the Company had office equipment of US$29,000 (31 December 2013: US$27,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

16. INTEREST IN AN ASSOCIATE

THE GROUP

As at 31 December 2014 and 2013, the amount represents the Group's share of net assets of the associate, being the Group's cost of investment. As at 31 December 2014 and 2013, the associate only had property, plant and equipment and receivables due from shareholders amounting to US$7,143,000.

During the year ended 31 December 2014, the associate was involved in trading of copper ores in DRC and only sold copper ores to the Group amount to US$9,885,000 (2013: Nil) resulting in insignificant profit.

Details of the associate of the Group as at the end of the reporting period are set out below:

Name of company	Place/Country of operations and date of incorporation	Issued and fully paid-up ordinary capital	Equity interest/ voting power attributable to the Company as at 31 December 2014 %	2013 %	Principal activities
Huachin Minerals SPRL	The DRC 27 January 2012	US$5,000,000	**20.33**	20.33	Mining, exploration and sale of copper ores

As the Group's interest in an associate is not significant, no further financial information of the associate is presented.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	US$'000	*US$'000*
Unlisted investments	—	6,397

The above unlisted investments as at 31 December 2013 represent unlisted debt securities issued by private entities incorporated in the PRC. They were measured at fair values as at 31 December 2013.

During the year, these unlisted debt securities were redeemed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

18. FINANCE LEASE RECEIVABLES

THE GROUP

The Group had purchased certain machinery and equipment which were leased out under finance leases to a fellow subsidiary. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2014	2013
	US$'000	*US$'000*
Analysed as:		
Current	**10,335**	10,335
Non-current	**7,281**	16,645
	17,616	26,980

	Minimum lease payments		**Present value of minimum lease payments**	
	2014	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
Finance lease receivables comprise:				
Within one year	**10,660**	10,660	**10,335**	10,335
In more than one year but not more than two years	**6,701**	10,660	**6,175**	9,743
In more than two years but not more than five years	**1,265**	8,003	**1,106**	6,902
	18,626	29,323	**17,616**	26,980
Less: Unearned finance income	**(1,010)**	(2,343)	**N/A**	N/A
Present value of minimum lease payment receivables	**17,616**	26,980	**17,616**	26,980

During the year ended 31 December 2014, effective interest rates of the above finance leases range from 5.6% to 6.1% per annum (2013: 5.6% to 6.1% per annum).

In the event of default by the lessee, the Group has the right to sell the lease assets. At the end of the lease term, the lease assets will be transferred to the fellow subsidiary at nil consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

19. INVENTORIES

THE GROUP

	2014	2013
	US$'000	*US$'000*
Raw materials	**179,626**	122,947
Spare parts and consumables	**80,940**	73,977
Work in progress	**46,121**	36,032
Finished goods	**6,973**	137,219
	313,660	370,175

20. TRADE RECEIVABLES

THE GROUP

	2014	2013
	US$'000	*US$'000*
Trade receivables	**185,105**	145,008
Less: Allowance of doubtful debts	**(1,622)**	(1,622)
	183,483	143,386

The following is an aged analysis of trade receivables, presented based on the date of delivery of goods which approximated to the respective dates on which revenue was recognised, net of allowance for doubtful debts:

	2014	2013
	US$'000	*US$'000*
Within 1 month	**70,637**	137,043
More than 1 month, but less than 3 months	**91,044**	4,221
More than 3 months, but less than 6 months	**20,786**	1,382
More than 6 months, but less than 12 months	**809**	15
Over 1 year	**207**	725
	183,483	143,386

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

20. TRADE RECEIVABLES *(CONTINUED)*

THE GROUP *(Continued)*

The Group sells blister copper and copper cathodes under provisional pricing arrangements where final grades of copper, gold and silver in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenues are recognised when title and risk pass to the customer using past history of grades of copper, gold and silver in copper products based on internal examination statistics and forward prices for the expected date of final settlement. The Group normally requires prepayments from customers before goods dispatch with the remainder to be settled not exceeding one month upon issuance of sales invoice. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed regularly. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Derivatives relating to provisionally priced sales resulted in the revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative which included in the Group's trade receivables amounting to US$13,351,000 (a liability) as at 31 December 2014 (2013: US$1,554,000 (an asset)).

Age of receivables that are past due but not impaired is analysed as follows:

	2014	2013
	US$'000	*US$'000*
Overdue by:		
Within 1 month	**67,205**	26,319
More than 1 month, but less than 3 months	**91,975**	3,418
More than 3 months, but less than 6 months	**19,787**	1,382
More than 6 months, but less than 12 months	**809**	15
Over 1 year	**207**	725
	179,983	31,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

20. TRADE RECEIVABLES *(CONTINUED)*

THE GROUP *(Continued)*

During the year, there was no movement in the allowance for doubtful debts.

In determining the recoverability of a trade receivable, the Directors consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Although the Group's largest two (2013: two) customers accounted for significant portion of 81% (2013: 83%) of its sales, these customers are large and reputable in the market and have traded with the Group with good settlement history. The remaining sales revenue is attributable to a number of customers in different countries. In the opinion of the Directors, the Group has concentration of credit risk because 92% (2013: 87%) of the trade receivables was due from the Group's two (2013: two) largest customers.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$1,622,000 (31 December 2013: US$1,622,000).

Included in the Group's trade receivables are balances with the following related parties:

	2014	2013
	US$'000	*US$'000*
Fellow subsidiaries	**132,370**	91,481
Subsidiaries of a non-controlling shareholder of a subsidiary	**35,421**	33,536
	167,791	125,017

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

THE GROUP

	2014	2013
	US$'000	*US$'000*
Non-current:		
Deposits for property, plant and equipment	**10,582**	2,653
Contributions to Environment Protection Fund *(Note 29)*	**1,434**	1,434
Prepayments for electricity*	**8,343**	8,783
	20,359	12,870
Current:		
Prepayments for inventories and others	**49,443**	21,847
VAT recoverable**	**136,849**	109,139
Deposits in futures margin accounts	**7,304**	4,835
Other receivables	**16,893**	12,511
	210,489	148,332

* Pursuant to a power supply agreement (the "Power Supply Agreement") and a connection agreement (the "Connection Agreement") entered into between a subsidiary of the Group, Luanshya, and a power supply company, Copperbelt Energy Corporation Plc ("Copperbelt Energy"), in Zambia, Luanshya undertook to construct certain power supply network assets (the "Network Assets") to enable Copperbelt Energy to supply the electricity to the mining/leaching project of Luanshya in Muliashi, Copperbelt Province of Zambia. According to the Connection Agreement, Luanshya shall transfer the Network Assets to Copperbelt Energy upon the completion of the construction for a consideration of US$3,725,000 payable by Copperbelt Energy to Luanshya within the seventh anniversary from the date of transfer, subject to Luanshya's fulfillment of consumption of electricity prescribed in the Connection Agreement.

The total construction cost of the Network Assets is US$9,442,000 and the construction of the Network Assets completed in March 2012.

The Directors consider that the construction costs for the Network Assets are, in substance, prepayments for electricity that will be amortised over the tenure of the Power Supply Agreement (expiring in January 2025) upon the commencement of electricity consumption by Luanshya. During the year ended 31 December 2014, the prepayment for electricity released to profit or loss is amounting to US$440,000 (2013: US$439,000).

** In the opinion of the Directors, the VAT will be recoverable in one year after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

21. PREPAYMENTS AND OTHER RECEIVABLES AND OTHER ASSETS *(CONTINUED)*

THE GROUP *(Continued)*

Included in the Group's prepayments and other receivables and other assets are balances with the following related parties:

	2014	2013
	US$'000	*US$'000*
CNMC	**12,781**	—
Fellow subsidiaries	**17,493**	5,596
Non-controlling shareholder of a subsidiary	**—**	170
An associate	**14,768**	—
	45,042	5,766

The above balances with related parties are unsecured, interest-free and are repayable on demand.

22. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

THE GROUP

(i) Restricted bank balances

The Group's restricted bank balances are analysed as follows:

	2014	2013
	US$'000	*US$'000*
Pledged for bank loans:		
— repayable after 1 year classified as non-current assets	—	4,157
— repayable within 1 year classified as current assets	**4,165**	—
Designated as deposits classified as non-current assets:		
— for issuing letters of guarantee to secure future restoration costs as required by the government of Zambia *(Note 29)*	**7,980**	7,980
Designated as deposits classified as current assets:		
— for custom clearance	**460**	460
— for issuing letters of credit	**4,148**	4,113
	16,753	16,710

The restricted bank balances carry interest at rates ranging from 0.1% to 3.1% (2013: 0.1% to 3.1%) per annum.

(ii) Bank balances and cash

Bank balances carry interest at market rates ranging from 0.1% to 3.1% (2013: 0.1% to 3.1%) per annum.

THE COMPANY

Bank balances carry interest at market rates at 0.1% (2013: 0.1%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

23. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date:

	2014	2013
	US$'000	*US$'000*
Within 1 month	**105,415**	116,728
More than 1 month, but less than 3 months	**41,045**	107,838
More than 3 months, but less than 6 months	**7,620**	10,063
More than 6 months, but less than 12 months	**4,646**	1,891
Over 1 year	**5,464**	2,925
	164,190	239,445

The average credit period on purchases of certain goods is within 3 months.

Included in the Group's trade payables are balances with the following related parties:

	2014	2013
	US$'000	*US$'000*
Fellow subsidiaries	**34,282**	38,816

The above balances with related parties are unsecured, interest-free and are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

24. OTHER PAYABLES AND ACCRUED EXPENSES

THE GROUP

	2014	2013
	US$'000	*US$'000*
Receipts in advance from customers	**8,953**	3,805
Payables for properties, plant and equipment	**2,108**	8,901
Deferred income *(Note 28)*	**2,222**	809
Accrued and other payables*	**65,438**	87,741
	78,721	101,256

* Included a provision for legal cases of US$300,000 (2013: US$300,000), details of which are set out in note 39.

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	2014	2013
	US$'000	*US$'000*
CNMC	**2,212**	1,985
Fellow subsidiaries	**2,108**	205
A subsidiary of a non-controlling shareholder of a subsidiary	**201**	89
A non-controlling shareholder of a subsidiary	**3,068**	—
Dividend payable to non-controlling shareholders of subsidiaries	**20,000**	64,958
An associate	**2,143**	—
	29,732	67,237

The above balances with related parties are unsecured, interest-free and are repayable on demand.

THE COMPANY

The balances as at 31 December 2014 and 2013 represents accrued expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25. BANK AND OTHER BORROWINGS

THE GROUP

	Notes	2014 US$'000	2013 US$'000
Bank borrowings			
— secured	(1)	**170,000**	170,000
— unsecured	(2)	**812,350**	686,350
		982,350	856,350
Loan from a non-controlling shareholder of a subsidiary, unsecured	(3)	**22,605**	22,605
		1,004,955	878,955
Carrying amount repayable:			
Within one year		**330,000**	61,000
More than one year, but not exceeding two years		**255,505**	290,000
More than two year, but not exceeding five years		**419,450**	250,505
More than five years		**—**	277,450
		1,004,955	878,955
Less: Amounts shown under current liabilities		**(330,000)**	(61,000)
Non-current portion		**674,955**	817,955

25. BANK AND OTHER BORROWINGS *(CONTINUED)*

THE COMPANY

	Notes	**2014** **US$'000**	2013 US$'000
Bank borrowings, unsecured	(2)	**149,000**	100,000
Carrying amount repayable:			
Within one year		**55,000**	50,000
More than two year, but not exceeding five years		**94,000**	50,000
		149,000	100,000
Less: Amounts shown under current liabilities		**(55,000)**	(50,000)
Non-current portion		**94,000**	50,000

Notes:

(1) The bank loans as at 31 December 2014 bore interest at rates varied based on London Interbank Offered Rate ("LIBOR"), ranging from 0.8% to 3.2% per annum (2013: 1.0% to 2.1% per annum) and are secured by certain restricted bank balances of US$4,165,000 (2013: US$4,157,000) and are guaranteed by CNMC.

(2) As at 31 December 2014, the unsecured bank loans comprise the following:

- Bank loans of US$523,350,000 (2013: US$446,350,000) with corporate guarantees issued by CNMC in favor of the relevant banks.
- Bank loans of US$80,000,000 (2013: US$80,000,000) with joint corporate guarantees issued by both CNMC and a non-controlling shareholder of a subsidiary in favor of the relevant banks.
- Bank loans of US$60,000,000 (2013: US$60,000,000) with corporate guarantees issued by a non-controlling shareholder of a subsidiary in favor of the relevant banks.
- Bank loans of US$149,000,000 (2013: US$100,000,000) without corporate guarantee.

The aforesaid bank loans as at 31 December 2014 bore interest at rates varied based on LIBOR ranging from 1.0% to 3.5% per annum (2013: 1.4% to 2.9% per annum).

(3) The loan from a non-controlling shareholder of a subsidiary of US$22,605,000 (2013: US$22,605,000) bore interest at a fixed rate of 8.0% and is repayable in May 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

26. DERIVATIVES

THE GROUP

	2014	2013
	US$'000	*US$'000*
Copper futures contracts, at fair value	**780**	(614)

Details of the above futures contracts are analysed as follows:

	At December 31	
	2014	2013
Number of contracts		
— Buy	**21**	—
— Sell	**97**	145
Notional amount *(in US$'000)*	**12,800**	26,092
Exercise price *(in US$)*	**6,384-6,785**	6,961-7,405
Maturity date	**14 January 2015- 27 February 2015**	14 January 2014 - 31 March 2014

During the year, the Group entered into certain copper futures contracts to hedge its risk associated with the prices of its blister copper sold and recognised a gain of US$3,863,000 (2013: a loss of US$300,000) arising on change in fair value of derivatives in the profit or loss.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group recognised for the derivative financial assets and liabilities in respect of copper futures contracts do not meet the criteria for offsetting in the Group's statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

26. DERIVATIVES *(CONTINUED)*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts recognised of financial assets 31 December		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position 31 December		Net amounts of financial assets presented in the consolidated statement of financial position 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$000*	***US$'000***	*US$'000*
Deposits in futures margin accounts	**7,304**	4,835	**—**	—	**7,304**	4,835
Derivatives in respect of copper futures contracts	**780**	—	**—**	—	**780**	—
Total	**8,084**	4,835	**—**	—	**8,084**	4,835

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amount of financial assets presented in the consolidated statement of financial position 31 December		Related amounts not set off in the consolidated statement of the financial position: Financial derivative liabilities 31 December		Related amounts not set off in the consolidated statement of the financial position: Cash collateral received 31 December		Net amount 31 December	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Counterparty A	**8,084**	4,835	**—**	(614)	**—**	—	**8,084**	4,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

26. DERIVATIVES *(CONTINUED)*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts recognised of financial liabilities 31 December		Gross amounts of recognised financial assets set off in the consolidated statement of financial position 31 December		Net amounts of financial liabilities presented in the consolidated statement of financial position 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$000*	***US$'000***	*US$'000*
Derivatives in respect of copper futures contracts	—	(614)	—	—	—	(614)

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amount of financial liabilities presented in the consolidated statement of financial position 31 December		Related amounts not set off in the consolidated statement of the financial position: Financial derivative assets 31 December		Related amounts not set off in the consolidated statement of the financial position: Cash collateral pledged 31 December		Net amount 31 December	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Counterparty A	—	(614)	—	—	—	614	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

27. SHARE CAPITAL

	Number of shares		Share capital	
	2014	2013	**2014**	2013
	('000)	*('000)*	***HK$'000***	*HK$'000*
Authorised:				
At beginning of the year	**5,000,000**	5,000,000	**5,000,000**	5,000,000
At end of the year	**Note**	5,000,000	**Note**	5,000,000
Issued and fully paid:				
At beginning of the year				
Ordinary shares of HK$1.00 each	**3,489,036**	3,489,036	**3,489,036**	3,489,036
Transfer from share premium upon abolition of par value	**—**	—	**1,286,283**	—
At end of the year				
Ordinary shares of HK$1.00 each		3,489,036		3,489,036
Ordinary shares with no par value	**3,489,036**		**4,775,319**	

Note: Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of the transition.

In accordance with the transitional provisions set out in section 37 of schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

	2014	2013
	US$'000	*US$'000*
Presented in the consolidated and the Company's financial statements as	**613,233**	447,901

28. DEFERRED INCOME

THE GROUP

	2014	2013
	US$'000	*US$'000*
Balance at beginning of year	**22,561**	18,620
Additions to the grants during the year	**11,964**	8,535
Recognised in profit or loss during the year	**(7,674)**	(4,594)
Balance at end of year	**26,851**	22,561
Analysed as		
Current *(Note 24)*	**2,222**	809
Non-current	**24,629**	21,752
Balance at end of year	**26,851**	22,561

The above balances represented grants from Ministry of Finance of the PRC to subsidise the Group's capital expenditure and interest incurred in its copper mines development activities in Zambia which were capitalised under mining properties. These grants are recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets.

29. PROVISION FOR RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

THE GROUP

	2014	2013
	US$'000	*US$'000*
Balance at beginning of year	**20,043**	15,272
Provisions recognised	**249**	4,441
Unwinding of discount *(Note 8)*	**539**	330
Balance at end of year	**20,831**	20,043

The Group's provision for restoration, rehabilitation and environmental costs is related to the Group's subsidiaries in Zambia which are involved in mining, leaching and smelting operations. The provision represents the accrued cost required to provide adequate restoration and rehabilitation measured by qualified professionals in Zambia, as discounted at rates ranging from 2.0% to 3.4% per annum (2013: 1.8% to 3.0% per annum), upon the completion of their operations. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project life, which ranges from 4 to 36 years.

The Group is required, under the prevailing regulations, to make an annual contribution equal to one-fifth of 5% to 20% of the estimated restoration costs into an Environmental Protection Fund which is administrated by the Government of the Republic of Zambia. The regulations also require that the balance of the estimated restoration costs be secured using letters of guarantee. All companies in the Group have provided the relevant letters of guarantee as at 31 December 2014 and 2013 (Note 22 (i)), except for SML, which has not received a demand notice at the date of issuance of these consolidated financial statements.

The Directors opined that adequate provision has been made at the end of each reporting period.

30. DEFERRED TAXATION

THE GROUP

	2014	2013
	US$'000	*US$'000*
Deferred tax liabilities	**(41,749)**	(113,585)

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

	Property, plant and equipment	**Undistributable profits of subsidiaries**	**Tax losses**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2013	(224,337)	—	131,103	(93,234)
(Charge)/credit to profit or loss	5,079	(10,062)	(15,368)	(20,351)
Balance at 31 December 2013	(219,258)	(10,062)	115,735	(113,585)
Charge to profit or loss	(8,370)	(8,339)	(12,378)	(29,087)
Adjustments due to the amendments to the Income Tax Act and charge to profit or loss *(Note) (Note 10)*	203,181	—	(102,258)	100,923
Balance at 31 December 2014	(24,447)	(18,401)	1,099	(41,749)

Note: Due to amendments to the Income Tax Act, commencing from 1 January 2015, the applicable tax rate on the assessable income from leaching and smelting operations of SML and CCS, respectively, is 30% (2014: 35%) whereas the applicable tax rate on the assessable income from the mining operations of NFCA and Luanshya is 0% (2014: 30%) (see Note 10 for details). As a result of these amendments, the deferred tax liabilities arising from accelerated depreciation allowance in respect of property, plant and equipment of SML, CCS, NFCA and Luanshya and the deferred tax assets arising from tax losses of NFCA and Luanshya were adjusted according to the aforesaid new applicable tax rates.

As at 31 December 2014, the Group has unused tax losses of US$3,663,000 (2013: US$385,783,000) in respect of the subsidiaries in Zambia and DRC available for offset against future profits. Deferred tax assets of US$1,099,000 (2013: US$115,735,000) have been recognised in respect of all the losses of these subsidiaries in Zambia and DRC. Subject to agreement with the relevant tax bureau in Zambia and DRC, the above tax losses of these subsidiaries are available to be carried forward up to a maximum of ten years from the year in which they are incurred for set off against future taxable profits from the same source of those subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

31. INVESTMENT IN A SUBSIDIARY

THE COMPANY

	2014	2013
	US$'000	*US$'000*
Cost of investment in an unlisted subsidiary	**315,859**	315,859

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of company	Place/Country of operations and date of incorporation	Issued and fully paid-up ordinary share capital	Equity interest attributable to the Company as at 31 December **2014** **%**	Equity interest attributable to the Company as at 31 December 2013 %	Principal activities
CNMH *(Note 1)*	Ireland 23 September 2011	Euro171,152,002	**100**	100	Investment holding
NFCA *(Note 2)*	Zambia 5 March 1998	US$9,000,001	**85**	85	Exploration and mining of copper and production of copper concentrates
CCS *(Note 2)*	Zambia 19 July 2006	US$2,000	**60**	60	Production and sale of blister copper and sulfuric acid
SML *(Notes 2, 3)*	Zambia 3 December 2004	US$1,000	**67.75**	67.75	Production and sale of copper cathodes
Luanshya *(Note 2)*	Zambia 10 July 2003	US$10,000,001	**80**	80	Exploration and mining of copper and production of copper concentrates and copper cathode
Kakoso Metals Leach Limited ("Kakoso") *(Notes 2, 5)*	Zambia 18 August 2010	ZMK10,000,000	**59.62**	59.62	Inactive
Huachin Metals Leach SPRL *(Notes 2, 5)*	DRC 17 December 2010	US$10,000,000	**42.34**	42.34	Production and sale of copper cathodes and sulfuric acid
CNMC Huachin Mabende Mining SPRL *(Notes 2, 5)*	DRC 5 October 2012	US$9,000,000	**40.65**	40.65	Production and sale of copper cathodes and sulfuric acid
Green Home Farm Limited ("Green Home") *(Notes 2, 4)*	Zambia 12 July 2012	ZMK5,000,000	**85**	85	Farming

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

Notes:

(1) The ordinary share capital of this company is directly held by the Company.

(2) The ordinary share capital of these companies is indirectly held by the Company.

(3) 55% and 15% of the issued and paid-up ordinary share capital of SML are directly held by CNMH and NFCA, respectively.

(4) Green Home is a wholly-owned subsidiary of NFCA.

(5) Incorporated by SML and other non-controlling shareholders, 88%, 62.5% and 60% of the issued and paid-up ordinary share capital of Kakoso, Huachin Minerals Leach SPRL and CNMC Huachin Mabende Mining SPRL, respectively, are directly held and controlled by SML.

Details of non-wholly owned subsidiaries that have material non-controlling interests:

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of company	Place/Country of operations and Principal place of activities	Proportion of ownership interests and voting rights held interests by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
		%	%				
NFCA	Zambia	**15**	15	**11,868**	1,879	**39,207**	27,339
CCS	Zambia	**40**	40	**63,558**	53,342	**133,566**	90,008
Subsidiaries with individually immaterial non-controlling interests						**27,490**	20,094
						200,263	137,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NFCA	**2014** **US$'000**	2013 *US$'000*
Current assets	**176,391**	129,387
Non-current assets	**421,835**	359,432
Current liabilities	**(45,147)**	(70,180)
Non-current liabilities	**(291,698)**	(236,379)
Equity attributable to owners of the Company	**222,174**	154,921
Non-controlling interests	**39,207**	27,339
Revenue	**139,117**	153,024
Expenses	**(59,996)**	(140,497)
Profit and total comprehensive income for the year	**79,121**	12,527
Profit and total comprehensive income attributable to owners of the Company	**67,253**	10,648
Profit and total comprehensive income attributable to the non-controlling interests	**11,868**	1,879
Net cash inflow from operating activities	**22,461**	48,696
Net cash outflow from investing activities	**(81,157)**	(83,303)
Net cash inflow from financing activities	**98,079**	54,552
Net cash inflow	**39,383**	19,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

31. INVESTMENT IN A SUBSIDIARY *(CONTINUED)*

CCS	**2014** **US$'000**	2013 US$'000
Current assets	**602,888**	627,492
Non-current assets	**233,224**	231,432
Current liabilities	**(294,768)**	(362,317)
Non-current liabilities	**(207,428)**	(271,587)
Equity attributable to owners of the Company	**200,350**	135,012
Non-controlling interests	**133,566**	90,008
Revenue	**1,628,641**	1,492,666
Expenses	**(1,469,745)**	(1,359,311)
Profit and total comprehensive income for the year	**158,896**	133,355
Profit and total comprehensive income attributable to owners of the Company	**95,338**	80,013
Profit and total comprehensive income attributable to the non-controlling interests	**63,558**	53,342
Dividends paid to non-controlling interests	**20,000**	39,200
Net cash inflow from operating activities	**143,470**	40,934
Net cash outflow from investing activities	**(18,751)**	(36,226)
Net cash outflow (inflow) from financing activities	**(57,972)**	31,006
Net cash inflow	**66,747**	35,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

32. BALANCES WITH SUBSIDIARIES

THE COMPANY

	Notes	**2014** **US$'000**	2013 US$'000
Non-current:			
Receivable from a subsidiary			
— Luanshya	(i)	**76,728**	68,728
Loans to subsidiaries			
— NFCA	(ii)	**122,000**	92,000
— Luanshya	(iii)	**98,000**	98,000
— SML	(iv)	**53,443**	53,443
— CCS	(v)	**98,000**	98,000
		371,443	341,443
Current:			
Loans to a subsidiary			
— SML	(iv)	**50,000**	—
Due from subsidiaries	(vi)	**11,369**	10,559
Due to a subsidiary	(vii)	**—**	(14,988)

Notes:

(i) The receivable from Luanshya of US$106,058,000 was assigned to the Company from CNMC pursuant to a deed of assignment dated 22 November 2011. The receivable is unsecured and interest-free. The Directors consider that the balance will not be repayable within one year. Fair value adjustment at initial recognition amounting to US$53,328,000 in respect of the receivable, calculated using a discount rate of 15% (2013:15%) per annum and a term of five years has been recognised as part of the cost of investment in Luanshya.

32. BALANCES WITH SUBSIDIARIES *(CONTINUED)*

Notes: (Continued)

(ii) The loans to NFCA are as follows:

	Interest rate	Repayment date	2014	2013
			US$'000	*US$'000*
Unsecured loan	4.5% per annum	July 2017	**34,100**	34,100
Unsecured loan	4.5% per annum	September 2017	**37,900**	57,900
Unsecured loan	LIBOR+2.4% per annum	January 2016	**20,000**	—
Unsecured loan	LIBOR+2.5% per annum	January 2017	**30,000**	—
			122,000	92,000

(iii) The loans to Luanshya are as follows:

	Interest rate	Repayment date	2014	2013
			US$'000	*US$'000*
Unsecured loan	4.5% per annum	July 2017	**48,000**	48,000
Unsecured loan	LIBOR+2.7% per annum	May 2016	**50,000**	—
			98,000	48,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

32. BALANCES WITH SUBSIDIARIES *(CONTINUED)*

Notes: (Continued)

(iv) The loans to SML are as follows:

	Interest rate	Repayment date	2014 US$'000	2013 US$'000
Non-current				
Unsecured loan	8.0% per annum	May 2016	**41,443**	41,443
Unsecured loan	4.5% per annum	November 2016	**12,000**	12,000
			53,443	53,443
Current				
Unsecured loan	4.5% per annum	December 2015	**45,000**	—
Unsecured loan	4.0% per annum	May 2015	**5,000**	—
			50,000	—
			103,443	53,443

(v) The balance is unsecured, bears interest at rate of 4.5% per annum and is repayable in August 2017.

(vi) The balance mainly represents interest receivables from subsidiaries and is unsecured, interest-free and is repayable according to the relevant loan agreements with subsidiaries.

(vii) The balance mainly represents dividend income received on behalf of a subsidiary.

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes bank overdrafts, bank and other borrowings), restricted bank balances, bank balances and cash and equity attributable to owners of the Company (comprising capital, share premium, other reserves and retained profits).

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

33. CAPITAL MANAGEMENT *(CONTINUED)*

Gearing ratio

The Group's management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2014** ***US$'000***	2013 *US$'000*
Debts	(i)	**1,006,372**	878,955
Less: Restricted bank balances, bank balances and cash		**(519,315)**	(431,845)
Net debt		**487,057**	447,110
Equity	(ii)	**922,591**	782,749
Net debt to equity ratio		**52.8%**	57.1%

Notes:

(i) Debt comprises bank overdrafts and non-current and current bank and other borrowings as detailed in note 25.

(ii) Equity includes capital, share premium, other reserves and retained profits attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014	2013
	US$'000	*US$'000*
THE GROUP		
Financial assets		
Loans and receivables (including restricted bank balances, bank balances and cash)	**726,995**	592,577
Available-for-sale investments, at fair value	**—**	6,397
Derivatives	**780**	—
Financial liabilities		
Amortised costs	**1,205,840**	1,207,798
Derivatives	**—**	614
THE COMPANY		
Financial assets		
Loans and receivables (including restricted bank balances, bank balances and cash)	**630,461**	534,918
Financial liabilities		
Amortised costs	**149,000**	114,988

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank balances, bank balances and cash, available-for-sale investments, trade and other payables, finance lease receivables, bank overdrafts, bank and other borrowings and derivatives. The Company's major financial instruments include balances with subsidiaries, bank balances and cash, other receivables and payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The Group's significant operations are in Zambia and most of its sales and purchases were denominated in US$, the functional currency of the companies comprising the Group, while certain sales and purchases were settled in currencies (mainly Zambian Kwacha ("ZMK") and Renminbi ("RMB")) other than the functional currency of these group entities that expose the Group to foreign currency risk.

The Company's currency risk is primarily arising from the bank balances denominated in HK$. That is not considered significant as HK$ is pegged to US$ and the analyses of its foreign currency denominated assets and liabilities and sensitivity analysis thereof are not presented.

The carrying amounts of the Group's and the Company's ZMK and RMB denominated monetary assets and liabilities which expose the Group the most foreign currency risk are as follows:

THE GROUP

	2014	2013
	US$'000	*US$'000*
ZMK denominated monetary assets	**57,127**	183,600
ZMK denominated monetary liabilities	**(12,924)**	(22,295)
RMB denominated monetary assets	**19,990**	15,894
RMB denominated monetary liabilities	**—**	(537)

The sensitivity analysis below has been determined based on the exposure to exchange rates of ZMK and RMB against US$. For a 5%, 10%, 15% weakening/strengthening of ZMK and RMB against US$ and all other variables being held constant, there would have no impact on the Group's total equity apart from the retained profits and the effect on the Group's profit before tax are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

THE GROUP

	2014	2013
	US$'000	*US$'000*
	Increase/(Decrease)	
ZMK against US$		
Weakening		
– 5%	**(2,132)**	(7,427)
– 10%	**(4,264)**	(14,854)
– 15%	**(6,396)**	(22,281)
Strengthening		
– 5%	**2,132**	7,427
– 10%	**4,264**	14,854
– 15%	**6,396**	22,281
RMB against US$		
Weakening		
– 5%	**(905)**	(646)
– 10%	**(1,809)**	(1,293)
– 15%	**(2,714)**	(1,939)
Strengthening		
– 5%	**905**	646
– 10%	**1,809**	1,293
– 15%	**2,714**	1,939

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk management

Apart from the fixed rate loan from a non-controlling shareholder of a subsidiary that expose the Group to fair value interest rate risk, the Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest-bearing financial assets and liabilities, mainly interest-bearing restricted bank balances, bank balances, bank overdrafts and bank and other borrowings at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the Directors will consider hedging significant interest rate risk should the need arise.

The Company is exposed to fair value interest rate risk in relation to certain fixed rate loans to subsidiaries and cash flow interest rate risk in relation to its certain variable rate loans to subsidiaries, bank balances and interest-bearing bank loans, details of which are set out in note 32 and 25, respectively.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing restricted bank balances, bank balances and variable rate bank overdrafts and bank and other borrowings at the end of each reporting period and assumed that the amount of assets and liabilities outstanding at the end of each reporting period was outstanding for the whole year.

If interest rates on bank overdrafts and bank and other borrowings had been 100 basis points ("BPs") lower (such effect on restricted bank balances and bank balances, however, had been ignored as most of them bore interest at minimal rate at the end of each reporting period) and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit after tax is as follows:

	2014	2013
	US$'000	*US$'000*
Increase in profit after tax the year	**9,419**	7,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk management *(Continued)*

If interest rates on bank and other borrowings had been 100 BPs higher and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit after tax is as follows:

	2014	2013
	US$'000	*US$'000*
Decrease in profit after tax for the year	**(4,145)**	(3,563)

(iii) Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper which are the major commodities purchased, produced and sold by the Group. To minimise this risk, the Group enters into copper futures contracts and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrates, inventories and firm commitments to sell the Group's copper products.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper mainly comprise copper futures contracts and provisional price arrangements. If all prices of copper futures had been increased by 10% and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit after tax is as follows:

	2014	2013
	US$'000	*US$'000*
Increase in profit after tax for the year	**38,882**	6,892

There would be an equal and opposite impact on the profit before tax for the year where there had been 10% decrease in all prices of copper futures.

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables, and finance lease receivables. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Company's credit risk is related to the amounts due from subsidiaries and loan to subsidiaries. The Directors consider that the Company's credit risk is limited as these subsidiaries have the ability to repay the amounts owed to the Company as and when is required by the Company.

The credit risk on restricted bank balances and bank balances is minimal as such amounts are placed in banks with good reputation.

The Group has concentration of credit risk because 91% (2013: 87%) of the trade receivables was due from the Group's two (2013: two) largest customers.

Other than the above, the Group does not have significant concentration of credit risk.

Liquidity risk management

The Directors have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk management (Continued)

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or if variable, based on the prevailing market rate at the end of each reporting period. For derivatives settled on a net basis, the table has been drawn up based on undiscounted contractual net cash flows.

		Weighted average interest rate %	Less than 6 months US$'000	Over 6 months but not more than1 year US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amounts US$'000
THE GROUP								
31 December 2014								
Trade and other payables			**199,468**	**—**	**—**	**—**	**199,468**	**199,468**
Other borrowings	Fixed rate	**8.00%**	**904**	**904**	**23,229**	**—**	**25,037**	**22,605**
Bank overdrafts and bank borrowings	Variable rate	**2.29%**	**117,252**	**234,206**	**412,564**	**276,441**	**1,040,463**	**983,767**
			317,624	**235,110**	**435,793**	**276,441**	**1,264,968**	**1,205,840**
31 December 2013								
Trade and other payables			328,843				328,843	328,843
Other borrowings	Fixed rate	8.00%	904	904	25,037	—	26,845	22,605
Bank borrowings	Variable rate	2.10%	18,643	7,629	491,715	282,720	800,707	856,350
			348,390	8,533	516,752	282,720	1.156.395	1,207,798
Derivative liabilities			614	—	—	—	614	614
THE COMPANY								
31 December 2014								
Bank borrowings		**2.75%**	**7,051**	**51,298**	**95,401**	**—**	**153,750**	**149,000**
			7,051	**51,298**	**95,401**	**—**	**153,750**	**149,000**
31 December 2013								
Due to a subsidiary			14,988	—	—	—	14,988	14,988
Bank borrowings		2.04%	52,070	730	52,008	—	104,808	100,000
			67,058	730	52,008	—	119,796	114,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial risk management objectives and policies *(Continued)*

Fair value hierarchy of financial instruments

	Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total *US$'000*
31 December 2014				
Financial assets				
Derivative instruments *(Note 1)*	**—**	**780**	**—**	**780**
Financial liabilities				
Derivative arising from sales under provisional pricing arrangement *(Note 1)*	**—**	**(13,351)**	**—**	**(13,351)**
31 December 2013				
Financial assets				
Available-for-sale investments *(Note 2)*	—	6,397	—	6,397
Derivative arising from sales under provisional pricing arrangement *(Note 1)*	—	1,554	—	1,554
Financial liabilities				
Derivative instruments *(Note 1)*	—	(614)	—	(614)

Valuation technique

Note 1: Calculated using quoted prices in an active market.

Note 2: Calculated using discounted cash flow. Future cash flows are estimated based on the expected redemption amount that are discounted at a rate that reflects the credit risk of the counterparty.

There were no transfers between Level 1 and 2 in the year.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the consolidated financial statements approximate their fair values which were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

35. OPERATING LEASE — THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of CNMC and a fellow subsidiary in the PRC and Zambia for general and ancillary purposes which fall due as follows:

	2014	2013
	US$'000	*US$'000*
Within one year	**5,889**	3,054
In the second to fifth years inclusive	**8,474**	—
	14,363	3,054

36. CAPITAL COMMITMENTS

THE GROUP

	2014	2013
	US$'000	*US$'000*
Capital expenditure contracted for but not provided for in respect of:		
— acquisition of property, plant and equipment	**267,938**	233,691
Capital expenditure authorised but not contracted for in respect of:		
— acquisition of property, plant and equipment	**1,112,479**	991,007

37. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions and balances with PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

(1) Transactions with CNMC and its subsidiaries

Other than the transactions and balances with related parties disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following significant transactions with related parties:

	Notes	**Related parties**	**2014** ***US$'000***	2013 *US$'000*
Sales of:				
— Blister copper	(i)	Fellow subsidiaries	**899,011**	875,985
	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**432,108**	411,114
— Copper cathodes	(i)	Fellow subsidiaries	**249,698**	173,225
— Other materials	(i)	Fellow subsidiary	**351**	1,031
Services income	(i)	Fellow subsidiary	**52**	91
Finance income earned under finance leases	(i),(iii)	Fellow subsidiary	**1,333**	1,868
Purchases of:				
— Plant and equipment	(i)	Fellow subsidiaries	**(32,650)**	(37,859)
— Materials	(i)	Fellow subsidiaries	**(29,460)**	(78,427)
	(i)	Associate	**(9,885)**	—
— Electricity	(i)	Fellow subsidiary	**(16,269)**	(12,716)
— Services	(i)	Fellow subsidiaries	**(54,402)**	(71,033)
— Freight and transportation	(i)	Fellow subsidiaries	**(1,526)**	(1,020)
Rental expenses	(i)	Fellow subsidiary	**(6,053)**	(6,069)
Rental expenses	(i)	CNMC	**(340)**	(340)
Interest expense	(ii)	Non-controlling shareholders of subsidiaries	**(1,803)**	(1,206)
Guarantee fees	(i)	CNMC	**(2,988)**	(2,988)

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) The interest expense arose from unsecured loan from a non-controlling shareholder of a subsidiary of the Group. Further details of the loans at the end of the reporting period are set out in note 25.

(iii) The finance income earned under finance leases arose from the finance leases to a fellow subsidiary. Details of the finance leases are set out in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

37. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions and balances with PRC government-related entities *(Continued)*

(2) Transactions with other PRC government-related entities

The Group has entered into various transactions, amongst others, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the Directors are of the opinion that separate disclosures would not be meaningful.

(b) In addition to the above, the Group also had the following transactions with the related parties:

(i) Apart from those disclosed above, CNMC also provided guarantees to banks, at nil consideration, for granting unsecured loans to the Group. Further details are set out in note 25.

(ii) The details of remuneration of key management personnel, represents emoluments of the Directors, are set out in note 12.

(iii) On 1 July 2009, a subsidiary of the Company, CCS, entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. ("Fifteen MCC Africa"), a fellow subsidiary, (the "Fifteen MCC Africa Agreement") pursuant to which that subsidiary agreed to provide certain living quarters to Fifteen MCC Africa on a free of charge basis. Fifteen MCC Africa shall pay for the use of water and electricity and other expenses such as repair and any applicable tax in Zambia. The Fifteen MCC Africa Agreement shall remain for as long as CCS is in existence. As Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis, it requires accommodation for its staff based in Zambia.

(iv) The Group has also entered into various transactions, including deposits placements, borrowings and other general bank facilities, with banks which are government-related entities in its ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

38. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in Zambia are members of the state-managed retirement benefits scheme operated by the Zambia government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. Besides, certain employees of the Group are also members of the state-managed retirement benefits scheme operated by the PRC government. The Group also contributes a certain percentage of their payroll to the retirement benefits scheme to fund the benefits.

The only obligation of the Group with respect to the aforesaid retirement benefits schemes is to make the required contributions under the schemes.

39. CONTINGENT LIABILITIES

As at 31 December 2014, Group was the defendant for various claims involving alleged unfair/unlawful termination or breach of employment contracts, wrongful calculation of wages/benefits, compensation for injuries and false imprisonment and defamation.

As at 31 December 2014, the Group has made relevant provision for the potential liabilities of US$300,000 (2013: US$300,000) which the Directors opined is adequate based on the present assessments by the Group's legal advisers.

40. MOVEMENTS IN RESERVES OF THE COMPANY

	Share premium *US$'000*	**Retained profits** *US$'000*	**Total** *US$'000*
At 1 January 2013	165,332	514	165,846
Profit and total comprehensive income for the year	—	120,693	120,693
At 31 December 2013	165,332	121,207	286,539
Profit and total comprehensive income for the year	—	69,000	69,000
Transfer from share premium upon abolition of par value *(Note 27)*	(165,332)	—	(165,322)
Dividend declared	—	(6,979)	(6,979)
At 31 December 2014	—	183,228	183,228

FIVE YEAR FINANCIAL SUMMARY

A summary of selected items of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and the Prospectus, is set out below.

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**1,941,973**	1,744,023	1,532,315	1,283,906	1,357,285
Gross profit	**302,587**	274,257	282,950	188,258	216,139
Profit before tax	**169,493**	176,179	192,750	118,310	127,584
Net profit	**229,643**	127,360	168,044	103,290	107,382
Profit attributable to owners of the Company	**146,821**	67,257	98,544	70,014	73,911

ASSETS, LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	At 31 December				
	2014	2013	2012	2011	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets	**1,246,060**	1,228,863	1,061,161	925,725	557,486
Current assets	**1,230,082**	1,098,333	787,112	547,494	801,936
Total assets	**2,476,142**	2,327,196	1,848,273	1,473,219	1,359,422
Current liabilities	**591,124**	433,671	292,468	364,342	440,299
Net current assets	**638,958**	664,662	494,644	183,152	361,637
Non-current liabilities	**762,164**	973,335	704,767	619,527	514,063
Equity attributable to owners of the Company	**922,591**	782,749	715,492	372,304	318,703
Non-controlling interests	**200,263**	137,441	135,546	117,046	86,357

DEFINITIONS

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company that were adopted on 27 April 2012
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CCS"	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated in Zambia on 19 July 2006 and a subsidiary of the Company
"Chambishi Leach Plant"	the copper leaching plant located in the Copperbelt province in Zambia held by SML and where SML undertakes its leaching operations
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, references to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong Special Administrative Region
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC in 1997 with operating history dating back to 1983, directly administered by SASAC, and the ultimate Controlling Shareholder of the Company
"CNMC Copper Supply Framework Agreement"	the copper supply framework agreement dated 14 May 2012 entered into between the Company and CNMC

DEFINITIONS (CONTINUED)

"CNMC International Trade"	CNMC International Trade Ltd*(中色國際貿易有限公司), a company incorporated under the laws of the PRC on 28 August 2007 and a subsidiary of CNMC
"CNMC Huachin Mabende"	CNMC Huachin Mabende Mining SA (中色華鑫馬本德礦業有限公司*) (formerly known as "CNMC Mabende SPRL" (中色馬本德濕法冶煉有限公司*), a joint venture established in the DRC on 9 November 2012 by SML and Huachin SPRL, an associate of the Group
"CNMD"	China Nonferrous Mining Development Limited (中色礦業發展有限公司), an investment holding company incorporated under the laws of the BVI on 12 July 2011, a wholly owned subsidiary of CNMC and the Controlling Shareholder of the Company
"CNMH"	China Nonferrous Mining Holdings Limited (中色礦業控股有限公司*), an investment holding company incorporated under the laws of the Republic of Ireland on 23 September 2011 and a wholly owned subsidiary of the Company
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "we", "us" or "our"	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong on 18 July 2011 with limited liability under the Companies Ordinance and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Compliance Committee"	the compliance committee of the Board
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS (CONTINUED)

"Deed of Non-Competition Undertaking"	a deed of non-competition undertaking dated 14 May 2012 entered into between CNMC and the Company under which CNMC has given us certain undertakings in respect of the conduct of certain of its activities outside the PRC
"Director(s)"	director(s) of the Company
"DRC"	The Democratic Republic of the Congo
"Fifteen MCC Africa"	Fifteen MCC Africa Construction & Trade Ltd (中國十五冶非洲建築貿易公司*), a company incorporated under the laws of Zambia on 24 May 2007 and a fellow subsidiary of CNMC
"Global Offering"	the offering of the Shares of the Company for subscription by the public in Hong Kong and purchase by institutional and professional investors as described in the Prospectus
"Group", "we" or "us"	the Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company
"Framework Agreement for Guarantee Fees"	the agreement entered into by the Company to reimburse CNMC for any guarantee fees on 7 March 2013
"Hainan Sino-Africa Mining"	China Hainan Sino-Africa Mining Investment Ltd. (海南中非礦業投資有限公司), a company incorporated under the laws of the PRC in October 2004 holding 30% of SML
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standard, as issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS (CONTINUED)

"Huachin Leach"	Huachin Metals Leach SA (中色華鑫濕法冶煉有限公司*) (formerly known as Huachin Metals Leach SPRL (中色華鑫濕法冶煉有限公司*)), a company incorporated under the laws of the DRC on 17 December 2010 and a subsidiary of SML
"Huachin Minerals"	Huachin Minerals SPRL (華鑫礦產有限公司*), a company incorporated under the laws of the DRC on 27 January 2011 and an associate of the Company
"Huachin Ore Supply Framework Agreement"	the ore supply framework agreement entered into between the Company and Huachin Minerals
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kakoso Tailings Development Project"	the development of tailing resources in approximately 25 kilometers north of Chingola, Zambia undertaken by Kakoso Company
"Kakoso Company"	Kakoso Metals Leach Limited, a company incorporated under the laws of Zambia on 18 August 2010, and a subsidiary of SML
"LIBOR"	London Interbank Offer Rate
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange on 29 June 2012
"Listing Date"	the date the Shares were listed on the Main Board of the Hong Kong Stock Exchange, being 29 June 2012
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Luanshya"	CNMC Luanshya Copper Mines PLC (中色盧安夏銅業有限公司*), formerly Luanshya Copper Mines PLC, a company incorporated in Zambia on 10 July 2003 and a subsidiary of the Company
"Mabende Project"	the project undertaken by SML through CNMC Huachin Mabende to construct and operate a leaching plant in the DRC

DEFINITIONS (CONTINUED)

"Main Board"	the Main Board of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MPongwe"	CNMC MPongwe Mining Company Ltd (中色鵬威礦業有限公司*), a company incorporated in Zambia on 3 May 2010, and a subsidiary of CNMC
"Muliashi Project"	an integrated project involving the mining and leaching of copper oxide ores undertaken by Luanshya, including the Muliashi North Mine, the Muliashi Leach Plant and the planned Baluba East Mine
"Mutual Supply Framework Agreement"	the mutual supply framework agreement dated 14 May 2012 entered into between the Company and CNMC
"NFCA"	NFC Africa Mining PLC (中色非洲礦業有限公司*), a company incorporated in Zambia on 5 March 1998, and a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"Non-Competition Undertaking"	the non-competition undertaking set out in the Deed of Non-Competition Undertaking
"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Properties Leasing Framework Agreement"	the properties leasing framework agreement dated 14 May 2012 entered into between the Company and CNMC
"Prospectus"	the prospectus dated 20 June 2012 issued by the Company in connection with the Global Offering and the Listing
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency of the PRC
"Retained Group"	CNMC and its subsidiaries (excluding the Group)

DEFINITIONS (CONTINUED)

“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“SML”	Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法冶煉有限公司*), a company incorporated under the laws of Zambia on 3 December 2004 and a subsidiary of the Company
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$“ or ”US cent(s)"	United States cents, the lawful currency for the time being of the United States
"US$“ or ”US dollar(s)"	United States dollars, the lawful currency for the time being of the United States
“VAT”	value-added tax; all amounts are exclusive of VAT in this report except indicated otherwise
“Yunnan Copper”	Yunnan Copper Industry Co., Ltd* (雲南銅業股份有限公司), a company incorporated under the laws of the PRC on 15 May 1998 and a subsidiary of Yunnan Copper Group
“Yunnan Copper Group”	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司), a company incorporated under the laws of the PRC in April 1996 holding 40% of the issued share capital of CCS
“Yunnan Copper Supply Framework Agreement”	the copper supply framework agreement dated 14 May 2012 entered into between the Company and Yunnan Copper Group

DEFINITIONS (CONTINUED)

"Zambia"	The Republic of Zambia
"ZCCM"	Zambia Consolidated Copper Mines Limited, a company incorporated in Zambia in 1982 and succeeded by ZCCM-IH
"ZCCM-IH"	Zambia Consolidated Copper Mines Investments Holdings Plc, the successor company to ZCCM, majority owned by the Government of Zambia
"ZCCZ"	Zambia-China Economic & Trade Cooperation Zone Development Ltd (贊比亞中國經濟貿易合作區發展有限公司*), a company incorporated in Zambia on 16 January 2007 and a subsidiary of CNMC
"ZMK"	Zambian Kwacha, the lawful currency for the time being of Zambia

* *Translation of English or Chinese terms for reference purposes only.*

中國有色礦業有限公司
China Nonferrous Mining Corporation Limited