Wanguo International Mining Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3939)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHT:

	Year ended 31 December		
	2015	2014	**Increase/**
	RMB'000	*RMB'000*	**(Decrease)**
Revenue	**220,787**	219,163	0.7%
Cost of sales	**(156,214)**	(132,316)	18.1%
Gross profit	**64,573**	86,847	(25.7%)
Gross profit margin	**29.2%**	39.6%	(10.4%)
Profit before tax	**27,285**	39,178	(30.4%)
Profit attributable to owners of the Company	**16,573**	24,047	(30.8%)

- Revenue increased by 0.7% to approximately RMB220.8 million.
- Gross profit decreased by 25.7% to approximately RMB64.6 million.
- Gross profit margin decreased by 10.4% to 29.2%.
- Profit attributable to owners of the Company decreased by 30.8% to RMB16.6 million.
- Basic earnings per share was RMB2.8 cents (2014: RMB4.0 cents).
- The Board recommends a final dividend of RMB1.33 cents (2014: RMB2.67 cents) per share.

The board of directors (the “Board”) of Wanguo International Mining Group Limited (the “Company”) is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**220,787**	219,163
Cost of sales		**(156,214)**	(132,316)
Gross profit		**64,573**	86,847
Other income	*5*	**2,084**	1,044
Other gains and losses	*6*	**808**	2,019
Selling and distribution expenses		**(2,429)**	(2,483)
Administrative expenses		**(27,004)**	(35,178)
Finance costs	*7*	**(10,747)**	(13,071)
Profit before tax		**27,285**	39,178
Income tax expense	*8*	**(10,712)**	(15,131)
Profit and total comprehensive income for the year	*9*	**16,573**	24,047
Earnings per share			
Basic (RMB cents)	*10*	**2.8**	4.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**368,277**	339,125
Mining right		**7,723**	8,176
Exploration and evaluation assets		**18,900**	11,329
Prepaid lease payments		**62,486**	27,970
Deposit for acquisition of land use rights		**–**	30,061
Deposit for purchase of property, plant and equipment		**568**	9,174
Deposit for acquisition of a subsidiary		**39,600**	9,600
Deferred tax assets		**2,805**	2,301
Restricted bank balances		**2,495**	2,421
		502,854	440,157
CURRENT ASSETS			
Prepaid lease payments		**1,377**	647
Inventories		**10,643**	21,589
Trade and other receivables	12	**23,130**	10,795
Structured deposit		**–**	33,692
Bank balances and cash			
– cash and cash equivalents		**12,296**	37,517
– other bank deposits		**–**	199
		47,446	104,439
CURRENT LIABILITIES			
Trade and other payables	13	**39,231**	33,947
Tax payable		**6,565**	8,520
Consideration payable to a former non-controlling shareholder of a subsidiary		**80,801**	55,671
Secured bank borrowings	14	**30,000**	40,318
		156,597	138,456
NET CURRENT LIABILITIES		**(109,151)**	(34,017)
TOTAL ASSETS LESS CURRENT LIABILITIES		**393,703**	406,140

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Consideration payable to a former non-controlling shareholder of a subsidiary		**71,677**	104,105
Secured bank borrowings	*14*	**30,000**	9,000
Deferred income		**14,711**	15,623
Deferred tax liabilities		**1,100**	2,300
Provisions		**3,223**	2,693
		120,711	133,721
CAPITAL AND RESERVES			
Share capital	*15*	**48,955**	48,955
Reserves		**224,037**	223,464
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**272,992**	272,419
		393,703	406,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling party is Mr. Gao Mingqing.

The principal activity of the Company is investment holding. The Company's principal subsidiary, Jiangxi Province Yifeng Wanguo Mining Company Ltd ("Yifeng Wanguo"), located in Jiangxi Province, PRC, is engaged in mining and processing of ores and sales of processed concentrates in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries.

The consolidated financial statements have been prepared on a going concern basis. As at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB109,151,000. In preparing the consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and taken into consideration the loan facility of RMB600,000,000 obtained during the year and working capital estimated to generate from operating activities. The directors of the Company believe that the Group will be able to meet its full financial obligations as they fall due for the foreseeable future and, accordingly, have prepared the consolidated financial statements on a going concern basis.

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

Application of new revised HKFRSs

The Group has applied the following amendments to the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 (the "Listing Rules") and by the Hong Kong Companies Ordinance ("HKCO").

The provision of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Group for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new HKCO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirement. Information previously required to be disclosed under the processor HKCO or Listing Rules but not under the new HKCO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

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 goods and services.

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 Lease, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

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 adopted are as follows:

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 investment with the investee; and

- has the ability to use its power to affect its returns.

The Group reassess 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.

Consolidation of a subsidiary begins with 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 Company gains control until the date when the Company ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item 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.

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

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

4. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group operates in and all revenue is generated from the PRC. The Group's principal non-current assets are also located in the PRC.

Revenue represents revenue arising on sales of processed concentrates which mainly comprise copper, iron, zinc, sulfur, gold in copper concentrates, silver in copper and zinc concentrates. An analysis of the Group's revenue for the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of processed concentrates		
– Copper concentrates	**104,602**	87,973
– Iron concentrates	**44,125**	57,598
– Zinc concentrates	**19,512**	24,826
– Sulfur concentrates	**27,970**	24,953
– Gold in copper concentrates	**13,091**	11,994
– Silver in copper and zinc concentrates	**11,476**	11,819
– Indium in zinc concentrates	**11**	–
	220,787	219,163

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenues from customers of the reporting periods contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	RMB'000	*RMB'000*
Customer A[1]	**86,450**	92,757
Customer B[2]	**49,241**	43,853

1 Revenue for sales of copper, zinc, gold in copper concentrates and silver in copper and zinc concentrates

2 Revenue for sales of copper, gold in copper concentrates and silver in copper concentrates

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grant related to assets *(note i)*	**912**	515
Sales of tailings debris	**900**	–
Bank interest income	**185**	408
Government subsidy *(note ii)*	**–**	100
Others	**87**	21
	2,084	1,044

Notes:

i) Government grant represents the amount granted by a municipal government in the PRC to Yifeng Wanguo for mining technology improvement and is released to profit or loss over the expected useful lives of the relevant assets resulting from the mining technology improvement.

ii) Government subsidy represents mineral resource fee and income tax expense refunded by the Bureau of Finance of Jiangxi Province to Yifeng Wanguo in relation to the incentive policy for foreign investment in the Jiangxi Province, the PRC.

6. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Investment income from structured deposits	**942**	2,209
(Loss) gain on disposal of property, plant and equipment	**(117)**	240
Exchange loss	**(17)**	(430)
	808	2,019

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank borrowings	**2,046**	2,288
Imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary	**8,701**	10,785
Total borrowing costs	**10,747**	13,073
Less: amount capitalised	**–**	(2)
	10,747	13,071

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax charge:		
– PRC Enterprise Income Tax ("EIT")	**10,616**	14,390
Deferred tax charge		
– Current year	**96**	741
	10,712	15,131

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

8. INCOME TAX EXPENSE *(Continued)*

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% during both years.

The tax charge 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.

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**27,285**	39,178
Tax at the EIT rate of 25%	**6,821**	9,795
Tax effect of expenses not deductible for tax purpose	**3,220**	4,337
Tax effect of income not taxable for tax purpose	**(38)**	(135)
Tax effect of tax losses not recognised	**109**	334
Withholding tax on distributable earnings of PRC subsidiary	**600**	800
Tax charge for the year	**10,712**	15,131

9. PROFIT FOR THE YEAR

	2015	2014
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**3,351**	3,348
Other staff costs	**23,280**	23,777
Retirement benefit scheme contributions, excluding those of directors	**1,383**	1,288
Total staff costs	**28,014**	28,413
Depreciation of property, plant and equipment	**20,109**	17,768
Amortisation of mining right	**453**	444
Release of prepaid lease payments	**1,253**	647
Total depreciation and amortisation	**21,815**	18,859
Auditor's remuneration	**1,285**	1,285
Minimum lease payments under operating leases in respect of properties	**190**	185
Cost of inventories recognised as an expense	**156,214**	132,316

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**16,573**	24,047
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	**600,000**	600,000

No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during both years.

11. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

	2015	2014
	RMB'000	*RMB'000*
Final dividend for the year ended 31 December 2014 of RMB2.67 cents (2014: final dividend for the year ended 31 December 2013 of RMB4.2 cents) per share and nil special dividend (2014: special dividend for the year ended 31 December 2013 of RMB 3.1 cents) per share	**16,000**	43,800

A final dividend of RMB1.33 (HK$1.59) cents per share in respect of the year ended 31 December 2015, amounting to approximately RMB8,000,000 (HK$9,540,000) in aggregate, has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade and bills receivables	**9,468**	7,361
Prepayments	**12,234**	2,005
Other receivables	**1,428**	1,429
	13,662	3,434
Total	**23,130**	10,795

The Group grants a credit period of up to 60 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates, as follows:

	2015	2014
	RMB'000	*RMB'000*
0 – 30 days	**7,272**	7,361
31 – 60 days	**2,196**	–
	9,468	7,361

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on the findings from background search of the customer. The trade receivables that are neither past due nor impaired are mainly due from those customers who have long-term relationship with the Group and good payment history.

No trade receivables are past due as at the end of the reporting period.

The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**6,901**	11,680
Advance from customers	**2,646**	442
Value-added tax, resource tax and other tax payables	**11,634**	12,068
Other payables for construction in progress and property, plant and equipment	**14,077**	5,677
Other payables for evaluation and exploration assets	**811**	191
Accrued expenses	**3,162**	3,889
	32,330	22,267
	39,231	33,947

The aged analysis of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	2015	2014
	RMB'000	*RMB'000*
0 – 30 days	**3,583**	7,111
31 – 60 days	**1,443**	2,566
61 – 90 days	**659**	678
91 – 180 days	**596**	493
Over 180 days	**620**	832
	6,901	11,680

14. SECURED BANK BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Secured bank borrowings, at:		
– fixed rate	**30,000**	–
– floating rate	**30,000**	49,318
	60,000	49,318
The carrying amounts of the above borrowings are repayable		
– within one year	**30,000**	40,318
– within a period of more than one year but not exceeding two years	**9,600**	9,000
– within a period of more than two years but not exceeding five years	**20,400**	–
	60,000	49,318
Less: amount due within one year shown under current liabilities	**(30,000)**	(40,318)
Amount shown under non-current liabilities	**30,000**	9,000

The Group's floating-rate borrowings are mainly subject to interest at RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year.

The effective interest rates on the Group's borrowings were as follows:

	2015	2014
	%	*%*
Effective interest rate (per annum)	**5.89 to 6.50**	2.57 to 6.65

15. SHARE CAPITAL

Details of share capital of the Company are as follow:

	Number of shares	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	1,000,000	100,000
Issued:		
At 1 January 2014, 31 December 2014 and 31 December 2015	600,000	60,000
		RMB'000
Shown in the consolidated statement of financial position as at 1 January 2014, 31 December 2014 and 31 December 2015		48,955

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

For 2015, the commodity market faced full of difficulties and challenges.

Copper

According to World Bureau of Metal Statistics (世界金屬統計局), the copper market recorded a surplus of 266,000 tonnes in January to October 2015 which follows a surplus of 298,000 tonnes in the whole year of 2014. Reported stocks fell during October 2015 and closed at 204,000 tonnes higher than that at the end of December 2014. World mine production in January to October 2015 was 15.9 million tonnes which was 3.6% higher than in the same period in 2014.

Global refined production rose to 19.1 million tonnes up to 1.1% compared with the previous year with a significant increase recorded in China (up 36,000 tonnes) and India (up 35,000 tonnes).

Global consumption for January to October 2015 was 18,798,000 tonnes compared with 18,796,000 for the same period in 2014. Chinese apparent consumption in January to October 2015 rose by 26,000 tonnes to 9,211,000 tonnes which represented 49% of global demand.

Iron

In 2015, the World's iron ore market continued stepping a downwards trend, and appeared three slumped points, i.e. US$47.5 per tonne on 2 April, US$44.5 per tonne on 8 July, and US$38.5 per tonne on 15 December during the year. By the end of November 2015, the price of imported iron ore in PRC continued slipping, the average price was RMB347 per tonne (iron ore imported price from Australia) compared with RMB517 per tonne in the same period last year, representing a drop of RMB170 per tonne or 32.9%. During the first eleven months of 2015, the production volume of raw ore accumulated approximately 1,079 million tonnes which decreased 8.3% or 10.6 million tonnes compared with the corresponding period in last year.

Zinc

According to World Bureau of Metal Statistics (世界金屬統計局), the zinc market was in surplus by 170,000 tonnes during January to October 2015 as compared with a deficit of 209,000 tonnes recorded in the whole of the previous year. Reported stocks fell by 78,000 tonnes during the ten month period of 2015. London Metal Exchange ("LME") stocks fell by 26,000 tonnes in October and ended the month 128,000 tonnes lower than that at the end of 2014. LME stocks represent 48 per cent of the global total. Chinese demand rose by 1.4% compared with the previous year. Production of locally refined metal in China rose by 9% compared with 2014.

Global refined production rose by 4.7% and consumption rose by 0.9% compared with the levels recorded one year earlier. World demand was 104,000 tonnes higher than the January to October 2014. Chinese apparent demand was 5,349,000 tonnes which is just over 46% of the global total.

Gold and Silver

It was a bull market for gold at the beginning of 2015, the gold price rose to US$1,306 per ounce, compared with the closing price as at the year end of 2014 of US$1,184 per ounce, representing a more than 10% growth. However, the gold price then seesawed ever lower until it reached US$1,042 per ounce on 3 December 2015, the lowest price in 2015, and it rebounded slightly thereafter.

According to World Gold Council (世界黃金協會), better economic performance in the US allowed the Federal Reserve to raise its funds rate on 16 December 2015 for the first time in 9.5 years. In the months leading up to this, higher bond yields strengthened the US dollar, putting pressure on the gold price.

According to Bloomberg, the price of silver opened at US$15.71 per ounce at the beginning, closed at US$13.85 per ounce, attained the peak of US$18.49 per ounce and the bottom price of US$13.56 during the year 2015. The political change in Greece and abandoning of the swiss franc's peg to the euro, resulted in rise in silver price under risk aversion at the beginning of year. However, strong US dollar and blooming of capital market in the first half of year caused silver price to slip. The threats of increase in interest rate in US Federal Reserve pushed the fluctuation of silver prices downwards and closed at a low level for the year 2015.

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC. Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited ("Yifeng Wanguo") which in turn owns the Xinzhuang Mine in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates as well as by-products of gold and silver.

EXPANSION IN EXISTING MINE

We have completed major upgrading projects in Xinzhuang Mine by end of 2014. We had reached 600,000 tonnes per annum ("tpa") in both mining capacity and processing capacity in accordance with our expansion plan as disclosed in the prospectus of our Company dated 28 June 2012 (the "Prospectus"). According to the Independent Technical Expert's Report in the Prospectus, the reserves at the Xinzhuang Mine were estimated to be sufficient for production at the planned long term production rate of 600,000 tpa for approximately 31 years.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert's Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement (the "Exploration Agreement") with the Bureau of Geology and Mineral Exploration of Jiangxi Province (江西省地質礦產勘查開發局) (the "Jiangxi Geology Bureau"). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report (資源儲量核實報告) has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014. The Board plans to apply for an increase in its mining capacity set forth in its mining license, thereby enhancing the competitiveness of the Group in the future with the increased capacities and annual total production volume.

HORIZONTAL EXPANSION

We intend to expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the shareholders of the Company (the "Shareholders").

On 16 May 2014, Yifeng Wanguo and Taylor Investment International Limited ("HK Taylor"), both being the wholly-owned subsidiaries of the Company, entered into two equity transfer agreements ("Acquisition Agreement(s)") with Mr. Liu Dingbo, Mr. Yang Zhi and Mr. Wen Baolin (collectively referred as "Vendors") pursuant to which Yifeng Wanguo and HK Taylor have conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 51% equity interests in Xizang Changdu County Dadi Mining Company Limited ("Xizang Changdu") at the consideration of RMB239.7 million in aggregate.

However, the Vendors have not yet fulfilled the conditions precedent of the Acquisition Agreements, i.e. obtaining proper consents and approvals of the transfer in various local government bureaus, before 30 September 2014 (being the latest date of payment by the Company as disclosed in the Company's circular dated 29 August 2014). The Company, having considered that the acquisition would further expand the Company's business and maximise returns to the Shareholders, has conditionally agreed with the Vendors' proposal to continue with the acquisition based on the amended terms of the Acquisition Agreements (the "Amended Terms"). Upon negotiations and mediation conducted by the Changsha Arbitration Commission (長沙仲裁委員會) on 8 October 2015, the amendments to the Acquisition Agreements as conditionally agreed among the Company and each of the Vendors include (i) reduction of the consideration to be settled and amending dates of payment, and (ii) enforcement on the proper consents and approval of the transfer in various local government bureaus.

The aggregate consideration for the two Acquisition Agreements under the Amended Terms has been reduced from RMB239.7 million to RMB195.0 million, representing a saving by the Group of RMB44.7 million or 18.6% for the acquisition.

The exploration right of Xizang Changdu covers an area for exploration of approximately 21.87 sq. km. As of the date of Acquisition Agreements, it had completed advanced exploration stage. The following table shows the estimated resources of Xizang Changdu under JORC code.

2014 Mineral Resources estimate
Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

Category	**Tonnes** *(Mt)*	**Grade** *(Pb %)*	**Ag** *(g/t)*	**Lead Metal** *(1,000t)*	**Silver Metal** *(1,000Kg)*
Indicated	6.70	4.64	63.34	311	424
Inferred	10.62	4.15	45.32	440	481
Totals	**17.32**	**4.34**	**52.29**	**751**	**905**

As at the date of this announcement, Xizang Changdu has not yet commenced any production. Pursuant to pre-feasibility report performed by Geology and Mineral Resource Company of Jiangxi Province (江西省地礦資源勘察開發有限公司), an independent professional mining consulting firm, it is expected to complete processing plants and commence production at Xizang Changdu within three years.

Since Xizang Changdu has substantial resources of lead and silver, it is expected to be further exploited, and processing plants built upon completion by the Company and to contribute sales revenue and profits to the Group. Please refer to the Company's announcement dated 16 October 2015 and circular dated 2 December 2015 for details.

As at the date of this announcement, the Group has already paid an amount of RMB49.6 million to the Vendors, the Board expected the acquisition will complete before or by the end of second quarter of 2016.

EXPLORATION ACTIVITIES IN AUSTRALIA

On 24 October 2014, the Company had entered into a Farm In Agreement and a Minerals Royalty Deeds with Snow Peak Mining Pty Limited ("SPM"), a company incorporated in Australia as a limited liability company in December 2012, pursuant to which the Company will perform exploration activities in the Regional Project and the Near Mine Project respectively. Both Regional Project and Near Mine Project are owned by SPM.

For the Regional Project, the Company will undertake a minimum of 150,000 metres of exploration drilling within three years in return for a stake in the Regional Project up to a maximum 50%. SPM will enter into a 50/50 joint venture with the Company in respect of the Regional Project provided that the Company has (i) successfully reached an additional JORC Measured Resource of 20,000,000 tonnes at a minimum average grade of greater than 1% copper or greater than 10% zinc plus lead; or (ii) completed a minimum of 150,000 metres of exploration drilling at the Regional Project.

For the Near Mine Project, the Company will develop or upgrade a minimum of 200,000 tonnes per year to JORC Reserve category in return for a Net Smelter Return ("NSR") in respect of each separate deposit within the Near Mine Project in which a JORC Reserve is defined by the Company. The NSR payable to the Company will be 3% for the first 1,000,000 tonnes mined and processed from each deposit, and 1.5% thereafter.

The Board believed that the possible exploration activities will result in further cooperation with SPM and expansion of our mineral resources and ore reserves in Australia, aiming at further growing our business and maximising returns to our Shareholders.

As at 31 December 2015, the Group has finished preliminarily survey and exploration.

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2015

			Grades					Contained Metals				
Mineralization Type	JORC Mineral Resource Category	Tonnage	Cu	Pb	Zn	TFe	mFe	Cu	Pb	Zn	TFe	mFe
		kt	%	%	%	%	%	kt	kt	kt	kt	kt
Cu-Fe	Measured	5,693	0.80	–	–	–	–	45.69	–	–	–	–
	Indicated	12,509	0.69	–	–	–	–	86.47	–	–	–	–
	Subtotal	18,202	0.73	–	–	–	–	132.16	–	–	–	–
	Inferred	885	0.46	–	–	–	–	4.06	–	–	–	–
	Total	19,087	0.71	–	–	–	–	136.22	–	–	–	–
Fe-Cu	Measured	2,150	0.19	–	–	43.24	30.87	4.09	–	–	929.74	663.81
	Indicated	3,798	0.34	–	–	39.76	26.01	12.96	–	–	1,510.22	988.03
	Subtotal	5,948	0.29	–	–	41.02	27.77	17.05	–	–	2,439.96	1,651.84
	Inferred	306	0.52	–	–	44.16	31.05	1.62	–	–	135.21	95.05
	Total	6,254	0.30	–	–	41.17	27.93	18.67	–	–	2,575.17	1,746.89
Cu-Pb-Zn	Measured	2,009	0.12	0.95	5.15	–	–	2.32	19.10	103.44	–	–
	Indicated	2,533	0.09	1.80	3.86	–	–	2.36	45.64	97.82	–	–
	Subtotal	4,542	0.10	1.43	4.43	–	–	4.68	64.74	201.26	–	–
	Inferred	340	0.15	0.39	4.33	–	–	0.43	1.34	15.08	–	–
	Total	4,882	0.13	1.35	4.43	–	–	5.11	66.08	216.34	–	–
Total	Measured	9,852	–	–	–	–	–	52.10	19.10	103.44	929.74	663.81
	Indicated	18,840	–	–	–	–	–	101.79	45.64	97.82	1,510.22	988.03
	Subtotal	28,692	–	–	–	–	–	153.89	64.74	201.26	2,439.96	1,651.84
	Inferred	1,531	–	–	–	–	–	6.11	1.41	15.52	141.00	99.00
	Total	30,223	–	–	–	–	–	160.00	66.15	216.78	2,580.96	1,750.84

Note:

(1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There was no material change in these estimates during the period from 31 December 2011 to 31 December 2015.

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2015

Mineralization Type	JORC Ore Reserve Category	Tonnage	Grades Cu	Grades Pb	Grades Zn	Grades TFe	Grades mFe	Contained Metals Cu	Contained Metals Pb	Contained Metals Zn	Contained Metals TFe	Contained Metals mFe
		kt	%	%	%	%	%	kt	kt	kt	kt	kt
Cu-Fe	Proved	4,252	0.77	–	–	–	–	32.77	–	–	–	–
	Probable	5,210	0.67	–	–	–	–	35.03	–	–	–	–
	Total	9,462	0.72	–	–	–	–	67.80	–	–	–	–
Fe-Cu	Proved	2,250	0.22	–	–	37.27	32.70	4.89	–	–	838.74	735.81
	Probable	2,227	0.33	–	–	27.88	23.64	7.27	–	–	621.09	526.57
	Total	4,477	0.27	–	–	32.60	28.19	12.16	–	–	1,459.83	1,262.38
Cu-Pb-Zn	Proved	1,446	0.08	0.88	4.87	–	–	1.22	12.71	70.36	–	–
	Probable	1,105	0.04	1.36	3.48	–	–	0.44	15.06	38.45	–	–
	Total	2,551	0.07	1.09	4.27	–	–	1.66	27.77	108.81	–	–
Total	Proved	7,948	–	–	–	–	–	38.88	12.71	70.36	838.74	735.81
	Probable	8,542	–	–	–	–	–	42.74	15.06	38.45	621.09	526.57
	Total	16,490	–	–	–	–	–	81.62	27.77	108.81	1,459.83	1,262.38

Note:

(1) The ore reserves also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code are based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There was no material change in these estimates during the period from 31 December 2011 to 31 December 2015.

FINANCIAL REVIEW

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**220,787**	219,163
Cost of sales	**(156,214)**	(132,316)
Gross profit	**64,573**	86,847
Gross profit margin	**29.2%**	39.6%

Revenue

The Group's revenue increased by 0.7% from approximately RMB219.2 million in 2014 to approximately RMB220.8 million in 2015. The increased was primarily attributable to increase in volumes of concentrates sold during year.

For the year ended 31 December 2015, we sold 3,662 tonnes of copper in copper concentrates, 123,589 tonnes of iron concentrates and 145,219 tonnes of sulfur concentrates, compared to 2,540 tonnes, 103,490 tonnes and 117,432 tonnes respectively for the year ended 31 December 2014, representing increase of approximately 44.2%, 19.4% and 23.7%, for copper in copper concentrates, iron concentrates and sulfur concentrates, respectively. The increase in volumes was principally attributable to the completion of upgrading Concentrator No.1 system since September 2014, which doubled up the production capacity and resulted in an increase in all concentrates produced.

The average prices of copper in copper concentrates, iron concentrates and sulfur concentrates in 2015 were RMB28,564, RMB357 and RMB193 per tonne respectively, compared to RMB34,635, RMB557 and RMB212 per tonne respectively in 2014, representing a decline of approximately 17.5%, 35.9% and 9.0% respectively. During the year 2015, all of our metals prices have been slipping downwards continuously. Our Directors believe that such decrease was mainly due to the drop in demand caused by the pessimism in China's economy.

Cost of sales

Overall, our cost of sales increased by approximately 18.1% from approximately RMB132.3 million in 2014 to approximately RMB156.2 million in 2015. The increase was mainly due to the increase in subcontracting fee and electricity consumption under expansion of our production scale.

Gross profit and gross profit margin

The overall gross profit of our Group for the year ended 31 December 2015 was approximately RMB64.6 million, which represented a decrease of approximately 25.7% compared to approximately RMB86.9 million for the year ended 31 December 2014. Our overall gross profit margin decreased from approximately 39.6% for the year ended 31 December 2014 to approximately 29.2% for the year ended 31 December 2015. Such decrease was mainly attributable to the decline in the selling prices of the concentrates.

Other income

Our other income comprised mainly bank interest income of approximately RMB0.2 million, sales of tailings of approximately RMB0.9 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.9 million for the year ended 31 December 2015. Other income increased by approximately RMB1.0 million compared with 2014, which mainly reflected in the sales of tailings our by-product, during the year 2015.

Other gains and losses

Our other gains and losses comprised mainly gain on investment in structured deposits of approximately RMB1.0 million, loss on disposal of property, plant and equipment of approximately RMB0.1 million and unrealised exchange loss of approximately RMB0.1 million as a result of the translation of Australian dollars into Renminbi under depreciation of Australian dollars as at 31 December 2015. Other gains and losses decreased by approximately RMB1.2 million, which was primarily due to the decrease in gain on investment in structured deposits caused by the decrease in bank balance.

Selling and distribution expenses

Our selling and distribution expenses were comparable in two years.

Administrative expenses

Our administrative expenses decreased by approximately 23.3% from approximately RMB35.2 million in 2014 to approximately RMB27.0 million in 2015. The decrease was principally attributable to the professional fees incurred in connection with our acquisition of Xizang Changdu in 2014 and tighter control in staff costs and benefits in 2015.

Finance costs

Our finance costs decreased by approximately 18.3% from approximately RMB13.1 million in 2014 to approximately RMB10.7 million in 2015, primarily due to the decrease in imputed interest expenses on consideration payable to a former non-controlling Shareholder of a subsidiary.

Income tax expense

Our income tax expense was approximately RMB10.7 million in 2015, consisting of PRC corporate income tax payable of approximately RMB10.6 million, withholding tax payable of approximately RMB0.6 million and deferred tax credit of approximately RMB0.5 million. Our income tax expense was approximately RMB15.1 million in 2014, consisting of PRC corporate income tax payable of approximately RMB14.3 million and withholding tax payable of approximately RMB0.8 million.

The decrease in our income tax expense in 2015 was primarily due to the decrease in the PRC corporate income tax expenses as a result of decrease in operating profit.

Profit and total comprehensive income

As a result of the foregoing, our profit after taxation decreased by approximately 30.8%, or approximately RMB7.4 million, from approximately RMB24.0 million for the year ended 31 December 2014 to approximately RMB16.6 million for the year ended 31 December 2015. Our net profit margin decreased from approximately 11.0% for the year ended 31 December 2014 to approximately 7.5% for the year ended 31 December 2015 mainly as a result of the decrease in profit margin of concentrates sold.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2015, the Group's property, plant and equipment and construction in progress were approximately RMB368.3 million, representing an increase of RMB29.2 million or 8.6% over last year, mainly due to purchase of mining equipment, upgrading of ore processing facilities and construction of mining structures in our Xinzhuang Mine.

Analysis of inventories

Inventories consist of raw materials, ore, concentrates and other ore commodities. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2015 and 2014, our inventories were approximately RMB10.6 million and approximately RMB21.6 million respectively. The decrease in inventories was mainly due to the accumulation of unprocessed ores in 2014 under temporarily suspension of processing plant for upgrading purpose.

Analysis of trade and bills receivables

Trade receivables represent receivables from the sale of concentrates. Our Group generally requests our concentrates customers to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. As at 31 December 2015 and 2014, our trade and bills receivables were approximately RMB9.5 million and RMB7.4 million respectively. The increase in trade receivables as at 31 December 2015 was mainly due to longer credit period offered to reputable customers.

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls and cement; (ii) construction fee payable to our contractors under the expansion plan; and (iii) fees payable to our third-party contractor, Wenzhou No. 2 Well and tunnel Construction Company, for our mining work. As at 31 December 2015 and 2014, our trade payables were approximately RMB6.9 million and approximately RMB11.7 million respectively. The decrease was mainly attributable to drop in the price of forged steel grinding balls and stricter control in production costs.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of mining right and maintaining cash reserves, which are funded by a combination of bank borrowings and cash generated from operation.

The current ratio of the Group as at 31 December 2015 was 0.30 times as compared to 0.75 times as at 31 December 2014. It was mainly attributable to the increase in deposit for acquisition of a subsidiary as well as payments for fixed assets and coustruction in our Xinzhuang Mine.

Our Group had bank balances and cash of approximately RMB12.3 million as at 31 December 2015, compared to approximately RMB37.7 million as at 31 December 2014, of which approximately RMB1.3 million (2014: approximately RMB1.0 million) was denominated in Hong Kong dollars and Australian dollars. As at 31 December 2015, the Group recorded net assets and net current liabilities of approximately RMB273.0 million (2014: RMB272.4 million) and approximately RMB109.2 million (2014: RMB34.0 million) respectively. The increase in net current liabilities was attributable to drop in profits resulted from decrease in selling prices of concentrates, coupled with the increase in investments in fixed assets and potential acquisition.

BORROWINGS

As at 31 December 2015, the Group had secured bank borrowings of RMB60.0 million in aggregate with maturity from one year to three years and effective interest rate of 6.03%.

GEARING RATIO

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to 38.6% (2014: 38.4%). The increase in gearing ratio was mainly attributable to the new bank borrowings of approximately RMB10.7 million for working capital purpose.

CAPITAL EXPENDITURES

The total capital expenditure of the Group decreased from approximately RMB76.0 million for the year ended 31 December 2014 to approximately RMB45.3 million for the year ended 31 December 2015, representing a decrease of approximately 40.4%. The capital expenditure in 2015 was primarily incurred from the purchase of mining equipment and construction of mining structures at the Xinzhuang Mine.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENT

As at 31 December 2015, the Group has entered into a non-cancellable operating lease with future payable of approximately RMB0.4 million for certain of the Group's properties.

As at 31 December 2015, the Group's capital commitments amounted to approximately RMB155.4 million, which was attributable to the contingent consideration payable to the Vendors of Xizang Changdu. At the date of this announcement, conditions precedent for the aforesaid acquisition of Xizang Changdu has not yet been satisfied.

As at 31 December 2015, the Group has entered the following commitments in relation to the exploration and development of Xinzhuang mine.

	RMB'000
Three new shafts projects	5,328
Upgrading the processing plants	890
Other civil work	10,866
	17,084

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities or guarantees.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, during the year ended 31 December 2015, the Group had no significant investment, nor were there any material acquisition and disposal of subsidiaries, associates and joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have any plan for material investments or additions of capital assets as at the date of this announcement.

CHARGE ON GROUP ASSETS

As at 31 December 2015, the Group's mining rights and land and buildings with carrying value of approximately RMB55.9 million (31 December 2014: mining right with carrying value and a structured deposit of approximately RMB41.9 million) were pledged to secure the Group's bank borrowings.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balance and cash denominated in Hong Kong dollars and Australian dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2015, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2015.

INTEREST RATE RISK

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China ("PBoC") and Hong Kong Interbank Offered Rate ("HIBOR") respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade and other receivables, structured deposit, bank balances and cash, restricted bank balance, trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and secured bank borrowings.

FINAL DIVIDEND

The Board recommends to declare a final dividend of RMB1.33 cents (equivalent to approximately HK$1.59 cents) per share for the year ended 31 December 2015, representing approximately 48.3% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on 6 June 2016. Based on the number of issued shares of the Company as at 31 December 2015, this represents a total distribution of approximately RMB8.0 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on 27 May 2016, it is expected that the proposed final dividend will be paid on or before 31 August 2016.

CLOSURE OF REGISTER OF MEMBERS

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on 6 June 2016. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, we had a total of 343 (2014: 358) full-time employees, excluding the independent third-party contractor which is responsible for underground mining work. The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Mineral exploration

For our current planned mining area, we have completed underground geological drilling of 13,561m, with drill size of 60-90 mm for the year ended 31 December 2015. For the year ended 31 December 2015, we have also finished tunnel drilling of 905.4m, resulted in total tunnel drilling of 8,721.1m.

For the exploration projects in Australia, the Group completed a total of 2km2 1:2000 geological survey, 9.8km 1:10,000 high precision magnetic section measurement, 53.74km 1:10,000 induced polarization (IP) section measurement, 92 points of high precision IP sounding and drilling holes of total 4,098m at Einasleigh area. Based on the preliminary result, it is expected to find new copper multi deposit in Einasleigh area, the area has a good prospect of resources.

For the year ended 31 December 2015, the total expenditure of mineral exploration was approximately RMB7.0 million.

Development

During the year ended 31 December 2015, the Group incurred development expenditure of approximately RMB38.3 million in respect of our expansion plan in Xinzhuang Mine mainly comprising:

(1) Three new shafts' projects

Main shaft system:	Sealing roof of Main Shaft system on 26 November 2015; Starting facilities and equipment installation in December 2015
Auxiliary shaft system:	Completion of facilities and equipment installation and in use during April 2015; Finishing tunnel drilling of 5th, 6th 7th and 8th middles respectively and resulted in total 2,650m tunnel developed by end of 2015

(2) New Back-filling system

We have completed main facilities on the ground, such as sand storehouse, cement storehouse, operation and office rooms in 2015.

Details breakdown of development expenditure is as follows:

	RMB' (million)
Land use right	**6.4**
Mining structures	**19.9**
Office buildings	**0.3**
Machinery and electronic equipment for process plants	**11.5**
Motor vehicles	**0.2**
	38.3

Mining activities

During the year ended 31 December 2015, we processed a total of 651,325 tonnes of ore in the Xinzhuang Mine. The volume of our concentrates products sold were 3,662 tonnes, 123,589 tonnes, 2,365 tonnes, 145,219 tonnes, 71 kg, 4,965 kg and 1,370 kg for copper in copper concentrates, iron concentrates, zinc in zinc concentrates, sulfur concentrates, gold in copper concentrates, silver in copper concentrates and silver in zinc concentrates, respectively.

During the year ended 31 December 2015, the Group incurred expenditures for mining and processing activities of RMB82.9 million (2014: RMB88.8 million) and RMB46.2 million (2014: RMB40.4 million) respectively. The unit expenditures for mining and processing activities were RMB142.6/t (2014: RMB154.7/t) and RMB70.9/t (2014: RMB74.2/t) respectively.

PROSPECT

We intend to continue to grow our business into a leading copper and iron mining company in the PRC through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014. We planned to further upgrade the mining capacity to 900,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders.

We understand that the global and PRC economies are still weak and unstable, and expect that metal prices will continue to suffer fluctuations and shocks in 2016. The Group will have a cautious optimistic attitude toward the trends in metal markets in the coming year.

Compliance with the relevant laws and regulations

To the best of the Directors' knowledge, information and belief on the date of this announcement, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). In view of the recent amendments to the CG Code effective for the accounting period beginning on 1 January 2016, the Company has adopted a revised terms of reference of the audit committee of the Company (the "Audit Committee") on 22 December 2015, in order to comply with certain changes relating to the risk management and internal control section of the CG Code. Except for the deviation from code provisions A.2.1 and A.2.7 of the CG Code, the Company had complied with the CG Code for the year ended 31 December 2015.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Gao Mingqing, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision A.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group's operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

According to code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. During the year, the chairman of the Company did not hold any meeting with non-executive Directors and independent non-executive Directors without the executive Directors present. Nevertheless, from time to time, non-executive Directors and independent non-executive Directors of the Company express their views directly to the Chairman via other means including correspondences and emails. The Company is of the view that there is efficient communication between non-executive Directors (including independent non-executive Directors) and the Chairman.

Model Code for Securities Transactions

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out on the Model Code for Securities Transartions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rule (the "Model Code"). The Company, having made specific enquiries to all Directors, has confirmed that all the Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2015 and up to the date of this announcement.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2015.

Purchase, Sale or Redemption of the Listed Securities of the Company

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Shen Peng, Mr. Qi Yang and Dr. Lu Jianzhong. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, risk management and internal control system of the Group. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2015 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with

Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.wgmine.com. The 2015 annual report of the Company containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

By Order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Xie Yaolin and Mr. Liu Zhichun as executive Directors; Mr. Li Kwok Ping and Mr. Lee Hung Yuen as non-executive Directors; and Dr. Lu Jian Zhong, Mr. Qi Yang and Mr. Shen Peng as independent non-executive Directors.