Zhongrun Resources Investment Corporation

Annual Report for 2015

April 2016

Content

Section 1 Important Notice, Table of Contents and Notes

The Board of Directors, Board of Supervisors, directors and top management of Zhougrun Resources Investment Corporation (hereinafter referred to as ZRC) warrant that the content of the Annual Report for 2015 is authentic, accurate and complete and here is no false recordation, misleading statement or material omission in the Annual Report for 2015; otherwise, they agree to assume joint and several liability.

Li Mingji (Legal representative) and Shi Peng (Accounting leader and the head of accounting office) warrant that the content of the Financial Report herein is authentic, accurate and complete.

All directors are present at the board meeting that reviews the Annual Report for 2015.

ZRC declares that future plans as forward-looking statement herein will not constitute any substantive commitment to the investors. The plan of non-public offering of shares still requires the approval of China Securities Regulatory Commission and thereby involves uncertainty. ZRC would sincerely like the investors to beware the investment risks.

The Annual Report sets forth in detail the major risks that may adversely affect the realization of ZRC's future development strategy of business objectives. For details, refer to the part 'Possible risks' in Section 4 'Business performance and management analysis for 2015'. ZRC would sincerely like the investors to beware the investment risks.

ZRC decides not to distribute any cash bonus, grant bonus shares or transfer capital reserves to equity capital.

Section 2 CompanyProfile, Summary on Accounting Data and Financial Indexes

I. Overview of ZRC

Stock abbreviation	ZRC	Stock code	000506
Securities exchange	Shenzhen Stock Exchange		
Company name in Chinese	中润资源投资股份有限公司		
Abbreviated company name in Chinese	中润资源		
Company name	Zhongrun Resources Investment Corporation		
Abbreviated company name (if available)	ZRC		
Legal representative	Li MingJi		
Registered address	Building 17, Zhongrun Century Plaza, No.13777, Jingshi Road, Jinan City		
Postcode of registered address	250014		
Business address	Building 17, Zhongrun Century Plaza, No.13777, Jingshi Road, Jinan City		
Postcode of business address	250014		
Official Website	http://www.sdzr.com		
E-mail	zhongruntouzi@126.com		

II. Contactinformation

	Secretary of the Board of Directors	Stock representative
Name	He Ming	He Ming
Contact address	Building 17, Zhongrun Century Plaza, No.13777, Jingshi Road, Jinan City	Building 17, Zhongrun Century Plaza, No.13777, Jingshi Road, Jinan City
Tel	0531 - 81665777	0531 - 81665777
Fax	0531 - 81665888	0531 - 81665888
E-mail	zhongruntouzi@126.com	zhongruntouzi@126.com

III. Information disclosure and inquiry place

Available newspaper for information disclosure	*Securities Times, China Securities Journal, Swecurities Daily and Shanghai Securities News*
Website for publishing the annual report specified by CSRC	http://www.cninfo.com.cn
Available-for-inquiry place	Building 17, Zhongrun Century Plaza, No.13777, Jingshi Road, Jinan City

VI. Changes in registrations

Organization Code	91370000206951100B
Changesinmainbusinesssincethelistingof ZRC(if available)	ZRCinitiallyspecializedinsaltmaltingZRChasbeenrestructuredrepeatedly. InDecember2008.ZRC completedmajorassetrestructuring,shiftingthemainbusinesstorealestatedevelopmentandoperation. Since2011,ZRChasshifted its main business from real estate development and operation to exploration and development ofmineralresourcesandinvestmentincorporatestockequities.
Changes in the controlling shareholder (ifavailable)	In September 2006, Huibang Investment and Development Co. Ltd became the largest shareholder of ZRC. In December2008,ZRCissued364,570,000sharestoJin'anInvestment Co. Ltd (referred as Jin'an), thus turning Jin'anintothelargestshareholderofZRC. InJuneandSeptember2013,Jin'antransferredtheheld278,000,000ZRCsharestoZhongrunFutaiInvestmentCo. Ltd(refereed as Zhongrun Futai, apersonactinginconcert,whoseactualcontrollerwasZhongQiang)intheformofnegotiatingtransfer,thusturningZhongrunintothelargestshareholderofZRC. InDecember2013,HuibangInvestmentandDevelopmentCo.LtdtransferredanddecreasedZRCsharesheldbyitself via share buy-back. AsaresultZhengQiangbecametheactualcontrollerofZRC. At 26th April 2015, Zhongrun Futai and the person acting in concert Jin'an signed an equity investment agreement with Shenzhen Nanwu Beian Asset Management Ltd. (referred as Nanwu Beian). Zhongrun Futai transferred 174,000,000 shares, and Jin'an transferred 59,000,000 shares to Nanwu Beian. In total, 233,000,000 shares are transferred and this enables Nanwu Beian to control 25.08% of the ZRC's shares. Consequently, Nanwu Beian becomes ZRC's

V. Related data

Accounting office engaged by ZRC

Name of the accounting office	Shandong Hexin Accounting Office (Special General Partnership)
Business address	Floor 14, Building 18, Zhongrun Century Plaza, No.13777, Jinshi Road, Jinan City
Signatory accountants	Shen Dazhi, Ma Jingyu

The sponsor institution that is engaged by ZRC to perform the responsibility of consistent supervision during the reporting period

□ Applicable √ Not Applicable

The financial consultant that is engaged by ZRC to perform the responsibility of consisitent supervision during the reporting period

□ Applicable √ Not Applicable

VI. Summary on accounting data and financial indexes

Will ZRC retroactively adjust or restate the accounting data of previous years due to changes in accounting policies or correction of accounting errors?

□ Applicable √ Not Applicable

Unit: Chinese Yuan

	2015	2014	Year on Year increase	2013
Operating income	1,387,828,476.86	357,155,267.23	288.58%	907,194,420.50
Net profit attributable to the shareholders	21,734,437.33	-216,567,179.78	110.04%	193,604,066.28
Net profit excluding the nonrecurring profit and loss that is attributable to the shareholders	21,848,916.72	-2 15,045,881.02	99.35%	72,127,590.96
Net cost flow from operating activities	-101,367,928.34	-179,100,974.56	43.4%	-34,197,575.59
Basic earnings per share (per share)	0.0234	-0.2331	110.04%	0.2084
Diluted earnings per share (per share)	0.0234	-0.233I	110.04%	0.2084
Weighted average return-on-equity ratio	1.41%	-14.05%	15.46%	12.19%
	End of 2015	**End of 2014**	**Year on Year increase**	**End of 20l3**
Total assets	3,240,346,396.95	3,169,489,026.9I	2.24%	3,384,345,832.35
Net assets attributable to the shareholders	1,435,241,532.86	1,411,741,055.65	1.66%	1,664,091,585.10

VII. Differences of accounting data between international accounting standards and Chinese accounting standards

1. Differences of net profit and net assets in the financial report disclosed in accordance with international accounting standards and Chinese accounting standards

□Applicable √Not Applicable

The financial report does not involve any differences of net profit or net assets disclosed in accordance with international accounting standards and Chinese accounting standards

2. Differences of net profit and net assets in the financial report disclosed In accordance with foreign accounting standards and Chinese accounting standards

□ Applicable √ Not Applicable

The financial report does not involve any differences of net profit or net assets disclosed in accordance with foreign accounting standards and Chinese accounting standards

VIII. Quarterly accounting data and financial indexes

Unit: Chinese Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating income	82,088,058.18	210,729,007.85	77,102,327.00	1,017,909,083.83
Net profit attributable to the shareholders	-10.875,388.34	16,008,648.32	-35,499,890.14	52,101,067.49
Net profit excluding the nonrecurring profit and loss that is attributable to the shareholders	-10,922,027.02	15,785.068.03	-34,755,134.98	51,741,010.69
Net cost flow from operating activities	32,648,608.28	-90,696,951.86	-24,392,013.18	-18,927,571.58

Do indexes or the sum of data above involve any differences between relevant indexes from semi-annual and quarterly reports that the company has revealed?

□ Yes √ No

IX. Items and amounts of nonrecurring profit and loss

√ Applicable □Not Applicable

Unit: Chinese Yuan

	2015	2014	2013	Notes
Profit and loss from the disposal of non-current assets (including the amount of write-down of assets)	-579,737.63	-214,767.86	-96,312.l3	
Government subsidies recorded in the profit and loss of current period (excluding the government subsidies that are closely related to corporate business and are rationed in accordance with the national unified standards)		87,300.00		
Earnings generated when the investment cost for acquiring a subsidiary associated enterprise or cooperative enterprise is lower than the due fair value of identifiable net assets of the investee			119,732,5l6.09	
Profit and loss from debt restructuring			4,782,950.01	
Other non-operating incomes and expenses	376,884.09	-1,481,279.10	-2,497,240.12	
Minus influence of income tax	126.386.62	3,919.72	547,349.44	
influence of minority interest (after tax)	-214,760.77	-91,367.92	- 101,910.91	
Grand total	-114,479.39	- 1,521,298.76	121,476,473.32	…

ZRCshallaccountforthenonrecurringprofitandtossitemsdefinedinaccordance with *Explanatory bulletin I on information disclosure by the company publicly issuing securities – non-recurring profit and loss*, and account for why such nonrecurring profit and loss items are defined as recurring profit and loss items.

□ Applicable √ Not Applicable

In the reporting period, no nonrecurring profit and loss items listed in accordance with *Explanatory bulletin I on information disclosure by the company publicly issuing securities – nonrecurring profit and loss* were defined as recurring profit and loss items.

Section 3 Business Summary

I. Core business during the period of reporting

During the period of reporting, ZRC specializes in open mining investment and real estate.

The company's subsidiaries Sichuan Pingwuzhong Gold Mining ltd and British Vatukoula Gold Mines Plc. are mainly engaged in gold exploration, mining, processing and drilling, and sales of gold related products. During the period of reporting, ZRC increased exploration efforts to improve the level of reserves, paid close attention to production and operation management, improve the capability and reduce costs, and thereby achieved the steady improvement in economic efficiency of the enterprise. In this accounting period, ZRC produced 43,982.25 ounces of gold and generated revenue of 316,765,900 Chinese Yuan.

The main Real Estate project of ZRC is the ‘OCT Zibo’. During the accounting period, account for the influence of multiple government policysuperpositions, the policy environment where the whole real estate industry runs has been significantly improved. The whole industry tends to be more stable and market trading volumes also increase. ZRC focuses on the crucial objectives put forward at the beginning of the year, especially on ‘Construction and Sales’, enhance the construction management and ensure that the achievement of the company’s operation objectives. In this accounting period, ZRC achieved real estate sales of 1,071,062,600 Chinese Yuan.

II. Significant changes of main assets

a. Significant changes of main domestic assets

□ Applicable √ Not Applicable

b. Significant changes of main overseas assets

□ Applicable √ Not Applicable

III. Core competitiveness analysis

The board of directors of ZRC is very experienced in investment and mine management field. In terms of mining operation and administration, ZRC have attracted advanced mining talents from both domestic and international areas. These people formed a professional management team and set the foundation of ZRC’s human resource sustainability.

Besides, good platforms for overseas investment and cooperation plays an important role in accessing to brilliant business partners and integrating of relevant techniques and talents, also is good at improving the overall level of the company’s mining operation.

ZRC has numerous experiences in Real estate development and operations and a professional real estate development team, which based ZRC’s mature model of business development and effectively control business risks. Additionally, the good images in the market, the brand of the company and our projects will also bring benefits to ZRC in the real estate business development.

Section 4 Business performance and management analysis for 2015

I. Overview

Market environment and top management analysis

Real estate

In 2015, China’s real estate policy responses the call of ‘enhance production, empty inventories’, stabilizes the housing consumption, cuts down the RRR rate, keeps decreasing the down payment of mortgage, encourages separate residence and improve demands, promotes consumption, goes of stocks; simultaneously, the policy regulates the land size structure, revitalizes the stock and improves utilization. Local governments proactively follow the policy, and stabilize the expectation of the market. Under the stimulus of multiple policies, Real Estate market rebound gradually. However, from the market's perspectives, regional differentiation exacerbates more seriously: house prices at Tier and Second-tier cities have shown strong tendency of growing up, however house prices at Third-tier and fourth-tier cities decreased for the high level of inventories. The speed of investment growth keeps decreasing, the costs of acquiring lands continue to rise, and the number of new construction areas substantially reduces. The multifunction mixed land supply has gradually become the main tendency. Besides, Real estate businesses cooperation and mergers have become popular. Since this year, the competitive atmosphere formed by numerous individual companies will be changed; mergers and cooperation will become the new tendency of the real estate industry.

Precious metals industry

In 2015, the world economy growth continues to slow down, the road to recovery remains hard and bumpy. Developed economies like the United States furtherly improve the fundamentals of their economies, emerging markets and developing economies are struggling to transformunder the stall economic pressure, and regional differentiation has intensified. Global financial market is turbulent, the overall level of debt is still at the historically high level,and commodity prices continued to slump, trade protectionism and competitive currency risk have increased.

Under the background of economic slowdown and restructuring, the main minerals demand is still weak. Overall monetary liquidity is ample, but subject to strong dollar, commodity prices throughout the year are still mainly oscillated and decrease.

In 2015, the global gold demands are 4212 Ton, equalized the amount of 2014; the total gold supplies are 4258 ton, decreased 4% comparing to the last year. The balance of demands and supplies sustains. The gold price is still low (average 1156.19 dollar/ounce), comparing to the highest price at the last term, gold prices have fallen by 40%, which significantly narrows profit margins of the gold industries. In recent months, gold prices obviously go up because of the effects of hedging risks. However, considering all factors that affect the international gold price, the purchase price of gold in the next few years will continue to be low.

Company's performance and management analysis

In 2015, the macroeconomic situation and mining development environment is still severe. ZRC actively promoted the business optimization and strategic acquisitions to face complicated and unfavourable external environment. ZRC focused on earnestly existing project operations management, resource exploration and technological transformation, simultaneously, the company proactively concerned hungry trends and opportunities in other sectors, introduced strategic investors, planned the implemented the non-public offering to acquire overseas mining projects, created the company's new profit growth points, and enhanced the ability to resist risks and maintained long-term stable development.

(I) Enhance the technique transformation, intensify production management and reduce costs, tap into potential and increase productivity and improve the quality of mining operation

In 2015, the market prices of mineral products fluctuated at a low level. In this situation, ZRC people strongly committed to the company. On the one hand, the company enhanced the exploration process, dedicated to tap into potential in mining assets, and increase the reserve. On the other hand, the company intensified production management, promoted capabilities and reduced costs to improve the operation level and abilities of the company.In 2015, the annual gold yield amounted to 43,982 ounces.

In 2015, Vatukoula Gold Mines Plc aims at strengthening production management and cost reduction.The mine achieved underground tunneling footage 15,191 meters, which is 25% higher than the one of 2014. Gold production touched the point of 43,982 ounces, increased 15% comparing to the last year. The unit cash cost of production reduced 30% from 2736 Fiji Dollar/oz in 2014 to 1908Fiji Dollar/oz. Profits in this term substantially reduced compared to the same period last year.

In 2015, Pingwu Zhongin Mining Co, Ltd of Sichuan Provinces learned metallogenic regularity, increased the exploration inputs, and achieved a breakthrough at the level of mining assets: in the whole year, the proved amount of ore (both 111b and 122b) increased by 822,000 tons, and the amount of gold metal rose 3386kg. Besides, the volume of 322 ore jumped by 613,000 tons, with gold mental increase of 3918kg. The amount of 333 ore grew by 2,591,000 tons, with gold mental 12377kg. All these increases set the foundation for the long-term development of mines. Under the preliminary estimation, ZRC reserves over 7,133,000 tons ore and 32369kg of gold mental.

In 2015, Inner Mongolia Huiyin Mineral Mining Co, Ltd actively applied for the exploitation license for the silver-lead-sheenreserves of the Lemage Mountain, and tried its best to maintain the related mining rights.

(II) Fully exploit beneficial opportunities resulted from the government policies, accelerated the capital return of the real estate industry

In 2015, to face the market situation that differentiation trend tends to be more obvious, ZRC's real estate projects highly focus on objectives of accelerating construction development and expanding sales, enhanced construction management, promoted sales in multiple channels, and thereby speeded up the capital returns.

In 2015, ZRC fully exploited the brand of the company and the OTC project; keep optimizing marketing networks, creating marketing models, motivating sales people, achieving quick capital return. During this accounting period, the company achieved real estate revenue 1,071,062,600 Chinese Yuan, sharply increased comparing to the same period of last year.

Under the project philosophy of 'high quality, high requirements', ZRC guarantees the brand, quality and low costs of projects, confirms the high-efficient implementation of real estate projects completion plan, and make sure that the company can achieve the its operation objective.

(III) Conduct standardized operation, and deepen basic management continuously

In 2015, ZRC adhered to the philosophy of standardized operation thus ensuring that the General Meeting of Shareholders, Board of Directors, Board of Supervisors and top management could operate normatively, efficiently and scientifically within the scope of their authority.

ZRC constantly carried out a target-oriented performance appraisal system, and broke down the corporate strategic target among the subsidiaries and functional departments ZRC conducted planned management, built a target-oriented responsibility system for project operation, and defined the annual plan appraisal indexes in detail, in order to ensure that ZRC's various jobs were completed smoothly and in an orderly manner.

ZRC pays close attention to the combination of localization of foreign enterprises and modernization of enterprise system, strengthened the propaganda and permeate of corporate culture, promoted "continuous improvement" culture to ensure that the foreign company management system gradually integrate with the company headquarters in conformity with the economic and legal environment,, and also strengthened management of the company's overseas companies, enhanced the overall level of enterprise management.

(IV) Actively plan and promote non-public offering of shares to purchases assets, improve company's sustainability in light of ZRC's sustainable development strategy

2015 is a critical year in strategic development. When the mining and real estate industries are grim, ZRC, according to the company's development strategy, actively researched, analysed and explored new areas of investment. At the June 18, 2015, ZRC passed *the Proposal of non-public shares* and relevant motions in the second 2015 Extraordinary General Meeting to raise funds 28.3 billion Chinese Yuan. This financing provided capital to buy 100% of shares of Iron Ore (International) Co., Ltd., Mingsheng Co., Ltd and the new Mongolian Xinlale high iron ore Co., Ltd and ZRC has requested the approval of China Securities Regulatory Commission. Since then, ZRC entered the promising overseas iron ore mining industry to increase the ability to resist risks, improve profit growth and enhance the company's ability to achieve sustainable development.

II. Analysis of main business

(I) Overview

Until 31 December, 2015, ZRC's total assets are 3,210,346,400 Chinese Yuan, increased 2.24% comparing to the same period of last year. Total liabilities are 1,698,886,300 Chinese Yuan, increased 4.08% compared to the same period of last year. Owners' equity attributable to shareholders is 1,435,241,500 Chinese Yuan, increased 1.66%. In 2015, the company achieved revenue 1,387,828,500 Chinese Yuan, increased 288.58%. Total profits are 43,353,300 Chinese Yuan, increased 115.33%. Net profits attributable to shareholders are 21,734,400 Chinese Yuan, which helps the company to achieve profits following a year of loss. The net return of equity is 1.14%, increased 15.46%. The basic earnings per share are 0.0234 Chinese Yuan, increased 110.04%. In total, ZRC's economic efficiency improves stably.

(II) Revenue and costs

i. Operating income

Unit: Chinese Yuan

	2015		2014		Year-to-year ratio
	Amount	Ratio to total revenue	Amount	Ratio to total revenue	
Total operating income	1,387,828,476.86	100%	357,155,267.25	100%	288.58%
Industries					
Real estate	1,071,062,625.52	77.18%	56,835,274.52	15.91%	1784.50%
Mining	316,765,851.34	22.82%	300,319,992.73	84.09%	5.48%
Products					
Real estate sales	1,071,062,625.52	77.18%	56,835,274.52	15.91%	1784.50%
Gold sales	316,765,851.34	22.82%	300,319,992.73	84.09%	5.48%
Areas					
Zibo Area (Real estate)	1,071,062,625.52	77.18%	56,835,274.52	15.91%	1784.50%
Sichuan Pingwu (Mining)	585,000.00	0.04%	10,927,978.54	3.06%	-94.65%
Fiji (Mining)	316,180,851.34	22.78%	289,392,014.19	81.03%	9.26%

ii. Industries, products and areas that occupied over 10% of ZRC's revenue or operating income

Unit: Chinese Yuan

	Operating income	Operating costs	Gross profit ratio	Operating income Y2Y increase	Operating costs Y2Y increase	Gross profit ratio Y2Y increase
Industries						
Real estate	1,071,062,625.52	782,936,099.78	26.90%	1784.50%	1836.37%	-1.96%
Mining	316,765,851.34	256,063,264.58	19.16%	5.48%	-24.11%	31.51%
Products						
Real estate sales	1,071,062,625.52	782,936,099.78	26.90%	1784.50%	1836.37%	-1.96%
Gold sales	316,765,851.34	256,063,264.58	19.16%	5.48%	-24.11%	31.51%
Areas						
Zibo Area (Real estate)	1,071,062,625.52	782,936,099.78	26.90%	1784.50%	1836.37%	-1.96%
Sichuan Pingwu (Mining)	585,000.00	475,356.77	18.74%	-94.65%	-97.24%	76.29%
Fiji (Mining)	316,180,851.34	255,587,907.81	19.16%	9.26%	-20.17%	29.80%

In the case of changes of main business statistics calibre in the accounting period, in the most recent year, the company uses data that adjusted according to changes of statistics calibre.

□Applicable √Not Applicable

iii. Are the company's physical sales higher than its labour income?

□ Applicable √ Not Applicable

iv. The fulfilment situation of crucial sales contract at the end of the accounting period

□ Applicable √ Not Applicable

v. Operating costs

Industry and product classifications

Unit: Chinese Yuan

Industries	Items	2015		2014		Year to year increase
		amount	ratio to total operating costs	amount	ratio to total operating costs	
Real estate	Real estate	782,936,099.78	75.35%	40,433,240.67	10.70%	1836.37%
Mining	Mining	256,063,264.58	24.65%	337,392,598.81	89.30%	-24.11%

Unit: Chinese Yuan

Products	Items	2015		2014		Year to year increase
		amount	ratio to total operating costs	amount	ratio to total operating costs	
Real estate	Real estate	782,936,099.78	75.35%	40,433,240.67	10.70%	1836.37%
Mining	Mining	256,063,264.58	24.65%	337,392,598.81	89.30%	-24.11%

Notes

vi. Did changes in the scope of consolidation occur during the reporting period?

□ Applicable √ Not Applicable

vii. Did critical changes occur in terms of business, products and services during the reporting period?

□ Applicable √ Not Applicable

viii. Main clients and supplier

Main clients

Total sales of top 5 clients (Chinese Yuan)	462,315,692.34
Sales of top 5 clients/Total sales	33.31%

Top 5 clients details

Number	Name of Clients	Sales (Chinese Yuan)	% of Total sales

1	The Perth Mint Refinery	316,765,851.34	22.82%
2	Zibo Runze General Merchandise	130,350,000.00	9.39%
3	Client	6,000,000.00	0.43%
4	Client	5,085,627.00	0.37%
5	Client	4,114,214.00	0.30%
Total	-	462,315,692.34	33.31%

Other details of main clients

□Applicable √Not Applicable

Main suppliers

Total purchasesfrom top 5 suppliers (Chinese Yuan)	270,592,297.44
Purchasesfrom top 5 suppliers/Total purchases	21.55%

Top 5 suppliers details

Number	Name of Suppliers	Sales (Chinese Yuan)	% of Total sales
1	Total (Fiji) Limited	98,229,678.06	7.82%
2	Su Tong Construction Group Co., Ltd. Zibo Branch	60,091,683.38	4.79%
3	Shandong Huicheng Construction Co. Ltd. Zibo Branch	56,186,240.50	4.48%
4	Aggreko (NZ) Ltd-Fiji Branch	32,519,832.00	2.59%
5	Jinan Kailida Construction Materials Co., Ltd	23,564,863.50	1.88%
Total	-	270,592,297.44	21.55%

Other details of main clients

□ Applicable √ Not Applicable

(III) Expenses

Unit:ChineseYuan

	2015	2014	Year to year increase	Crucial changes
Cost of sales	11,118,792.03	9,350,654.87	18.91%	
Administration costs	106,124,832.96	130,297,522.89	-18.55%	
Financial costs	-15,981,752.67	10,852,543.63	-247.26%	mainly caused by the large amount of foreign exchange gains

(IV) Research and Development

□ Applicable √ Not Applicable

(V) Cash flows

Item	2015	2014	Year to year increase
Total cash inflow from operating activities	1,401,141,079.97	702,677,871.99	99.40%
Total cash outflow from operating activities	1,502,509,008.31	881,778,846.55	70.40%
Net cash flow from operating activities	-101,367,928.31	-179,100,974.56	43.40%
Total cash inflow in investment activities	150,000,000.00	287,051,671.61	-47.74%
Total cash outflow in investment activities	127,865,689.26	111,477,528.55	14.70%
Net cash flow from investment activities	22,134,310.74	175,574,143.06	-87.39%
Total cash inflow from financing activities	147,154,410.65	45,050,922.05	226.64%
Total cash outflow From financing activities	13,142,510.85	137,603,845.94	-90.45%
Net cash flow from financing activities	134,011,899.80	-92,552,923.89	244.79%
Net increase in cash and cash equivalents	52,580,039.05	-103,716,773.12	150.70%

Notes on crucial changes between relevant statistics and on large year-to-year increases

□ Applicable √ Not Applicable

Notes on details impacting crucial changes of cash flows:

Item	This accounting period	The same period of last year	Year to year increase	Reasons of changes
Cash from selling and providing services	876,869,415.06	579,790,629.42	51.24%	In this accounting period, Zibo Zhongrun received large amount of cash from house selling
cash from other operating-related activities	512,870,833.57	78,817,999.36	84.63%	Received large amount of cash from the natural person Mr. Ankang
cash paid for other operating-related activities	654,368,293.24	95,869,984.14	85.35%	Paid Evermate Trading Limited Gou earnest money in Cash
cash from other disposal of subsidiary and other business units	150,000,000.00	287,003,281.61	-47.74%	Cash from disposal of subsidiaries at last accounting period decreased significantly

The reason for the great differences between the cash flow from operating activities of the reporting period arid net profit of current year

□ Applicable √ Not Applicable

III. Analysis of non-core business

□ Applicable √ Not Applicable

IV. Assets and Liabilities

(I) Assets and crucial changes

Unit: Chinese Yuan

	The End of 2015		The End of 2014		Year-to-year increase
	Amount	% of total assets	Amount	% of total assets	
Cash	141,293,743.82	4.36%	39,590,597.22	1.25%	3.11%

Account receivable	30,492,098.89	0.94%	23,143,849.10	0.73%	0.21%
Inventory	994,575,163.23	30.69%	1,438,521,912.22	45.39%	-14.70%
Investment property	100,644,622.43	3.11%	104,017,193.55	3.28%	-0.17%
Fixed assets	367,924,031.12	11.35%	320,053,095.34	10.10%	1.25%
Construction in progress	19,603,349.62	0.60%	20,178,957.83	0.64%	-0.04%
Short-term debts	1,450,791.03	0.04%	1,077,151.99	0.03%	0.01%
Long-term debts	145,268,026.33	4.48%	45,000,000.00	1.42%	3.06%

(II) Assets and liabilities at fair value

√ Applicable □ Not Applicable

Unit: Chinese Yuan

items	Opening balance	Change of the current fair value	Fair value changes that accounted in profit and loss	impairment provision of this accounting period	Purchase amount	Sales amount	Closing balance
Available for sale	16,617,825.00			9,244,620.01			7,373,204.99
Financial assets	16,617,825.00			9,244,620.01			7,373,204.99
Total	16,617,825.00			9,244,620.01			7,373,204.99
Financial debts	0.00						0.00

Crucial changes of measurement attributes of main assets?

Yes √ No

V. Investment profile

a. Main profile

□ Applicable √ Not Applicable

b. Significant equity investments acquired during the reporting period

□ Applicable √ Not Applicable

c. Significant progress of non-equity investments during the reporting period

□ Applicable √ Not Applicable

d. Investment in financial assets

i. Investment in securities

□ Applicable √ Not Applicable

Investment in securities does not exist during the current reporting period.

ii. Investment in derivatives

□ Applicable √ Not Applicable

Investment in derivatives does not exist during the current reporting period.

e. Use of proceeds

□ Applicable √ Not Applicable

Use of proceeds does not exist during the current reporting period.

VI. Sales of major asset and equity

a. Sales of major assets

□ Applicable √ Not Applicable

ZRC does not sell major assets during the current reporting period.

b. Sales of major equity

□ Applicable √ Not Applicable

VII. The analysis of main holding companies

√ Applicable □ Not Applicable

Main subsidiaries and holding companies that cause over 10% of impact to the profits of ZRC

Unit: Chinese Yuan

Name of companies	Companies types	Main business	Register Capital	Total assets	Net assets	Revenue	Operating income	Net profit
Shandong Zhongrun Group Zibo Properties Limited	Subsidiary	Residence, commercial and real estate	100,000,000.00	1,308,457,482.22	427,276,113.45	1,071,062,625.52	149,208,604.46	112,073,107.69
Zhongrun Mining Development Co., Ltd.	Subsidiary	Mining investment	500,000,000.00	1,228,330,488.10	496,546,507.93		44,863,247.06	44,863,247.06
Zhongrun International Mining Co., Ltd.	Subsidiary	Mining investment	$ 50,000.00	884,683,800.87	-57,283,659.37		-7,379,044.04	-7,379,044.04
Sichuan Pingwu Zhongjin Gold Mines Ltd.	Subsidiary	Gold mining	20,000,000.00	89,434,695.86	-63,544,464.30	585,000.00	-18,569,933.34	-18,602,976.33
Tibet Zhongjin Gold Mines Ltd.	Subsidiary	Copper ore mining	50,000,000.00	36,443,665.44	36,383,738.44		-161,795.52	-161,795.52
Inner Mongolia Huiyin Mines Ltd.	Subsidiary	Lead-zinc silver mining	39,090,000.00	169,542,279.84	164,168,953.21		-14,656,963.45	-14,656,963.45
British Vatukoula Gold Mines Plc	Subsidiary	Gold mining	£ 17,212,767.16	590,641,472.16	248,999,019.01	316,180,851.34	-9,097,257.50	-9,676,465.81

Acquire subsidiaries during the reporting period
□ Applicable √ Not Applicable

VIII. The structured entity under company's control

□ Applicable √ Not Applicable

IX. Prospect of the company

In 2016, ZRC will continue to promote better management, improve the production efficiency and enhance cost competitiveness; pay more exploration efforts, increase reserves of mineral resources, to ensure the long-term sustainable development of production; efforts to real estate marketing, further strengthen and accelerate capital returns; actively promote the non-public offering, and strive to increase the company's new profit growth point.

(I) Deepening the reform of Vatukoula gold mine Plc.'s payroll system, improve the labour productivity

In 2016, actively promote the reform of Vatukoula gold mining Plc.'s payroll system, transit from hourly wages to piecework, completely reverse the drawbacks that employees' wages are disjointed with their working hours and the gold production; increase productivity and strengthen the surface oxide ore processing and tailings heap leaching test, and strive to improve gold production; further strengthen the mine infrastructure, continue to reform the ventilation and drainage systems at plants, promote treatment capacity and recovery of selected plants; strengthen technical management and technological innovation capability of testing, mining, dressing, smelting and other professional techniques; actively combine exploration and mining, strengthen geological prospecting, development and other project construction; restore deep mining regions of Smith shaft and Philip shaft; promoting captive power plant construction; improve and secure the domestic procurement channels, strengthen mining machinery and equipment maintenance centre, reduce procurement costs and improve the operability of machinery and equipment; stringently control expenses and costs, reduce operating costs at multi-link and multi-level of mine production, and finally enhance the company's efficiency.

(II) Adhere to the "zero harm" safety guidelines to increase exploration efforts to achieve safe production and increase reserves

Establish and improve various safety regulations and safety production responsibility system, implement safety objectives, and improve safety management responsibility and evaluation system; promote "zero harm" safety guidelines and safety culture, carry out activities of safety administration, and improve the quality of security, ensure safety in production. Based on 2015 survey results, further improve the review, record and the remitted work of the Pingwu Gold Project exploration results; also, adjust gold production and exploration investment resources to increase mine reserves.

(III) Optimizing real estate sales model, create marketing strategies to accelerate real estate sales

In 2016, real estate sales market will continue to pick up, but the regional differentiation will be further exacerbated. The company will make full use of brand advantages, and optimize sales model; create new marketing ideas, develop a more aggressive marketing policy, increase sales efforts and accelerate the return of funds to provide financial support for the company's continued business expansion.

(IV) Actively promote the non-public offering of stock issues, innovate financing model, achieve the sustainable development strategy of the company through mergers and acquisitions

Actively promote the non-public offering of work, innovate financing model, take advantage of a variety of investment ways including sector funds and investment trusts; enhance merges and acquisitions both domestic and overseas to increase the company's new profit growth point, and achieve the company's strategy of sustainable development.

(V) Strengthen management investment plan to further deepen the construction of the internal control system

Carefully implement the company's investment management principles, carry out the work from the decision-making, discussion, implementation, and monitoring all stages of evaluation. In the project decision-making and demonstration stage, fully referred to the wisdom of experts to ensure maximum effectiveness and technical feasibility of the project; continue to strengthen the self-examination and evaluation in the implementation of the internal control system, and in a timely manner to refine the company's internal control system, so that the implementation of internal control system is effective, and the company's standardized operation level can be improved.

Possible risks

(I) Risk of gold and non-ferrous metal price fluctuations on the company's operations

The company's main business is real estate development and mining investment, therefore supply and demand fluctuations and changes in the price of gold will have a greater impact to the company's profitability. International gold prices are impacted by inflation expectations; dollar exchange rate tendency, interest rates, supply and demand in the gold market, the trend of economic and financial market stability and many other factors, fluctuations in the price of gold will lead to the uncertainty of the company's operating performance. Because of these factors are not controllable, it will constitute an important impact on the operation of gold mining companies. The company will strengthen the judgement on domestic and international economic situation, effort to increase productivity, save energy, strengthen the basic management, and finally stabilize the company's production and operating results.

(II) Safety and environmental risks of the company's operations

Safety and environmental-friendly production base the smooth operation of the mine. In 2016, the company's security will be strictly abided by relevant laws and regulations, be strictly compliance with the *Safe production responsibility system, Underground, open pit mining safety management approach* and other safety-related systems, and focus on environmental protection and energy conservation work. As an industry required being highly safe and environment-friendly, the company will continue to attach great attention to production safety and environmental protection, strengthen the full awareness of production safety, the effective implementation of environmental responsibility, and the precautionary towards safety and environmental risks to the company.

(III) Risk from real estate market area differentiation

In 2015, real estate market has been recovered. However, from the perspective of the real estate market environment, the regional differentiation further aggravated, house prices of first-tier and second-tier market rise significantly, three or four-tier house prices were under downward trend because of the of high stock. Because the company's real estate projects located in three-tier cities, the real estate market volatility in third-tier cities will directly affect the company's operating performance.

(IV) International business risks

In the internationalization strategy implementation process, company's overseas business are affected by the local industrial environment, policy environment, labor policy, exchange rates, and many other international markets. The company will continue to implement the integration of international industrial, institutional and cultural integration, to explore and improve international management system, and actively carry out international exchanges and personnel training, strengthen convergence of domestic and overseas operations, optimize business management processes and reduce the risk of international operations.

X. Reception of research, communication and interview activities

(I) Reception of research, communication and interview activities during the period of accounting

□ Applicable √ Not Applicable

No any research, communication and interview activities occur during the accounting period.

Section 5Important matters

I. Ordinary shares profit distribution and Capital reserve capitalization

Ordinary shares of profit distribution policy, particularly the cash dividend policy formulation, implementation or adjustments

√Applicable □ Not Applicable

ZRC neither distribute profits in 2014 nor capitalized capital reserves. In 2015, the company does not distribute profits.

Special description of cash dividend policy	
It meets the requirements of the provisions of the articles of association and shareholders' General Assembly resolutions:	Yes
The ratio and standards of dividend are definite and clear:	Yes
Relevant decision-making procedures and mechanisms are complete:	Yes
Independent Directors perform their duty and play their due role:	Yes
Do minority shareholders have sufficient opportunity to express their views and aspirations? Are their legitimate rights and interests fully protected?	Yes
In the case of changing or adjusting cash dividend policy, conditions and procedures are transparent and in compliance with relevant regulations	No adjustments or changes

Common stock dividend distribution plan (preplan), capital reserve capitalization program (preplan) in recent three years (including current period)

At the end of 2013, profit distribution is based on available profit of the parent company. Referring to the audit report from the Shandong Certified Public Accountants (special general partner), at the end of 2013 the parent company held retained earnings 365,673,815.20 Chinese yuan. According to the company’s Articles of Association, considering the interests of shareholders and the company's future acquisitions of mining projects and the demands of future development, the company proposed distribution of profits. The specific profit distribution plan is as follows: based the total numbers of share (929,017,761 shares), distributed 0.25 yuan (including tax) for every 10 shares. In total, the cash dividend is 23,225,444.03 Chinese yuan.

At the end of 2014, the consolidation achieved profits attributable to shareholders of listed companies of -216,567,179.78 Chinese yuan, the parent company realized net profit -60,074,126.48 Chinese yuan. Given the current situation of the real estate and the mining industry as a whole, in order to further improve the operation and management of the mine, to achieve the long-term stable development, continuous investments in mining are required, therefore in 2014, the company decided neither to distribute profit, nor capitalized any capital reserve.
At the end of 2015, the consolidation achieved profits attributable to shareholders of listed companies of 21,734,437.33 Chinese yuan, the parent company realized net profit -75,728,608.63

yuan. Given the current situation of the real estate and the mining industry as a whole, in order to further improve the operation and management of the mine, to achieve the long-term stable development, continuous investments in mining are required, therefore in 2014, the company decided neither to distribute profit, nor capitalized any capital reserve.

Common stock cash dividend distribution in recent three years (including current period)

Unit: Chinese Yuan

Year	Amount of cash dividends (Including tax)	Net profit attributed to common shareholders of listed companies in the consolidated income statement	Ratio between net profit attributed to common shareholders of listed companies to the total profit in the consolidated income statement	Cash dividends distributed in other ways	Ratio between Cash dividends distributed in other ways and total profits in the consolidated income statement
2015	0.00	21,734,437.33	0.00%	0.00	0.00%
2014	0.00	-216,567,179.78	0.00%	0.00	0.00%
2013	23,225,444.03	193,604,066.28	12.00%	0.00	0.00%

The parent company does not make common share cash dividend distribution plan although the company earns profits during the current period and the net profit attributed to common shareholders of listed companies in the consolidated income statement is positive.

□ Applicable √ Not Applicable

II. The pre-plan of profit distribution and capital reserve capitalization in the current period

□ Applicable √ Not Applicable

The company does not distribute cash and bonus shares, and does not capitalize capital reserve.

III. Implementation of commitments

(I) Commitments that the company, shareholders, actual controller of shares, directors, supervisors, senior management or other relevant parties have fulfilled at the current period or have not fulfilled yet at the end of the current period

√ Applicable □ Not Applicable

Commitments	Commitment party	Commitment type	Commitment details	Commitment time	Term of Commitment	Fulfilment
Other commitments made to minority shareholders	Lu Fen	Holdings of shares commitment	The company's actual controller Lady Lu Fen will increase numbers of holding shares in the way in compliance with regulations and laws. The increasing number of shares is no less than 4 million shares and the increasing value of shares is no less than 50 million Chinese yuan.	11 July, 2015	Three months	Lady Lu Fen increase number of holding shares 5,700,040 from 9 Sep 2015 to 15 Sep 2015.
If fulfilled the commitment on time			Yes			

(II) There is profit prediction of projects or the company's assets, and reporting period is within the prediction period, company meet the profit prediction and explained reasons behind the performance

□ Applicable √ Not Applicable

IV. Non-operating misappropriation of funds by the controlling shareholder and its affiliated parties

□ Applicable √ Not Applicable

During the reporting period, the controlling shareholder or affiliated parties did not misappropriate any funds of ZRC for a non-operating purpose.

V. Explanation of the 'nonstandard audit report' during the reporting period made by the Board of Supervisors or Independent Directors (if applicable)

□ Applicable √ Not Applicable

VI. Comparing to last year's accounting report, there are changes of the accounting policies, accounting evaluations and accounting method

□ Applicable √ Not Applicable

There are no changes of the accounting policies, accounting evaluations and accounting methods at the current period.

VII. There are significant accounting errors in the case of requiring restatement description

□ Applicable √ Not Applicable

There are no significant accounting errors in the case of requiring restatement description.

VIII. Comparing to reports last year, consolidated statements scope changes.

□ Applicable √ Not Applicable

There are no changes of consolidated statements scope at the current period.

IX. Engagement of Dismissal of accounting office

Current accounting office engaged by ZRC:

Name of domestic office	Shandong Hexin Accounting office (Special general partnership)
Remuneration to domestic accounting office (unit: 10,000 Chinese Yuan)	90
Continuous years of audit service by domestic accounting office	7

Certified public account of domestic accounting office	Shen Dazhi, Ma Jingju
Name of overseas accounting office (if available)	Not available
Remunerations to overseas accounting office (if available)	Not available
Continuous years of audit service by overseas accounting (if available)	Not available
Certified public account of overseas accounting office (if available)	Not available

Was an accounting office re-engaged during the reporting period?

□ Yes √ No

Accounting office for auditing internal control, financial consultant or sponsor engaged by ZRC

√ Applicable □ Not Applicable

During the reporting period, due to the non-public offering of shares, ZRC employed New Times Securities Co., Ltd. as the stock sponsor of non-public offering, the total cost is 6 million Chinese yuan. During the reporting period, the company totally paid 2 million Chinese yuan. Shanndong Hexin Accounting Office (special general partnership) was engaged by ZRC to audit its internal control with audit fee 300,000 Chinese yuan.

X. Listing suspension and delisting subsequent to the disclosure of annual report

□ Applicable √ Not Applicable

XI. Bankruptcy restructuring

□ Applicable √ Not Applicable

During the reporting period, ZRC did not undergo any bankruptcy restructuring.

XII. Major lawsuits and arbitrations

□ Applicable √ Not Applicable

During the reporting period, ZRC did not undergo any bankruptcy restructuring.

XIII. Punishments and rectifications

□ Applicable √ Not Applicable

During the reporting period, ZEC was not subjected to any punishments, nor did it make any rectifications.

XIV. The integrity status of the company, the controlling shareholders and the actual controller

□ Applicable √ Not Applicable

XV. The implementation of equity incentive plan, employee stock ownership plans or other employee incentives

□ Applicable √ Not Applicable

During the reporting period, there is no equity incentive plan, employee stock ownership plans or other employee incentives.

XVI. Substantive affiliated transactions

(I) Affiliated transactions in daily operations

□ Applicable √ Not Applicable

During the reporting period, ZRC did not make any affiliated transactions in daily operations.

(II) Affiliated transactions arising from asset acquisition and sales

□ Applicable √ Not Applicable

During the reporting period, ZRC did not involve any affiliated transactions arising from asset acquisition and sales

(III) Affiliated transactions of joint external investment

□ Applicable √ Not Applicable

During the reporting period, ZRC did not involve any affiliated transactions ofjoint external investments

(IV) Creditor's rights and debts with affiliated parties

□ Applicable √ Not Applicable

Does the company involve in non-operating rights and debts with affiliated parties?

□ Yes √ No

During the reporting period, no non-operating rights or debts were involved between ZRC and affiliated parties.

(V) Other affiliated transactions

√ Applicable □ Not Applicable

At 19 August 2015, ZRC held its eighth Board thirteenth meeting, reviewed and approved the "*Proposal of the signing of the loan contract*". In order to support the mining project implementation of Elohim River Iron Ore Co, ZRC intends to sign a loan contract with Elohim River Iron Ore Ltd. (hereinafter referred to as 'Elohim River') to voluntarily lend it 300 million Chinese yuan at current bank loan interest rate one-year borrowing rate execution. This loan will used to Elohim River's preliminary exploration and design work for the company's iron ore project. To effectively control the risk, this loan is provided by a subsidiary of ZRC's controlling shareholder Shenzhen Nanwu Bei'an asset management ltd.: the Shenzen Nanwu Bei'an Wealth management Ltd with unconditionally joint and several liability guarantees.

Affiliated transactions interim report disclosure website

Name of interim report	Disclosure date	Disclosure website
Announcement on the signing of the loan contract	21 Aug, 2015	http://www.cninfo.com.cn

XVII. Major contracts and their performance

(I) Trusteeship, contracting and leasing

i. Trusteeship

□ Applicable √ Not Applicable

During the reporting period, ZRC was not involved in any trusteeship.

ii. Contracting

□ Applicable √ Not Applicable

During the reporting period, ZRC was not involved in any contracting project.

iii. Leasing

□ Applicable √ Not Applicable

During the reporting period, ZRC was not involved in any leasing project.

(II) Guarantee

√ Applicable □ Not Applicable

i. Guarantee

Unit：10,000 Chinese Yuan

External guarantee (Excluding the guarantee provided for its subsidiaries)								
Guaranteed object	Date of announcing the guarantee limit	Guarantee limit	Date of occurrence (date of signing)	Guaranteed amount	Guarantee type	Term of guarantee	performed	Guarantee for affiliated party
Guarantee for its subsidiaries								
Guaranteed object	Date of announcing the guarantee limit	Guarantee limit	Date of occurrence (date of signing)	Guaranteed amount	Guarantee type	Term of guarantee	performed	Guarantee for affiliated party
Zibo Real Estate Co. Ltd of Shandong Zhongrun Group.	16 October 2013	19,000	13 January 2014	4,500	Joint and several guarantee	3years	No	Yes
Vatukoula GoldMinesPlc	28 April 2015	15,000	05 June 2015	14,526.8	Joint and several	3years	No	Yes
Total guarantee limit for its subsidiaries approved during the reporting period (B1)		15,000		Total actual guaranteed amount for its subsidiaries during the reporting period(B2)			14,526.8	
Total guarantee limit for its subsidiaries approved by the end of the reporting period (B3)		34,000		Total actual guaranteed amount for its subsidiaries by the end of the reporting period(B4)			19,026.8	
Guarantee from subsidiaries to subsidiaries								

Guaranteed object	Date of announcing the guarantee limit	Guarantee limit	Date of occurrence (date of signing)	Guaranteed amount	Guarantee type	Term of guarantee	performed	Guarantee for affiliated party
Total guaranteed amount								
Total guarantee limit approved during the reporting period（A1+B1+C1）		15,000		Total actual guaranteed amount for its subsidiaries during the reporting period（A2+B2+C2）			14,526.8	
Total guarantee limit for its subsidiaries approved by the end of the reporting period（A3+B3+C3）		34,000		Total actual guaranteed amount for its subsidiaries by the end of the reporting（A4+B4+C4）			19,026.8	
Proportion of total actual guaranteed amount to ZRC's net assets				13.26%				
Including:								

ii. Rule-breaking external guarantees

□ Applicable √ Not Applicable

During the reporting period, ZRC did not provide any rule-breaking external guarantees.

(III) Other major contracts

i. Entrusted financing

□ Applicable √ Not Applicable

During the reporting period, CIRC was not involved in any entrusted financing.

ii. Entrusted Loans

□ Applicable √ Not Applicable

During the reporting period, CIRC was not involved in any entrusted loans.

(IV) Other substantive transactions

□ Applicable √ Not Applicable

ZRC was not involved in any other substantive transactions during the reporting period.

XVIII. Other major issues

√ Applicable □ Not Applicable

a. To satisfy the company's capital demands, ZRC signed *Loan agreement* with Mr. Ankang at 10 May, 2015 to borrow 500 million Chinese yuan.
b. At 10 May 2015, ZRC signed *Contract of intent* with Mr. Li Xiaoming who is the actual controller of Iron International (Mongolia) Co., Ltd., Minsheng Company Limited and Mongolia new iron ore Laramie Scott ltd. Mr. Li intends to sell Iron International (Mongolia) Co., Ltd., Minsheng Company Limited and Mongolia new iron ore Laramie Scott ltd. to ZRC, ZRC provides $ 80 million as the deposit, so that both parties of the contract will promote project cooperation according to the contract.
c. At 31 May 2015, ZRC' s 12th meeting of 8th board of directors, the second extraordinary general meeting in 2015 reviewed and approved "*the proposal of company's non-public*

offering of stock". This non-public offering of stock intends to issue shares less than 4,808,158,775 numbers of shares, and the total funds raised would be less than 28,368,773.80 Chinese Yuan. After deducting the issuance fees, all the rest funds raised will be used in acquisition of 100% of Iron International (Mongolia) Co., Ltd. Ming-sheng and Mongolia Xinlale Gaote Iron Company Limited, repayment of the underlying loan, expansion of mining beneficiation projects and supplement working capital. This non-public offering of stock still requires the approval of China Securities Regulatory Commission.

XIX. Subsidiaries major issues

√ Applicable □ Not Applicable

In accordance with the resolutions of the Board of Directors, ZRC's subsidiary Zhongrun International Mining Co. Ltd. acquired minority stake of British Vatukoula Gold Mines Plc. at the first quarter of 2016, acquired a total of 47,774,334 shares of Vatukoula Gold Mines Plc, and paid£1,777,205.22 for the investment. Up to now, Zhongrun International Mining Company Limited together holds 274,471,334 shares of Vatukoula Gold Mines Plc, which is 79.5% of its total share capital.

XX. Social responsibility

√ Applicable □ Not Applicable

a. Maintain the interests of shareholders

ZRC actively protects the interests and rights of minority shareholders, improves the legal-person governance structure and advancesstandardized corporate operation in accordance with the relevant stipulations of Corporation Law and Securities Law. In addition, ZRC formulates and consummates various rules and regulations on information disclosure profit sharing and cash bonuses, includingInsider Management System, Information Disclosure System, Outside Information User Management System, and Articles of Incorporation. In 2015, the second extraordinary general assembly passed the "Proposal of the next three years (2015- 2017) shareholder dividend planning" and "Proposal on the revision of Articles of Association" to ensure that shareholders entitles of rights and interests of the laws, regulations and legitimates.

b. Protect the rights and interests of the staff

ZRC perfects the labour contract system and treats all staff members equally in accordance with the *Labour Law and Labour Contract Law*, optimizes the performance appraisal system, integrates corporate interests with personal interests of the staff, maintains the stability of human resources and implements a local employment system, in order to provide job opportunities for local people in the mines.

ZRC attaches importance to the development of corporate culture, advocates the concepts of 'good-faith operation, practical innovation and value fulfilment', takes care of staff health (for example, providing a physical examination for all staff members every year) so as to strengthen their sense of belonging and the cohesive force of the company, actively conducts staff training so as to offer more vocational development for staffs and offers financial and to staff members in need or in difficulty.

c. Ensure production safety

Production safety is vital to normal operation of the mines. ZRC strictly follows *Production SafetyResponsibility System* and*Management Regulation onSafety of Downhole and Opencast Mining*, and built a long-acting safety mechanism. At the same time, the company highlights the safety and security interaction, and deepens the promotion of safe conduct.

d. Attach importance to environmental protection

Environmental protection is fundamental to a mining enterprise. ZRC strictly abides by the *Measures for the Administration of Environmental Protection*, and attaches importance to energy conservation and emission reduction. ZRC uses the exploited waste rocks to backfill pits and reclaim land, thus turning barren hills into green fields. ZRC also recycles waste water and purifies the useless waste water, thus ensuring up-to-standard discharge of waste water. ZRC actively afforestsand beautifies the surroundings of the factories and mines.

e. Perform the taxpaying duty

ZRC strictly abides by the national tax policy, actively performs the taxpaying obligation, and repays the society.
ZRC will consistently support and carry out national industrial policy, abide by social morality, maintain the legal rights arid interests of the shareholders and stakeholders, accept supervision from governments and masses, fulfil the corporate value, and perform its social responsibility earnestly.

Do ZRC and its subsidiaries fall within a heavy pollution industry specified by national environmental protection administration

□ Yes □ No √ Not applicable

XXI. Corporate bonds issued by ZRC

The company has publicly offered bonds that are listed on the stock exchange and do not expire until the approval date of the annual report or cannot be fully delivered at the end of the accounting period.

No

Section 6 Changes in equity and profile of shareholders

I. Equity Changes

(I) Equity changes

Unit: share

	Before this Change		Amount of Change					After this Change	
	Quantity	Proportion	New issue	Share donation	Transfer of reserve funds to equity capital	Miscellaneous	Total	Quantity	Proportion
I Restricted shares	706,800	0.08%						706,800	0.08%
3 Other shares held by domestic capital	706,800	0.08%						706,800	0.08%
Including shares held by domestic legal persons	706,800	0.08%						706,800	0.08%
II Unrestricted shares	928,310,961	99.92%						928,310,961	99.92%
1 Chinese Yuan common shares	928,310,961	99.92%						928,310,961	99.92%
III Total number of shares	929,017,761	100.00%						929,017,761	100.00%

Reasons for changes in shares

□ Applicable √ Not Applicable

Approval of the changes in shares
□ Applicable √ Not Applicable

Transfer of shares
□ Applicable √ Not Applicable

Influences of the changes in shares upon financial indexes (including the basic earnings per share, diluted earnings per share and net asset value per share in one recent year and one recent period)
□ Applicable √ Not Applicable

Other content to be disclosed as deemed necessary by ZRC or required by the securities regulatory body
□ Applicable √ Not Applicable

(II) Changes in restricted shares
□ Applicable √ Not Applicable

II. Securities issuing and listing
(I) Issuance of securities in three recent years by the end of the reporting period
□ Applicable √ Not Applicable

(II) Changes in total number of shares, shareholder structure, and debt-asset structure
□ Applicable √ Not Applicable

(III) Existing staff shares
□ Applicable √ Not Applicable

III. Profile of shareholders and the actual controller

(I) Number of shareholders and holding profile
Unit: Shares

Total number of common shareholders by the end of the reporting period	46,529	Total number of common shareholders by 1 month prior to the date of disclosing the annual report	43,151	Total number of preferred shareholders voted by the end of the reporting period (if applicable) (See note 8)	0	Total number of shareholders voted by 1 month prior to the end of the reporting period (if applicable) (See note 8)	0

Shareholders with a shareholding ratio of 5% (or higher) or top 10 shareholders								
Shareholders name	Nature of shareholders	Sharehold-ing ratio	Number of shares held by the end of the reporting period	Changes during the reporting period	Number of restricted shares held by the shareholders	Numbers of unrestricted shares held by the shareholder	Pledge or freezing	
							Status of shares	Quantity
Shenzhen Nanwu Bei'an asset management ltd	Domestic non-state-owned legal person	25.08%	233,000,000			233,000,000	Pledge	233,000,000
Zheng Qiang	Domestic natural person	22.09%	205,221,434			205,221,434	Pledge	195,476,318
Guoxin Securities Co., Ltd.	Domestic non-state-owned legal person	0.79%	7,295,890			7,295,890		
Donghai fund - ICBC - Xinlong No. 135 Asset Management Plan	Other	0.65%	6,025,162			6,025,162		
Guoxin Securities Co., Ltd. – Lin Chao	Other	0.65%	6,000,000			6,000,000		
Zhongtiebaoying assets - Pudong Development Bank - iron Bauhinia - No. 77 Xin Bao specific customer asset management plan	Other	0.64%	5,950,020			5,950,020		
Lu Fen	Domestic natural person	0.61%	5,700,040			5,700,040		
Zhu Wenjun	Domestic natural person	0.43%	4,000,000			4,000,000		
Hunan Fu Xing Investment and Development Co., Ltd.	Domestic non-state-owned legal person	0.43%	3,969,140			3,969,140		
Donghai fund - ICBC - Xinlong No. 138 Asset Management Plan	Other	0.42%	3,902,006			3,902,006		
Strategic investors or legal persons become top 10 shareholders due to the placing of new shares (if any) (see Note 3)						-		
Association between the preceding shareholders or concerted action	The company's biggest shareholder Shenzhen Nanwu Bei'an asset management ltd has association with Lady Lu Fen. They are persons acting in concert as specified by Measures for the administration of Disclosure of shareholder equity changes of Lister companies. It is not known whether there is an association relationship between other legal-person shareholders, between other legal-person shareholders and public shareholders, and between different public shareholders.							

Shareholding by top 10 shareholders of unrestricted shares			
Shareholder name	Number of unrestricted shares held by the shareholder	Type of share	
		Type of share	Quantity
Shenzhen Nanwu Bei'an asset management ltd	233,000,000	RMB common share	233,000,000

Zheng Qiang	205,221,434	RMB common share	205,221,434
Guoxin Securities Co., Ltd.	7,295,890	RMB common share	7,295,890
Donghai fund - ICBC - Xinlong No. 135 Asset Management Plan	6,025,162	RMB common share	6,025,162
Guoxin Securities Co., Ltd. – Lin Chao	6,000,000	RMB common share	6,000,000
Zhongtiebaoying assets - Pudong Development Bank - iron Bauhinia - No. 77 Xin Bao specific customer asset management plan	5,950,020	RMB common share	5,950,020
Lu Fen	5,700,040	RMB common share	5,700,040
Zhu Wenjun	4,000,000	RMB common share	4,000,000
Hunan Fu Xing Investment and Development Co., Ltd.	3,969,140	RMB common share	3,969,140
Donghai fund - ICBC - Xinlong No. 138 Asset Management Plan	3,902,006	RMB common share	3,902,006
Note on the association relationship or concerted action between the Top 10 shareholders of unrestricted shares, and between the top 10 shareholders of unrestricted shares and the top 10 shareholders.	The company's biggest shareholder Shenzhen Nanwu Bei'an asset management ltd has association with Lady Lu Fen. They are persons acting in concert as specified by Measures for the administration of Disclosure of shareholder equity changes of Lister companies. It is not known whether there is an association relationship between other legal-person shareholders, between other legal-person shareholders and public shareholders, and between different public shareholders.		
Note on the Top 10 common shareholders participating in the business of securities margin trading (if available) (refer to note 4)	Guoxin Securities Co., Ltd. – Lin Chao holds 6,000,000 shares of ZRC via the guaranteed securities account for margin trading. Lu Fen holds 5,700,040 shares of ZRC via the guaranteed securities account for margin trading. Zhu Wenjun holds 4,000,000 shares of ZRC via the guaranteed securities account for margin trading. Hunan Fu Xing Investment and Development Co., Ltd. holds 3,969,140 shares of ZRC via the guaranteed securities account for margin trading.		

Did the top 10 common shareholders or top 10 common shareholders of unrestricted shares conduct any agreed buy-back transaction during the reporting period?

□ Yes √ No

The top 10 common shareholders or top 10 common shareholders of unrestricted shares did not conduct any agreed buy-back transaction during the reporting period.

(II) Profile of ZEC's controlling shareholder

The nature of shareholding: natural Holdings

Type of shareholding: Legal persons

Name of controlling shareholder	Legal representative or person in charge	Date of founding	Organization code	Main Business
Shenzhen Nanwu Bei'an Asset Management ltd.	Lu Shaojie	20 April, 2015	33498364-1	Fiduciary asset management; entrusted to manage equity funds; equity investment in unlisted companies; project investment; enterprise management consulting; investment in industrial; domestic trade, import and export business of goods and technology.

Changes of the controlling shareholder during the reporting period

√ Applicable □ Not Applicable

The new controlling shareholder	Shenzhen Nanwu Bei'an Asset Management ltd.
Date of Change	26 April, 2015
Specifies website index	http://www.cninfo.com.cn
Disclosure date of the designated website	28 April, 2015

(III) The actual controller of the company

The actual controller: domestic natural person

Type of Actual controller: Natural person

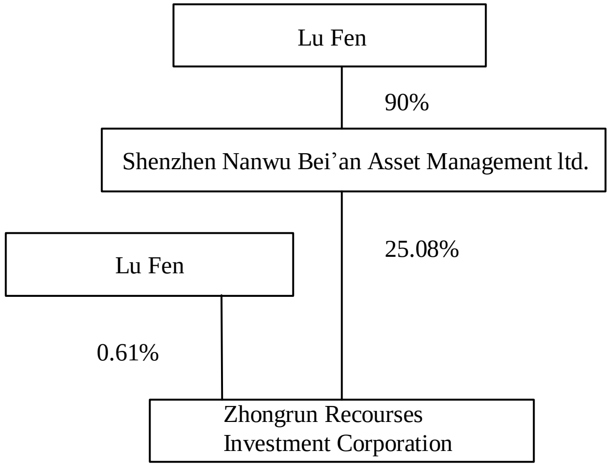
Name of the actual controller	Nationality	Right of abode in other countries or regions
Lu Fen	China	No
The main occupations and duties	Deputy General Manager of Dahe Investment Fund Management , Hong Kong	
Over the past 10 years, controlled other listed companies both domestically and internationally	No	

Changes of the actual controller during the reporting period

√ Applicable □ Not Applicable

The actual controller	Lu Fen
Date of Change	26 April, 2015
Specifies website index	http://www.cninfo.com.cn
Disclosure date of the designated website	28 April, 2015

Block diagram on property and control relationship between ZRC and actual controller



The actual controller controls ZRC through trusteeship or other asset management method

□ Applicable √ Not Applicable

(IV) Other legal-person shareholders with a shareholding of 10% or higher

□ Applicable √ Not Applicable

(V) The decreasing holdingof the controlling shareholder, actual controller, restructuring parties and other commitments entities are limited

□ Applicable √ Not Applicable

Section 7 Overview of preferred shares

□ Applicable √ Not Applicable

No preferred shares were involved during the reporting period.

Section 8 Profile of directors, supervisors, top management and employees

I. Changes in shareholding by directors, supervisors and top management

Name	Title	Status	Gender	Age	Start date	End date	Number of shares held at the beginning of the reporting	Increase in shares held during the reporting period	Decrease inshares held during the reporting period	Number of shares held at the end of the accounting period
Li Mingji	Chairman of theBoard	Incumbent	Male	51	29 Aug2013	29 Aug 2016	0	0	0	0
Li Zhenchuan	Director andGeneral manager	Incumbent	Male	58	29 Aug 2013	29 Aug 2016	0	0	0	0
Fu Xuesheng	Director	Incumbent	Male	60	29 Aug2013	29 Aug 2016	0	0	0	0
He Yingfu	Director	Incumbent	Male	51	29 Aug2013	29 Aug 2016	0	0	0	0
Shi Peng	Director, FinancialDirector	Incumbent	Male	44	29 Aug 20 l3	29 Aug 2016	0	0	0	0
Li Pusheng	Director	Incumbent	Male	62	07 Sep 2015	29 Aug 2016				0
XiaoSuiting	Independentdirector	Incumbent	Male	68	29 Aug 2013	29 Aug 2016	0	0	0	0
Wang Quanxi	Independentdirector	Incumbent	Male	61	29 Aug 2013	29 Aug 2016	0	0	0	0
Wei Junhao	Independent director	Incumbent	Male	55	07 Sep 2015	29 Aug 2016	0	0	0	0
Zhang Shijin	Chairman of theBoard of Supervisors	Incumbent	Male	52	29 Aug 2013	29 Aug 2016	0	0	0	0
GuoMingcheng	Supervisor	Incumbent	Male	48	29 Aug 2013	29 Aug 2016	0	0	0	0
Bian Lin	Supervisor	Incumbent	Female	29	29 Aug 2013	29 Aug 2016	0	0	0	0
XieWenzheng	Deputy General Manager	Outgoing	Male	57	29 Aug 2013	22 Oct 2015	0	0	0	0
Gong Dongfeng	Chief engineer	Outgoing	Male	58	29 Aug 2013	22 Oct 2015	0	0	0	0
He Ming	Secretary of the Board	Incumbent	Male	39	29 Aug 2013	29 Aug 2016	0	0	0	0
Summary	-	-	-	-	-	-	-	-	-	-

II. Changes in directors, supervisors and senior managements

Name	Title	Type	Date	Reasons
Xie Wenzheng	Deputy General Manager	Outgoing	22 Oct 2015	Personal reason
Gong Dongfeng	Chief engineer	Outgoing	22 Oct 2015	Personal reason

III. Professional experience

Main working experience and current liabilities of the incumbent directors, supervisors and top management of ZRC

Li Mingji: Chairman of the Board of Directors, male, born in 1965, Bachelor’s degree
He has successively acted as Deputy General Manager of Shandong Construction Materials Real Estate Development Corporation, General Manager of Zhongrun Real Estate Group Co, Ltd and Director General Manager and Financial Director of ZRC.

Li Zhenchuan: Director and General Manager, Male, born in 1958, major in management of mining engineering and mineral resources, senior engineer
He has successively acted as Mine Manager of Shandong Yinan Gold Mine, General Manager of Ghana Enchaonan Gold Mine, Manager of Shandong Gold Industrial Corporation, and General Manager of Mining Development Co. Ltd, affiliated to Shandong Gold Group, Board Chairman and Secretary of CPC Committee of Shandong Gold Mineral Resource Group Co., Ltd. and

General Manager Assistant of Shandong Gold Group Co, ltd and Board Chairman and Secretary of CPC Committee of Shandong Gold Mineral Resource Group Co. Ltd concurrently.

He Yingfu: Director, male, born in 1956, Canadian, PhD in mineral processing sensor engineer, a member of the Canadian institute of Mining, Metallurgy and Petroleum. Mr He is successively served as Senior Engineer of Vancouver based Process Research Associates, and Director and President of Spur Ventures Inc. Mr. He is currently acting as independent Director of China Gold International Resources Corp. Ltd Director and President of Tri-River Ventures Inc, Director of Huaxing Machinery Corp, end non-Executive Chairman of Vatukoula Gold Mines Plc.

Fu Xuesheng: Director, male, born in1956, Master's degree Researcher of Application of Engineering Technology, national senior gold analyst, expert of Shandong Engineering Consultancy Expert Committee certified by International Project Management Professional (IPMP) in 2002.
He has successively acted as Division Chief of Production Revision of Shandong Gold Bureau. Mine Director of Jiaojia Gold Mineaffiliated to Shandong Gold Mining Co ltd. General Manager and Board Chairman of Mining Development Co, Ltd affiliated to Shaodong Gold Group, Board Chairman of Geological and Mineral Exploration Co Ltd affiliated to Shandong Gold Group, Chief Engineer, Chief Scientist and Technical Centre Director of Shandong Gold Group Co Lid. and Board Chairman of Technology Co Ltd affiliated to Shandong Gold Group.

Shi Peng: Director and Financial Director, male, born in 1972, Master of Business Administration.
He has successively acted as Vice Section Chief and Section Chief of Finance Section of Taian Renewable Resources Corporation of Shandong Provence Vice Director of Audit Department of Shandong Zhengyuan Hexin Accounting Office, Vice Manager and Audit Director of Beijing Tianhua Accounting Office, Director, Financial Director and Secretary of the Board of Directors of Sichuan Dongtan Holding Group Co, Ltd. Director and Financial Director of Shandong Zhongrun Investment Group Co. Ltd and Deputy General Manager, Financial Director and Secretary of the Board of Directors of Jingya Food Co, Ltd.

Li Pusheng: Directors, male, born in 1972. US citizen, Master of Business and Administration, Master of Finance.
He has successively acted as manager of US Morgan Stanley Tianhui Boleyn, financial analyst of US financial services company Thomson, Vice President of the European Monetary Management Group in New York, CEO of Gathersun Hong Kong Investment Co., and CEO of Beijing An Investment Co., Ltd.
He is currently acting as the President and Chairman of Shengjie (Beijing) Investment Co., Ltd.

Xiao Suining: Independent Director, male, born in 1948, senior economist.
He has successively acted as Vice Chief Engineer, Vice Chief Economist and Vice Chief Accountant of Yunnan Electric Power Design Institute General Manager Assistant, Deputy General Manager and a member of CPC Leadership Group of Chongqing Branch of Bank of Communications General Manager of a real estate development company, President and Secretary of CPC Committee of Zhuhai Branch of Bank of Communications. President and Secretary of CPC Committee of Shenzhen Branch of Bank of communications andpresident and board chairman of the head office of Shenzhen development bank (renamed Ping An Bank during the reporting period).
He is currently acting as a consultant of the head office of Ping An Bank, Independent Director of Beijing Dianqingxin Environmental Protection Technology Co, Ltd, and Independent Director of Haitong Securities Co. Ltd.

Wang Quanxi: Independent Director, male, born in 1955, professor
He has successively acted as Vice Director of Nankai Institute of Economics, Assistant to the Dean of Business School of Nankai University, Director of EMBA Centre of Nankai University, Secretary General of Tianjin Management Association, Special researcher of the research institute under State Administration of Taxation, Independent director of Hainan Huandao, Independent Director ofYanzhou Coal Mining Company and Independent Director of Silver Plaza Group.
He is currently acting as a professor of Business School of Nankai University, Director of Enterprise Research Centre of Nankai University, Independent Director of Shandong Haihua Co, Ltd., independent director of Leshan Electric Power AG, and Independent Director of Shandong Hualu-Hengsheng Chemical Co., Ltd.

Wei Junhao: Independent Director, male, born in 1961, China University of Geosciences (Wuhan) Professor / Ph.D Tutor, Post-doctoral degree deposit.
He has long been engaged in large-scale metallic mineral prospecting metallogenic prediction and research and teaching, and he is acting as the Chinese mining rights assessor Association executive director, mine geology professional committee member and the National Science and Technology Award evaluation experts. He acted as the independent Director Gold AG, and right now he is the Independent Director of Chifeng Gold Corporation and Guangdong Rong Sheng AMD Wire Co., Ltd.

Zhang Shijin: Chairman of the Board of Supervisors, male, born in 1964, Master's degree.
He has successively acted as Division Chief of Rear Service Division, Detachment Head. and Vice Chief of Roar Service Department of Shandong People's Armed Police Corps, Deputy General Manager of Shandong Zhongrun Real Estate Co., ltd , and Deputy General Manager of Pingwu Zhongjin Mining Co., Ltd of Sichuan Province.

Guo Mingcheng: Supervisor, male, born in 1969
He has successively acted as Structural Designer of Building Office of Zibo Urban Planning and Design Institute of Shandong Province Chief Engineer of Building Office of Zibo Planning information centre of Shandong Province, and General Manager and Chief Engineer of Zibo Tongji Real Estate development Co., Ltd of Shandong Province.
He is currently acting as General Manager of Zibo Real Estate Co Ltd of Shandong Zhongrun Group.

Bran Lin: Supervisor, female, born in 1987, Bachelor s degree.
She is currently acting as an accountant of Zhongrun Futai Investment Co., Ltd

He Ming: Secretary of the Board of Directors, securities affairs representative, female, born in 1976, Bachelor's degree. She has successively acted as Ping An Insurance company executives, Manager secretary of Beijing Huachuang computer company Jinan Branch.

Incumbency in the shareholder organisations:
√ Applicable □ Not Applicable

Name	Name of shareholder organization	Position assumed inshareholder organization	Start date office incumbency	End date of the incumbency	Obtain remunerations or allowance from the shareholder organisation
Bian Lin	Zhongrun Futai Investment Co. Ltd	Accountant	1 Feb 2013		Yes
Description of incumbency in shareholder organisations	Act as accountant				

Incumbency in other oragnisations
√ Applicable □ Not Applicable

Name	Shareholder name	Position assumed in shareholder organisation	Start date of the incumbency	End date of the incumbency	Obtain remunerations or allowance from the shareholder organisation
He Yingfu	China Gold International Resources Corp. Ltd.	Independent director	31 May 2000		Yes
	Canada Sanjiang Investment Co., Ltd.	Director, CEO	19 July 2007		Yes
	Vatukoula Gold Mines Plc	Director	25 March 2013		Yes
Wang Quanxi	Nankai University	Professor	2001		
	Shandong Hualu Hengsheng Chemical Co., Ltd.	Independent director	2 April 2012	22 April 2018	Yes
	Leshan Electric Power Co., Ltd.	Independent director	31 October 2014	24 October 2016	Yes
	Tianjin Yinlong prestressed Materials Co., Ltd.	Independent director	15 Oct 2013	19 June 2017	Yes
Xiao Suining	Beijing Qingxin Environmental Technology Co.	Independent director	22 July 2012	21 July 2016	Yes
	Haitong Securities Co., Ltd.	Independent director	30 December 2014	30 December 2017	Yes
Wei Junhao	Inner Mongolia Chifeng Gold AG	Independent director	14 December 2012	24 February 2019	Yes
	Guangdong Cable Co., Ltd. Rong Sheng AMD	Independent director	29 September 2014	28 September 2017	Yes
Li Pusheng	Shengjie (Beijing) Investment Advisory Management Ltd.	Chairman of the board	April 2014		Yes

The securities regulatory authorities' punishments to outgoing directors who left during the accounting period, supervisors, and senior management in nearly three years
□ Applicable √ Not Applicable

IV. Remuneration of directors, supervisors and top management

Decision-making procedure basis and actual payment of remunerations for directors, supervisors and top management

The directors, supervisors and top management will get labour remunerations and benefits based on their positions assumed in ZRC.

In accordance with the related stipulation of *Guiding Opinions on Establishment of Independent Director System in Listed Companies and Code of Corporate Governance for Listed Companies in China* together with the actual conditions of ZRC, ZRC pays each independent director in the 8th term of Board of Directors an annual allowance of 120,000 Chinese yuan (Tax-inclusive), and the necessary expenses incurred for attending the General Meeting of Shareholders and Board of Directors or for exercising other power pursuant to elated laws and regulations and *Articles of incorporation*.

Remuneration of directors, supervisors and top management during the reporting period

Unit:10,000 Chinese Yuan

Name	Title	Gender	Age	Status	Total remunerations obtained from ZEC	Get paid from affiliated parties
Li Mingji	Chairman of theBoard	Male	51	Incumbent	69.17	No
Li Zhenchuan	Director andGeneral manager	Male	58	Incumbent	135	No
Fu Xuesheng	Director	Male	60	Incumbent	0	No
He Yingfu	Director	Male	51	Incumbent	0	No
Shi Peng	Director, FinancialDirector	Male	44	Incumbent	69.17	No
Li Pusheng	Director	Male	62	Incumbent	0	No
XiaoSuiting	Independentdirector	Male	68	Incumbent	12	No
Wang Quanxi	Independentdirector	Male	61	Incumbent	12	No
Wei Junhao	Independent director	Male	55	Incumbent	4	No
Zhang Shijin	Chairman of theBoard of Supervisors	Male	52	Incumbent	33.75	No
GuoMingcheng	Supervisor	Male	48	Incumbent	72.14	No
Bian Lin	Supervisor	Female	29	Incumbent	0	Yes
XieWenzheng	Deputy General Manager	Male	57	Outgoing	1.1	No
Gong Dongfeng	Chief engineer	Male	58	Outgoing	21.5	No
He Ming	Secretary of the Board	Male	39	Incumbent	24.3	No
Total	-	-	-	-	454.13	-

Stock options granted to ZRC's directors, supervisors and top management during the reporting period
□ Applicable √ Not Applicable

V. Profile of staff composition

(I) Number of staff, Professional composition and level of education

Number of employees of the parent company		35
Number of employees of the main subsidiaries company		1,393
Total number of employees		1,428
The current total number of employees to receive payment		1,428
Number of retired workers who will be paid by the main subsidiaries and the parent company		0
Professional composition		
Type of professionals	Numbers of people	
Production	607	
Sales	34	
Technology	484	
Financial staff	46	
Administration and operation	110	
Other	147	
Total	1,428	
Level of Education		
Type of education level	Number of people	
Master degree and above	17	
Bachelor's degree	71	
Specialist qualifications	74	
Secondary education level and below	1,266	
Total	1,428	

(II) Remuneration policy

Based on National laws on labour, personnel policy, combined with the actual situation of the company philosophy and management mode, ZRC does everything in accordance with the principle of distribution according to work. Refer to job responsibilities, job performance, job skills and other indicators, ZRC determined to apply the company's growth rate to the wage increase system.

(III) Training plan

In order to completely, systematically provide training to staff, ZRC will gradually open various training workshops, mainly including new staff training, department transaction training, corporate culture, financial management, PLC information regulation etc. The evaluation of training effectiveness will be exam or essay depending on different courses.

(IV) Outsourcing services

□ Applicable √ Not Applicable

Section 9 Corporate Governance

I. Status quo

ZRC constantly improves the corporate governance structure enhances information disclosure and standardizes corporate operation in accordance with the relevant stipulations of *Corporation law securities Law, Share Listing Rules in Shenzhen Stock Exchange* and *Code of Corporate Governance for Listed Companies in China.*

(I) Shareholders and general meeting of shareholders

During the reporting period, ZRC held the annual and extraordinary general meetings of shareholders strictly in accordance with the related stipulations of *Articles of Incorporation Rules for the General Meeting of shareholders of Listed Companies and Rules of Procedure of Shareholders Meeting* thus maintaining the legal rights and interests of ZRC and all shareholders.

(II) Directors and Board of Directors

During the reporting period ZRC convened the Board of Directors six times, and the directors all performed the duties specified by the *Articles of Incorporation* with due diligence actively attended the meeting of directors, reviewed various motions made in the Board of Directors and General Meeting of Shareholders, familiarised themselves with the latest operation and management status in a timely manner and put forward professional advice, thus providing powerful support for the scientific decision-making of ZRC.

(III) Supervisors and Board of Supervisors

During the reporting period ZRC convened the Board of Supervisors five times, and the supervisors all performed the duties specified by the *Articles of Incorporation* with earnest good faith and diligence, effectively supervising the legitimacy and compliance of financial affairs major events and performance of duties by directors and top management.

(IV) Information disclosure and transparency

In accordance with the related stipulations of *Corporation Law and Rules for listed Companies* ZRC assigns special personnel to conduct information disclosure and deal with the inquiries from shareholders and surveys from institutions. They disclose the related information faithfully, accurately, completely and in a timely manner, and ensure in formation secrecy on the principles of openness fairness and justness thus ensuring that all shareholders obtain information equally.

(V) By 2015, the company continuously built and perfected the internal control system on the principle of 'substantive internal control'. According to the irregular theme design, ZRC checked the internal control and enhanced the internal control in the fields of real estate and mining.

The company will continue to improve corporate governance on a standardisation principle.

Does the corporate governance of ZRC meet the requirements under the *Corporation Law* and related stipulations of CSRC?

□ Yes √ No

The corporate governance of ZRC meets the requirements under the *Corporation Law* and related stipulations of CSRC.

Special campaign n corporate governance and formulation and implementation of an insider registration management system

In 2015, ZRC strictly abide by *Inside Registration System* and *Outside information User Management System*, and preaches the relevant insider information management system in training and conferences etc. In 2016, the company managed the inside information strictly in accordance with the *inside information and insider management system* and relevant stipulations.

Are there significant differences between the actual status of ZRC's corporate governance and regulatory documents for listed companies issued by China Securities Regulatory Commission on corporate governance?

□ Yes √ No

There are no significant differences between the actual status of ZRC's corporate governance and regulatory documents for listed companies issued by China Securities Regulatory Commission on corporate governance.

II. The Independence of company with respect to the controlling shareholder in business, personnel, assets, organization and finance

1. Business: The Company has independent and integrated business system in real estate development and mining management system, with independent and complete business segment, does not involve any same-industry competition with other companies controlled by the actual controller.

2. Personnel: The Company has independent labor insurance, staffing and payroll management; senior management all receive remuneration from the Company.

3. Assets: The Company's assets are independent and complete, all belonging to the company and are all legally owned and used, there is no controlling shareholder. No assets and capital are controlled by the actual controller or shareholders.

4. Organization: The Company established General meeting of shareholders, board of directors and board of supervisors by law. According to the needs of their own development strategy, company established an independent internal organization, perfect functions and supervision system at all levels. All departments have duty segregation, coordination, mutual supervision, and formed a fully independent operational system.

5. Finance: The Company established independent financial department and independent financial accounting system, makes independent financial decisions, opened a separate bank account, and is independent for tax registration and tax declaration.

III. Horizontal competition

□ Applicable √ Not Applicable

IV. Annual and extraordinary general meetings (EGM) of shareholders during the reporting period

(I) Annual general meeting of shareholders during the reporting period

Session of the Conference	Type of the meeting	Investor participation ratio	Meeting time	Disclosure time	Disclosure reference
First EGM in 2015	EGM	0.25%	06/02/2015	07/02/2015	http://www.cninfo.com.cn
Second EGM in 2015	EGM	0.16%	18/06/2015	19/06/2015	http://www.cninfo.com.cn
2014 Annual general meeting	AGM	0.02%	23/06/2015	24/06/2015	http://www.cninfo.com.cn
Third EGM in 2015	EGM	0.04%	07/09/2015	08/09/2015	http://www.cninfo.com.cn

(II) The preferred shareholders with a resumed voting power request to hold an extraordinary general meeting of shareholders

□ Applicable √ Not Applicable

V. Performance of duties by independent directors during the reporting period

(I) Presence at the board of directors and general meeting of shareholders by independentdirectors

Attendance of the board of directors by independent directors						
Name of independent director	Requiredattendance times during the reporting period	On-site attendance times	Attendance times by Teleconference	Entrusted attendance times	Absence times	Absent from the meeting twice consecutively
Xiao Suining	6	1	5	0	0	No
Wang Quanxi	6	0	5	1	0	No
WeiJunhao	1	0	1	0	0	No
The number of times that independent directors sit inon the general meeting of shareholders						4

Notes on absent from the meeting twice consecutively

□ Applicable √ Not Applicable

(II) Objection against related matters of ZRC made by independent directors

Did independent directors make any objections to the related matters of ZRC?

□ Yes √ No

During the reporting period, independent directors did not make any objections to the related matters of ZRC.

Performance of duties by independent directors

Were the suggestions of independent directors adopted?

√ Yes □ No

Whether the suggestions of independent directors were adopted

In accordance with the related stipulation of *Corporation Law, Securities Law, Rule of Share Listing* and *Independent Director Work System*, independent directors perform their duties earnestly and with diligence and offer reasonable suggestions on system optimisation, regular reports and daily management, tus playing a due role in perfecting the supervision mechanism and maintaining the legal rights and interests of ZRC and all shareholders.

VI. Performance of duties by the special committee under the Board of Directors during the reporting period

The Audit Committee under the Board of Directors performs its duties earnestly in accordance with the *Code of Corporate Governance for Listed Companies in China.*

The Audit Committee actively promoted the financial audit and internal control audit for 2015. The Audit Committee holds the annual field audit meeting, communicates with the annual audit accountants, reviews the financial statements, surveys the internal control work, listens to the audit work plan, and urges the chief auditor to complete the audit work as planned in accordance with accounting standards and independent auditing standards. The Audit Committee sums up the annual audit work for 20 14 completed by Shandong Hexin Accounting Office (special general partnership) as follows.

(I) Preparations for the audit

i. Audit plan and arrangement

At the end of the reporting period, the accountants repeatedly communicated with ZRC's financial and managerial personnel, so as to know ZRC's financial and operation status fully. Before the auditors began the audit work, the accountants communicated fully with the Audit Committee by holding a field meeting and submitted an Audit Plan to the Audit Committee, defining the audit objectives audit scope and audit emphasis.

ii. Review of the un-reviewed financial statements

The Audit Committee carefully reviewed the financial statements prepared by ZRC, and developed written opinions.

(II) Audit process

After the auditors entered the audit site, different audit teams were assigned to conduct comprehensive audits tor the headquarters and differ cut subsidiaries.

The Audit Committee urged and instructed the auditors to arrange their audit work strictly according to the audit plan and tried to understand the problems encountered during the audit process and how to handle the results of such problems.

(III) Audit results

Shandong Hexin Accounting Office (special general partnership) issued an audit report with a standard unqualified opinion to ZRC. The Audit Committee believes flint Shandong Hexin Accounting Office (special general partnership) has dutifully completed the audit work entrusted to it by ZRC.

During the reporting period, the Special Committee kept steady communication with top management with respect to corporation development, internal management andproduction and operation listened to the work report made by top management, and exchanged views on project investment and enterprise management.

VII. Work of the Board of Supervisors

Did the Board of Supervisors find any risks in the supervision activities during the reporting period?

□ Yes √ No

The Board of Directors has no objection to the supervision matters during the reporting period

VIII. Performance appraisal and incentive mechanism for top management

According to the annual business objectives, ZRC defines the managerial responsibilities of top management and department heads and the performance appraisal indices oriented toward them Then ZRC conducts year-end performance appraisal for the managerial personnel according to the fulfilment of annual objectives and monthly objectives and decides to reward or punish the managerial personnel according to the results of the year-end performance appraisal ZRC will constantly' perfect the appraisal and incentive mechanism and deter mine the remuneration of managerial personnel based on their managerial competence and business performance, so as to arouse their work enthusiasm fully.

IX. Internal control

(I) The specific circumstances of significant deficiencies which are found in the internal control in the accounting period

□ Yes √ No

(II) Self-assessment of internal control

The disclosure date of the internal control assessment report	26 April 2016	
Disclosure reference of the internal control assessment report	http://www.cninfo.com.cn	
Assets that are included in the assessment range / total assets	100.00%	
Profits that are included in the assessment / Total profits	100.00%	
Deficiencies recognized criteria		
Type	Financial reports	Non-financial reports
Qualitative criteria	Identified as Material deficiencies of internal control of financial reporting if any of the following circumstances appears, in other cases, respectively identified as Importantdeficienciesor General deficiencies according to the degree of influence other cases: Material deficiencies: (1) Ineffective control environment (2) Detect any fraud of company directors, supervisors and senior management personnel (3) There are material misstatements in the current financial reports and internal control failed to detect those misstatement (4) Supervision ofthe Audit Committee and the internal Audit to the internal control is invalid.	Identified as Material deficiencies of internal control of financial reporting if any of the following circumstances appears, in other cases, respectively identified as important deficiencies or General deficiencies according to the degree of influence other cases: (1) in violation of state laws, administrative regulations and normative documents (2) No institutional control system or control system failure exist in critical business system that refer to the company's operation (3) the internal control system of information disclosure fails and the company thereby was publicly condemned by regulatory authorities (4) The results of internal control assessment particularly are Material deficiencies or there is no rectification of Material deficiencies. (5) Other circumstances that significantly impacts on the company
Quantitative criteria	The quantitative identified assessment criteria of financial reporting internal control deficiencies: Major deficiencies: Potential mistakes of ownership interest – mistakes ≧ 1% of the total owners' equity in the consolidated financial statements	The quantitative identified assessment criteria of non-financial reporting internal control deficiencies; deficiencies identified: the amount of direct property loss resulted from the potential risk. Major deficiencies: Direct property loss ≧ 1% of the total owners' equity in the consolidated financial statements

	Important deficiencies: 0.5% of the total owners' equity in the consolidated financial statements ≦mistakes < 1% of the total owners' equity in the consolidated financial statements General deficiencies: mistakes < 0.5% of the total owners' equity in the consolidated financial statements	Important deficiencies: 0.5% of the total owners' equity in the consolidated financial statements ≦ direct property loss < 1% of the total owners' equity in the consolidated financial statements General deficiencies: direct property loss < 0.5% of the total owners' equity in the consolidated financial statements
Financial reports material deficiencies	0	
Non- Financial reports material deficiencies	0	
Financial reports important deficiencies	0	
Non-Financial reports important deficiencies	0	

X. Internal control audit report

√ Applicable □ Not Applicable

Review comments in the audit report on internal control	
In our opinion, Zhongrun Resources Investment Corporation has maintained effective internal control of the financial report in all material respects as of 31 December 2015, in accordance with Basic Norms for Internal Control in Enterprises and related stipulations.	
Circumstance of disclosing of the full audit reporting	Disclosed
Date of disclosing the full text of the audit report on internal control	26 April 20l6
Index of disclosing the full text of the audit reporting on control	http://www.cninfo.com.cn
Internal audit report's opinion	Standard and unqualified
significant deficiencies in non-financial reports	No

Did the accounting office issue an audit report on internal control with nonstandard opinion?

□ Yes √ No

Is the audit opinion in the Audit Report on Internal Control issued by the accounting office consistent with the opinion in the self-assessment Report prepared by the Board of Directors?

√ Yes □ No

Section 10 Financial reports

I. Audit report

Type of audit opinion	Standard unqualified audit opinion
Date of signing the audit report	26 Apri1 2015
Audit institution	Shandong Hexin Accounting Office (special general partnership)
CPA name	Shen Dazhi, Ma Jingju

Audit report

All shareholders of ZRC:

We have audited the attached financial statements of Zhongrun Resources Investment Corporation (ZRC), including the Consolidated Balance Sheet (dated 31 December 2015), Balance Sheet of Parent Company (dated 31 December 2015), Consolidated Profit Statement, Profit Statement of Parent Company, Consolidated Cash Flow Statement, Cash Flow Statement of Parent Company, Consolidated Statement of Changes in Owner's Equity, Statement of Changes in Owner's Equity of Parent Company, and Notes to Financial Statement.

(I) Responsibility of top management for financial statements

It is a responsibility of ZRC's top management to prepare and fairly present financial statements, including:

(1) Prepare financial statements in accordance with Accounting Standards for Business Enterprises, and present the financial statements fairly,

(2) Design, implement and maintain necessary internal control, to ensure that the financial statements contain no material misstatements arising from frauds or errors

(II) Responsibility of Certified Public Accountants

Our responsibility is to express an opinion on the audited financial statements We have conducted audit work in accordance with the Auditing Standards for the Chinese Certified Public Accountants The auditing standards require that we abide by the code of professional ethics, and plan and conduct the audit work to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit work involves the implementation of an auditing process to obtain audit evidence in connection with the amounts and disclosures in financial statements The audit process is selected based on the judgment of certified public accountants, including the evaluation of the risks of material misstatement arising from frauds or errors During risk evaluation, certified public accountants take into account the internal control in connection with preparation and fair presentation of financial statements, so as to design an appropriate audit process The audit work also includes the evaluation of appropriateness of the accounting policies used by top management, reasonableness of accounting estimates made by top management, and overall presentation of financial statements.

In our opinion, the audit evidence obtained by us is adequate and proper to provide a reasonable basis for our audit opinion.

(III) Auditor's opinion

In our opinion, ZRC's financial statements are prepared in all material respects in accordance with Accounting Standards for Business Enterprises, and tartly present the consolidated and parent company's financial positions as of 3 1 December 2015, as well as the consolidated and parent company's business performance and cash flow for 2015.

II. Financial reports

In the Notes to Financial Statements, the monetary unit is Chinese yuan (RMB).

I. Consolidated statement of financial position

Prepared by Zliongnin Resources Investment Corporation

31 December 2015

Unit: Chinese Yuan (RMB)

Items	Closing Balance	Opening Balance
Current assets		
Cash and cash equivalent	141,293,743.82	39,590,597.22
Cash reserves for settlement		
Lending funds		
Financial assets measured at fair value changes in fair value recorded in the current profits and loss		
Derivative financial assets		
Notes receivable		
Account receivable	30,492,098.89	23,143,849.10
Prepayment	64,768,505.01	11,342,503.23
Premium receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Interest receivable		
Dividends receivable		
Other accounts receivable	1,073,847,919.87	709,744,844.01
Redemptory monetary capital for sale		
Inventories	994,575,163.23	1,438,521,912.22
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	79,002,112.65	92,853,887.71
Total current assets	**2,383,979,543.47**	**2,315,197,593.49**
Non-current assets		
Issued loan and advanced in cash		
Available-for-sale financial assets	7,373,204.99	16,617,825.00
Held-to-maturity investment		
Long-term accounts receivable		
Long-term equity investment		
Investment in real estate	100,644,622.43	104,017,193.55
Fixed assets	367,924,031.12	320,053,095.34
Construction in progress	19,603,349.62	20,178,957.83
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	324,732,459.65	340,429,046.13
Development expenditure		
Goodwill		
Long-term deferred expenses		

Deferred income tax assets	36,089,185.67	52,995,315.57
Other non-current assets		
Total non-current assets	**856,366,853.48**	**854,291,433.42**
Total assets	**3,240,346,396.95**	**3,169,489,026.91**
Current liabilities:		
Short-term borrowings	1,450,791.03	1,077,151.99
Borrowings from central bank		
Deposits from customers and interbank		
Borrowing funds		
Financial liabilities measured at fair value with changes in fair value recorded in the current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	216,485,129.88	313,500,753.12
Advanced received	554,832,660.10	1,042,480,976.64
Financial assets sold for repurchase		
Handling charge and commission payable		
Payroll payable	13,567,670.06	14,465,124.82
Tax payable	17,592,767.58	10,030,649.54
Interest payable	132,613.61	132,613.61
Dividends payable		
Other accounts payable	626,614,116.60	128,870,379.44
Dividend payable for reinsurance		
Provision for insurance contracts		
Acting trading securities		
Acting underwriting securities		
Available-for-sale liabilities		
Non-current liabilities due within one year	45,000,000.00	
Other current liabilities	3,752,008.79	11,882,230.41
Total current liabilities	**1,479,427,757.65**	**1,522,439,879.57**
Non-current liabilities		
Long-term borrowings	145,268,026.33	45,000,000.00
Bonds payables		
Including preferred shares		
perpetual bonds		
Long-term account payable		
Long-term payroll payable	887,747.39	700,208.67
Special item payables		
Estimated liabilities	62,935,202.90	60,350,269.01
Deferred income		

Deferred income tax liabilities	10,367,560.37	3,831,818.55
Other non-current liabilities		
Total non-current liabilities	**219,458,536.99**	**109,882,296.23**
Total liabilities	**1,698,886,294.64**	**1,632,322,175.80**
Owner's equity		
Equity capital	929,017,761.00	929,017,761.00
Other equity instruments		
Including preferred shares		
perpetual bonds		
Capital reserve	31,117,140.96	31,117,140.96
Less Treasury stock		
Other comprehensive income	-20,217,348.81	-22,278,198.84
Special reserves	142,443.09	437,253.24
Surplus statutory reserve	77,898,985.76	77,898,985.76
General risk preparation		
Retained profit	417,282,550.86	395,548,113.53
Total owner's equity attributable to the parent company	1,435,241,532.86	1,411,741,055.65
Non-controlling interest	106,218,569.45	125,425,795.46
Total owner's equity	**1,541,460,102.31**	**1,537,166,851.11**
Total liabilities and owner's equity	**3,240,346,396.95**	**3,169,489,026.91**

Legal Representative: Li Mingji Accounting leader: Shi Peng Head of the accounting office: Shi Peng

II. Statement of financial position of the parent company

Unit: Chinese Yuan (RMB)

Items	Closing balance	Opening balance
Current assets		
Cash and cash equivalent	42,393,265.11	2,668,817.03
Financial assets measured at fair value changes in fair value recorded in the current profits and loss		
Derivative financial assets		
Notes receivable		
Account receivable		
Prepayment		
Interest receivable		
Dividends receivable		
Other accounts receivable	1,255,388,678.24	916,518,738.08
Inventories		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		

Total current assets	**1,297,781,943.35**	**919,187,555.11**
Non-current assets		
Available-for-sale financial assets		
Held-to-maturity investment		
Long-term accounts receivable		
Long-term equity investment	613,623,797.01	613,623,797.01
Investment in real estate		
Fixed assets	2,988,386.32	3,958,965.72
Construction in progress		
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	401,966.49	486,766.53
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	**617,014,149.82**	**618,069,529.26**
Total assets	**1,914,796,093.17**	**1,537,257,084.37**
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value with changes in fair value recorded in the current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advanced received		
Payroll payable	1,312,294.72	959,319.71
Tax payable	91,055.02	226,579.05
Interest payable		
Dividends payable		
Other accounts payable	545,125,459.78	92,075,293.33
Available-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	**546,528,809.52**	**93,261,192.09**
Non-current liabilities		

Long-term borrowings		
Bonds payables		
Including preferred shares		
perpetual bonds		
Long-term account payable		
Long-term payroll payable		
Special item payables		
Estimated liabilities	11,350,000.00	11,350,000.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	11,350,000.00	11,350,000.00
Total liabilities	557,878,809.52	104,611,192.09
Owner's equity		
Equity capital	929,017,761.00	929,017,761.00
Other equity instruments		
Including preferred shares		
perpetual bonds		
Capital reserve	155,822,801.02	155,822,801.02
Less Treasury stock		
Other comprehensive income		
Special reserves		
Surplus statutory reserve	65,431,085.56	65,431,085.56
Retained profit	206,645,636.07	282,374,244.70
Total owner's equity	**1,356,917,283.65**	**1,432,645,892.28**
Total liabilities and owner's equity	**1,914,796,093.17**	**1,537,257,084.37**

III. Consolidated statement of profit and loss

Unit: Chinese Yuan (RMB)

Items	Amount incurred at this term	Amount incurred at the last term
I. Total Revenue	**1,387,828,476.86**	**357,155,267.25**
Including Operating revenues	1,387,828,476.86	357,155,267.25
Interest income		
Earned insurance premium		
Handling fee and commission incomes		
II. Total Operating Costs	**1,344,272,302.64**	**638,310,581.59**
Including Operating costs	1,038,999,364.36	377,825,839.48
Interest expenditure		
Handling fee and commission expenditures		

Surrender value		
Ney payments for insurance claims		
Net provision for insurance contracts		
Bond insurance expense		
Reinsurance expense		
Business tax and surcharges	118,473,836.28	14,155,723.02
Sales expense	11,118,795.03	9,350,654.87
Management expense	106,124,832.96	130,297,522.89
Financial expense	-15,981,752.67	10,852,543.63
Asset impairment loss	85,537,226.68	95,828,297.70
Plus profit from changes in fair value (indicate the loss with '-')		
Investment income (indicate the loss with '-')		
Including Investment in joint-venture and cooperative enterprises (indicate the loss with '-')		
Exchange earnings(indicate the loss with '-')		
III. Operating profit (indicate the loss with '-')	**43,556,174.22**	**-281,155,314.34**
Plus non-operating income	2,575,278.39	286,932.58
Includinggains from disposal of non-current assets		62,995.58
Less non-operating expense	2,778,131.93	1,895,679.54
Including loss from disposal of non-current assets	579,737.63	277,763.44
IV. Total profits (indicate total loss with '-')	**43,353,320.68**	**-282,764,061.30**
Less income tax expenses	37,545,423.85	-2,698,811.66
V. Net profits (indicate total loss with '-')	5,807,896.83	-280,065,249.64
Net profits attributable to the owners of parent company	21,734,437.33	-216,567,179.78
Non-controlling interests	-15,926,540.50	-63,498,069.86
VI. Other after tax comprehensive income	-947,703.03	-20,203,950.22
Other after tax comprehensive income attributable to the owners of parent company	2,060,850.03	-13,260,186.65
(1) other comprehensive income that cannot be subsequently re-categorised as profit and loss		
1 Changes in the re-measured net liabilities or net assets in defined benefit plan		
2 Attributable share in other comprehensive income that cannot be re-categorised as profit and loss of the investee under the equity method		
(2) other comprehensive income that will be subsequently re-categorized as profit and loss	2,060,850.03	-13,260,186.65
1 attributable share in other comprehensive income that will be subsequently re-categorised as profit and loss of the investee under the equity method		
2 profit and loss from fair value changes of available-for-sale financial assets	2,581,175.75	
3 profit and loss by re-categorising the held-to-maturity investment as available-for-sale financial assets		
4 effective part of profit and loss from cash flow hedging		
5 translation differences of foreign currency financial statements	-520,325.72	-13,260,186.65
6 miscellaneous		
Other comprehensive income attributable to minority shareholders after tax	-3,008,553.06	-6,943,763.57
VII. Total comprehensive incomes	4,860,193.80	-300,269,199.86
Total comprehensive incomes attributable to the owner of the parent company	23,795,287.36	-229,827,366.43
Total comprehensive incomes attributable to the minority shareholders	-18,935,093.56	-70,441,833.43
VIII. Earnings per share		

(1) basic earnings per share	0.0234	-0.2331
(2) diluted earnings per share	0.0234	-0.2331

In case that merges and acquisitions occur under the same control, the net profit of the combined party before the merger: Chinese yuan. The net profit at the last term of the combined party: Chinese yuan.

Legal Representative: Li Mingji　　Accounting leader: Shi Peng　　Head of the accounting office: Shi Peng

IV. Statement of profit and loss of the parent company

Unit: Chinese Yuan (RMB)

Items	Amount incurred at this term	Amount incurred at the last term
I. Operating revenues	0.00	0.00
Less operating costs	0.00	0.00
Business tax and surcharges		
Costs of sales		
Management expense	27,002,044.61	22,694,268.44
Financial expense	68,905.96	4,320,214.42
Asset impairment loss	48,657,128.74	33,047,848.62
Plus profit from changes in fair value (indicate the loss with ‘-’)		
Investment income (indicate the loss with ‘-’)		-11,795.00
Including income from investment in joint-venture and cooperative enterprises		
II. Operating profit (indicate the loss with ‘-’)	-75,728,079.31	-60,074,126.48
Plus non-operating income		
Including gains from disposal of non-current assets		
Less non-operating expense	529.32	
Including loss from disposal of non-current assets		
III. Total profits (indicate the loss with ‘-’)	-75,728,608.63	-60,074,126.48
Less income tax expenses		
IV. Net profits(indicate the loss with ‘-’)	-75,728,608.63	-60,074,126.48
V. Other comprehensive income after tax		
(1) other comprehensive income that cannot be subsequently re-categorised as profit and loss		
1 Changes in the re-measured net liabilities or net assets in defined benefit plan		
2 Attributable share in other comprehensive income that cannot be re-categorised as profit and loss of the investee under the equity method		
(2) other comprehensive income that will be subsequently re-categorized as profit and loss		
1 attributable share in other comprehensive income that will be subsequently re-categorised as profit and loss of the investee under the equity method		
2 profit and loss from fair value changes of available-for-sale financial assets		
3 profit and loss by re-categorising the held-to-maturity investment as available-for-sale financial assets		
4 effective part of profit and loss from cash flow hedging		
5 translation differences of foreign currency financial statements		
6 miscellaneous		
VI. Total comprehensive incomes	-75,728,608.63	-60,074,126.48

VII. Earnings per share		
1) basic earnings per share		
2) diluted earnings per share		

V. Consolidated statement of cash flows

Unit: Chinese Yuan (RMB)

Items	Amount incurred at this term	Amount incurred at the last term
I. Cash flow from operating activities		
Cash received from sale of goods and services	876,869,415.06	579,790,629.42
Net increase in customer's deposits and deposits from other banks		
Net increase in borrowing funds from central bank		
Net increase in borrowing funds from other financial institutions		
Cash from the premiums of original insurance contract		
Net cash from reinsurance business		
Net Increase in insurance's deposits and investment funds		
Net increase in financial assets measured at fair value with changes in fair value recorded in the current profits and losses		
Cash from interest payment, handling change and commission		
Net increase in borrowing funds		
Net increase in buy-back funds		
Tax refunds received	11,400,831.34	44,069,243.21
Other cash received related to operating activities	512,870,833.57	78,817,999.36
Total cash inflow from operating activities	1,401,141,079.97	702,677,871.99
Cash paid for purchase of goods and services	596,063,348.04	567,206,358.45
Net increase in customer lending and advance in cash		
Net increase in deposits in central bank and interbank deposits		
Cash to pay insurance compensation under the original insurance contract		
Cash to pay the interest, handling change and commission		
Cash to pay policy dividend		
Cash paid to/for staff members	149,588,192.34	140,016,378.33
Taxes paid	102,489,174.69	78,686,125.63
Cash paid related to other operating activities	654,368,293.24	95,869,984.14
Total cash outflow from operating activities	1,502,509,008.31	881,778,846.55
Net cash flow from operating activities	-101,367,928.34	-179,100,974.56
II. Cash flow from investing activities		
Cash received from payback of investment		
Cash received from investment earnings		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		48,390.00
Net cash received from disposal of subsidiaries and other business units	150,000,000.00	287,003,281.61

Other cash received related to investment activities		
Total cash inflow in investing activities	150,000,000.00	287,051,671.61
Cash paid to purchase fixed assets intangible assets or other long-term assets	123,215,689.26	111,477,528.55
Cash paid for investment		
Net increase in pledge loan		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid related to investment activities	4,650,000.00	
Total cash outflow in investment activities	127,865,689.26	111,477,528.55
Net cash flow from investing activities	22,134,310.74	175,574,143.06
III. Cash flow from financing activities		
Cash received From paid-in investment		
Including cash received from loans		
Cash received from loans	147,154,410.65	45,000,000.00
Cash received from bond issue		
Other cash received related to financing activities		50,922.05
Total cash inflow in financing activities	147,154,410.65	45,050,922.05
Cash repayments of borrowings	2,043,864.51	105,409,611.42
Cash paid for distribution of dividends and profits or payment of interests	9,098,646.34	32,194,234.52
Including dividends and profits paid by the subsidiaries to minority shareholders		
Other cash paid related to financing activities	2,000,000.00	
Total cash outflow in financing activities	13,142,510.85	137,603,845.94
Net cash flow' in financing activities	134,011,899.80	-92,552,923.89
IV. Impacts of changes in exchange rate upon cash and cash equivalents	-2,198,243.15	-7,637,017.73
V. Net increase in cash and cash equivalents	52,580,039.05	-103,716,773.12
Plus opening balance of cash and cash equivalents	29,752,176.29	133,468,949.41
VI. Closing balance of cash and cash equivalents	82,332,215.34	29,752,176.29

VI. The statement of cash flows of parent company

Unit: Chinese Yuan (RMB)

Items	Amount incurred at this term	Amount incurred at the last term
I. Cash flow from operating activities		
Cash received from sale of goods and services		
Tax refunds received		
Other cash received related to operating activities	504,944,227.87	7,789,615.03
Total cash inflow from operating activities	504,944,227.87	7,789,615.03
Cash paid for purchase of goods and services		

Cash paid to/for staff members	9,532,051.60	13,101,056.30
Taxes paid	5,856.70	198,665.75
Cash paid related to other operating activities	131,629,719.56	61,152,596.24
Total cash outflow from operating activities	141,167,627.86	74,452,318.29
Net cash flow from operating activities	363,776,600.01	-66,662,703.26
II. Cash flow from investing activities		
Cash received from payback of investment		
Cash received from investment earnings		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units	150,000,000.00	287,003,281.61
Other cash received related to investment activities		
Total cash inflow in investing activities	150,000,000.00	287,003,281.61
Cash paid to purchase fixed assets intangible assets or other long-term assets	2,550.00	346,254.00
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid related to investment activities	501,954,000.00	112,975,071.30
Total cash outflow in investment activities	501,956,550.00	113,321,325.30
Net cash flow from investing activities	-351,956,550.00	173,681,956.31
III. Cash flow from financing activities		
Cash received From paid-in investment		
Cash received from loans		
Cash received from bond issue		
Other cash received related to financing activities		50,922.05
Total cash inflow in financing activities		50,922.05
Cash repayments of borrowings		100,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		30,073,015.19
Other cash paid related to financing activities	2,000,000.00	
Total cash outflow in financing activities	2,000,000.00	130,073,015.19
Net cash flow' in financing activities	-2,000,000.00	-130,022,093.14
IV. Impacts of changes in exchange rate upon cash and cash equivalents	-95,601.93	17.79
V. Net increase in cash and cash equivalents	9,724,448.08	-23,002,822.30
Plus opening balance of cash and cash equivalents	2,668,817.03	25,671,639.33
VI. Closing balance of cash and cash equivalents	12,393,265.11	2,668,817.03

VII.The statement of changes of equity

Amount incurred at this term:

Unit: Chinese Yuan (RMB)

Items	Current period												
	Owner’s equity attributable to the parent company											Non-controlling interest	Total owner’s equity
	Equity Capital	Other Equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Retained earnings		
		Preferred shares	Perpetual bonds	Miscellaneous									
I Closing balance of last year	929,017,761.00				31,117,140.96		-22,278,198.84	437,253.24	77,898,985.76		395,548,113.53	125,425,795.46	1,537,166,851.11
Plus changes in accounting policies													
Correction of errors in previous period													
Business combination under common control													
Miscellaneous													
II Opening balance of current year	929,017,761.00				31,117,140.96		-22,278,198.84	437,253.24	77,898,985.76		395,548,113.53	125,425,795.46	1,537,166,851.11
III Changes in amount incurred in current period (indicate the decrease with ‘-’)							2,060,850.03	-294,810.15			21,734,437.33	-19,207,226.01	4,293,251.20
1 Total comprehensive income							2,060,850.03				21,734,437.33	-18,935,093.56	4,860,193.80
2 Changes in the capital contributed by owners													
1)Common shares invested by shareholders													
2)Capital invested by other equity instrument holders													
3) Amount of share-based payment recorded in owner’s equity													
4)Miscellaneous													
3Profit distribution													
1)Appropriation of surplus reserves													
2)Appropriation of the general risk reserve													
3)Profit distributed to the owners (or shareholders)													
4) Miscellaneous													
4 Transfer within the owner’s equity													
1)Transfer of capital reserves into paid-in capital (or equity capital)													
2)Transfer of surplus reserves into paid-in capital(or equity capital)													
3)Surplus reserves to cover the deficit													
4) Miscellaneous													
5 Special reserves								-294,810.15				-272,132.45	-566,942.60
1) Reserves withdrawn in current period													
2) Utilised in current period								294,810.15				272,132.45	566,942.60
6 Miscellaneous													
IV Closing balance	929,017,761.00				31,117,140.96		-20,217,348.81	142,443.09	77,898,985.76		417,282,550.86	106,218,569.45	1,541,460,102.31

Amount incurred at the last term:

Unit: Chinese Yuan (RMB)

Items	Last period												
	Owner's equity attributable to the parent company											Non-controlling interest	Total owner's equity
	Equity Capital	Other Equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Retained earnings		
		Preferred shares	Perpetual bonds	Miscellaneous									
I Closing balance of last year	929,017,761.00				27,834,917.68			71,677.33	77,898,985.76		635,340,737.33	195,380,715.00	1,865,544,794.1
Plus changes in accounting policies					2,945,518.19		-9,018,012.19						-6,072,494.0
Correction of errors in previous period													
Business combination under common control													
Miscellaneous													
II Opening balance of current year	929,017,761.00				30,780,435.87		-9,018,012.19	71,677.33	77,898,985.76		635,340,737.33	195,380,715.00	1,859,472,300.1
III Changes in amount incurred in current period (indicate the decrease with '-')					336,705.09		-13,260,186.65	365,575.91			-239,792,623.80	-69,954,919.54	-322,305,448.9
1 Total comprehensive income							-13,260,186.65				-216,567,179.78	-70,441,833.43	-300,269,199.8
2 Changes in the capital contributed by owners					336,705.09							149,459.20	486,164.2
1)Common shares invested by shareholders													
2)Capital invested by other equity instrument holders													
3) Amount of share-based payment recorded in owner's equity					285,783.04							149,459.20	435,242.2
4)Miscellaneous					50,922.05								50,922.0
3 Profit distribution											-23,225,444.02		-23,225,444.0
1)Appropriation of surplus reserves													
2)Appropriation of the general risk reserve													
3)Profit distributed to the owners (or shareholders)											-23,225,444.02		-23,225,444.0
4) Miscellaneous													
4 Transfer within the owner's equity													
1)Transfer of capital reserves into paid-in capital (or equity capital)													
2)Transfer of surplus reserves into paid-in capital(or equity capital)													
3)Surplus reserves to cover the deficit													
4) Miscellaneous													
5 Special reserves								365,575.91				337,454.69	703,030.6
1) Reserves withdrawn in current period								365,575.91				337,455.69	703,030.6
2) Utilised in current period													
6 Miscellaneous													
IV Closing balance	929,017,761.00				31,117,140.96		-22,278,198.84	437,253.24	77,898,985.76		395,548,113.53	125,425,795.46	1,537,166,851.1

VIII. Statement of equity changes of the parent company

Amount incurred at this term:

Unit: Chinese Yuan (RMB)

Items	This period										
	Equity Capital	Other Equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
		Preferred shares	Perpetual bonds	Miscellaneous							
I Closing balance of last year	929,017,761.00				155,822,801.02				65,431,085.56	282,374,244.70	1,432,645,892.28
Plus changes in accounting policies											
Correction of errors in previous period											
Miscellaneous											
II Opening balance of current year	929,017,761.00				155,822,801.02				65,431,085.56	282,374,244.70	1,432,645,892.28
III Changes in amount incurred in current period (indicate the decrease with '-')										-75,728,608.63	-75,728,608.63
1 Total comprehensive income										-75,728,608.63	-75,728,608.63
2 Changes in the capital contributed by owners											
1)Common shares invested by shareholders											
2)Capital invested by other equity instrument holders											
3) Amount of share-based payment recorded in owner's equity											
4)Miscellaneous											
3 Profit distribution											
1)Appropriation of surplus reserves											
2) Profit distributed to the owners (or shareholders)											
3) Miscellaneous											
4 Transfer within the owner's equity											
1)Transfer of capital reserves into paid-in capital (or equity capital)											
2)Transfer of surplus reserves into paid-in capital(or equity capital)											
3)Surplus reserves to cover the deficit											
4) Miscellaneous											
5 Special reserves											
1) Reserves withdrawn in current period											
2) Utilised in current period											
6 Miscellaneous											
IV Closing balance	929,017,761.00				155,822,801.02				65,431,085.56	206,645,636.07	1,356,917,283.65

Amount incurred at the last term:

Unit: Chinese Yuan (RMB)

Items	Last period										
	Equity Capital	Other Equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
		Preferred shares	Perpetual bonds	Miscell aneous							
I Closing balance of last year	929,017,761.00				155,771,878.97				65,431,085.56	365,673,815.20	1,515,894,540.73
Plus changes in accounting policies											
Correction of errors in previous period											
Miscellaneous											
II Opening balance of current year	929,017,761.00				155,771,878.97				65,431,085.56	365,673,815.20	1,515,894,540.73
III Changes in amount incurred in current period (indicate the decrease with '-')					50,922.05					-83,299,570.50	-83,248,648.45
1 Total comprehensive income										-60,074,126.48	-60,074,126.48
2 Changes in the capital contributed by owners					50,922.05						50,922.05
1)Common shares invested by shareholders											
2)Capital invested by other equity instrument holders											
3) Amount of share-based payment recorded in owner's equity											
4)Miscellaneous					50,922.05						50,922.05
3 Profit distribution										-23,225,444.02	-23,225,444.02
1)Appropriation of surplus reserves											
2) Profit distributed to the owners (or shareholders)										-23,225,444.02	-23,225,444.02
3) Miscellaneous											
4 Transfer within the owner's equity											
1)Transfer of capital reserves into paid-in capital (or equity capital)											
2)Transfer of surplus reserves into paid-in capital(or equity capital)											
3)Surplus reserves to cover the deficit											
4) Miscellaneous											
5 Special reserves											
1) Reserves withdrawn in current period											
2) Utilised in current period											
6 Miscellaneous											
IV Closing balance	929,017,761.00				155,822,801.02				65,431,085.56	282,374,244.70	1,432,645,892.28

Notes to financial statements

Unless otherwise noted, the moneys' unit s Juan (RMB) in the financial statements.

I. Fast facts about the company

Zhongrun Resources Investment Corporation (ZRC) was formerly known as Shandong Zhongrun Investment Holding Group Co. Ltd (hereinafter referred to as Zhongrun Holding), Zhongrun Holding was formerly known as Shandong Huibang Real Estate Co., Ltd (hereinafter referred to as Huibang Real Estate), Huibang Real Estate was formerly known as Sichuan Dongtai Industry (Holding) Co., Ltd (hereinafter deterred to as Douglas Holding), and Dongtai Holding was formerly known as Sichuan Emei Group Co., Ltd (hereinafter referred to as Emei Group). ZRC's stocks are listed in Shenzhen Stock Exchange (stock code: 000506).

ZRC specialises in real estate development arid mining, mainly dealing in commercial residential buildings and gold.

The up-to-date business registration data is as follows the registered capital is 929,017,761 Chinese yuan, the registered address is "Building 17, Zhongrun Century Plaza, No.13777 Jingshi Road, Jinan City, the legal representative is Li Mingji, the business licence no. for the legal entity is 370000000000068, the business scope covers exploration and development of mineral resources processing, and sale of mineral products, and corporate equity investment.

Both the parent company and ultimate parent company of ZRC are Zhongrun Futai Investment Co., Ltd. This Financial Report was issued on 24 April 2016 with the approval of ZRC's Board of Directors.

A total of seven subsidiaries are incorporated into ZRC's consolidated financial statements for 2015. For details about the subsidiaries, refer to Note VIII 'Equity in Other Entities'. For detaıls about the changes in consolidation scope, refer to Note VII 'Changes in Consolidation Scope'.

II. Basis for preparing the financial statements

On a going-concern basis and according to actual transactions or matters, the financial statements of ZRC are prepared in accordance with *Accounting Standards for business Enterprises – Basic Standards,* specific accounting standards and subsequent *Application Guide to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises* and other related accounting regulations (hereinafter referred to as *Accounting Standards for Business Enterprises* collectively) promulgated by the ministry of Finance, the stipulations on information disclosure under *No.15 of Compilation Rules on Information Disclosure by the Companies Offering Securities to the Public — General Provisions on Financial Reports* (revised in 2014) promulgated by CSRC, and the important accounting policies and accounting estimates set forth below.

ZRC is unaffected by any matter or event that may make a significant impact upon the going-concern ability within at least 12 months from the end of the reporting period.

III. Declaration on compliance with the accounting standards for business enterprises

The financial statements prepared by ZRC comply with the requirements of *Accounting Standards for Business Enterprises*, and authentically and completely present the financial position of ZRC as of 31 December 2015 and the business performance and cash flow for 2015.

IV. Major accounting policies and accounting estimates followed by ZRC

(I) Accounting period

The accounting year of ZRC is from 1st January to 31st December.

(II) Operating cycle

Normal operating cycle refers to the period from the date of purchasing the processing-purpose assets to the date of earning cash or cash equivalents ZRC treats 12 months as one operating cycle, and also the yardstick for the liquidity of assets and liabilities.

(III) Base currency for bookkeeping

Both the base currency for bookkeeping and the currency used for preparing the financial statements are Chinse yuan (RMB). Unless otherwise noted, the moneys' unitYuan (RMB) in the financial statements.

Overseas subsidiaries of ZRC determine the base currencies for bookkeeping at their discretion according to local economic environments, and the base currencies for booking shall be converted into yuan (RMB) when they prepare financial statements.

(IV) Accounting treatment methods for business combination under common control and not under common control

Business combination refers to an event or transaction that two or more separate enterprises merge into a reporting entity. Business combinations are classified into the business combination under common control and business combination not under common control.

1 Business combination under common control

Business combination under common control means that the involved businesses, whether before or after the combination are ultimately controlled by one or multiple same parties on a non-temporary basis.

Regarding the long-term equity investments developed due to business combination under common control, if the combining party pays cash transfers non-cash assets or assumes debts in consideration for business combination, ZRC uses the portion of the book value of the net assets of the combined party obtained on the combining date in the consolidated financial states of the ultimate controller as the initial investment costs of the long-term equity investments If the book value of net assets of the combined party is a negative value on the combining date the long-term equity investment costs evil I be determined as zero. If the combined party before the combination is controlled by an ultimate controller through business combination not under common control, the initial investment costs of the combining party's long-term equity investments include the related goodwill value.

The difference between the initial investment costs of long term equity investments and the book value of paid cash transferred non-cash assets and assumed debts shall be offset by adjusting the capital reserves (capital premium or capital stock premium). If the balance of capital reserves (capital premium or capital stock premium) is not enough for offset. The difference shall be offset by surplus reserves and undistributed profits in rum. If the combining party issues equity instruments in consideration for business combination, the total book value of the issued shares is used as the equity capital. The difference between the initial investment costs of long-term equity investments and total nominal value of issued shares shall be offset by adjusting the capital reserves (capital premium or capital stock premium). If the capital reserves (capital premium or capital stock premium) are not enough for offset, the difference shall be offset by surplus reserves and undistributed profits in turn.

The intermediary services fees (including audit fees, legal services fees and evaluation & consultation fees) incurred by the combining party and other related management expenses are recorded in current profits and losses at the time of incurrence. If the combining party issues equity instruments in consideration for business combination, the transaction expenses arising therefrom shall be offset by the capital reserves (or capital stock premium). If the capital reserves (or capital stock premium) are not enough for offset, the transaction expenses shall be offset by surplus reserves and undistributed profits in turn. If the combining party issues debt instruments in consideration for business combination, the transaction expenses arising therefrom shall be recorded in the initial amount of debt instruments.

If the business combination under common control is attained step by step through a package deal including multiple transactions, the combining party shall use the various transactions as one deal for obtaining the control power at the time of accounting treatment. If the multiple transactions do not belong to a package deal, the hook value of the combined party’s owner's equity enjoyed on the combining date according to the shareholding ratio on the combining date shall be used as the initial investment costs of the investment in the financial statements of the parent company. The difference between the initial investment costs and the sum of book value of the original long-term equity investments plus the hook value of new shares obtained on the combining date in consideration for business combination shall be offset by adjusting the capital reserves (or capital stock premium). If the capital reserves are not enough for offset the difference shall be offset by the retained earnings.

Regarding the long-term equity investments held by the combining party before the combination lie changes in related profit and loss other comprehensive income and other owner’s equity in a consolidated financial statement recognised during the period between the date of obtaining such equity investments or the date on which the combining party and the combined party are ultimately controlled by a same party (whichever is later) and the combining date shall be offset by the initial retained earnings or current profits and losses in the comparative statement period.

2 Business combination not under common control

Business combination not under common control means that the involved businesses, whether before or after the combination, are not ultimately controlled by one or multiple same parties. For the business combination not under common control the acquirer refers to the party who obtains the control power over the other involved enterprise on the acquiring date, and the acquiree refers to the other party who is involved in the business combination. The acquiring date is the date on which the combining party obtainsthe control power over the combined party.

For the business combination not under common control, the combination costs are equal to the sum of fair value of the assets paid, debts incurred or assumed, and equity securities issued by the acquirer on the acquiring date. The intermediary services fees (including end it fees, legal service fees and evaluation and consultation fees) incurred by the acquirer and other related management expenses are recorded in current profits and losses at lie lime of incurrence.If the acquirer issues equity instruments or debt instruments in consideration for business combination, the transaction expenses arising therefrom shall be recorded in the initial amount of equity instruments or debt instruments.

The eligible identifiable assets, liabilities or contingent liabilities acquired from the acquiree shall be measured at fair value on the acquiring date. If the acquirer’s combination costs exceed the fair value of the acquiree’s identifiable net assets, the balance between them is embodied as the goodwill value. If the acquirer’s combination costs are less than the fair value of the acquiree’s identifiable net assets, the balance between them is recorded in the current non-operating income.

If the business combination not under common control is attained step by step through multiple transactions, the sum of book value of the acquiree’s equity investments held before the acquiring date and the newly added investment costs on the acquiring date shall be calculated as the initial investment costs of the equity investments in the parent company’s financial statements.

In consolidated financial statements, the acquiree’s stock rights held before the acquiring date shall be remeasured at fair value as of the acquiring date, and the difference between the fair value and book value shall be recorded in the current investment income. The acquiree’s stock rights held before the acquiring date involve other comprehensive income the related other comprehensive income (excluding the other comprehensive income that cannot be re-categorised as current profits and losses) shall betransferred into the current investment income as of the acquiring date.

ZRC uses the sum of the fair value as of the acquiring date of the acquiree’s stock rights held before the acquiring date and the fair value of the payments for the acquired stock rights on the acquiring date as the combination costs, compares the combination costs with the fair value as of the acquiring date of the acquiree’s identifiable net assets obtainedby the acquirer according to the shareholding ratio on the acquiring date, and treats the balance between as the goodwill recognised on the acquiring date or calculates such balance into the current profits and losses.

(V) How to prepare consolidated financial statements

1 Principle for determining the consolidation scope

The consolidation scope of consolidated financial statement is determined on a controlling basis. Controlling means that ZRC has power over the investee, also enjoys variablereturn by participating in the related activities of the investee, and is able to affect the return amount by exerting the power over the investee. The consolidation scope covers ZRC and all its subsidiaries. A subsidiary is a corporate entity controlled by ZRC.

When the factors with respect to the definition "controlling" vary with the related facts or conditions, ZRCwill re-evaluate it.

2 Unifying the accounting policies, balance sheet dates and accounting periods used by parent and subsidiary corporations

If the accounting policies or accounting periods used by the parent corporation are different from those used by subsidiary corporations, the financial statements of subsidiary corporations shall be adjusted as appropriate in accordance with the accounting policies and accounting periods used by ZRC. For a subsidiary corporation acquired through a business combination not under common control, its financial statements shall be adjusted in terms of the fair value of identifiable net assets as of the acquiring date.

3 How to prepare consolidated financial statements

As of the date of obtaining a subsidiary's net assets and de facto control over production and business decisions, the consolidated financial statements will incorporate the subsidiary. As of the date of losing de facto control over a subsidiary, the subsidiary will be excluded from the consolidated financial statements. For a disposed subsidiary, the business performance and cash flow before the disposing date have been duly incorporated into the consolidated profit statement and consolidated cash flow statement. For asubsidiary disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. For a subsidiary acquired through a business combination not under common control, the business performance and cash flow after the acquiring date have been duly incorporated into the consolidated profit statement and consolidated cash flow statement, and the opening balance or contrast data in the consolidated financial statements shall not be adjusted. For a subsidiary acquired through a business combination under common control, the business performance and cash flow during the period from the beginning of the combining period to the combining date have been duly incorporated into the consolidated profit statement and consolidated cash flow statement, and the contrast data in the consolidated financial statements shall be adjusted simultaneously.

All significant current accounts balances transactions and unrealised profits inside ZRC shall be written off in the consolidated financial statements.

The shareholders' equity of a subsidiary and the portion in current net profit and loss not attributable to ZRC shall be used as minority equity and minority interest income respectively and be separately presented under "Shareholders' equity" and "Net profit" in the console dated financial statements. The port ion in the subsidiary's current net profit and loss categorised as minority equity shall be presented as "Minority interest income" under "Net profit" in the consolidated profit statement. If the subsidiary's losses assumed by in minority shareholders exceed the portion in the subsidiary's initial shareholders' equity enjoyed by the minority shareholders, the balance between them shall still be offset by minorityequity.

When ZRC loses control over a subsidiary due to disposal of a portion of equity investment or for other reasons, the residual equity shall be remeasured at fair value as of the dateof losing the control over the subsidiary. If the portion in the original subsidiary's net assets surviving as from the acquiring date to be enjoyed according to the original shareholding ratio is subtracted from the sum of the consideration obtained by disposal of equity and the fair value of residual equity the balance shall be recorded in the investment income of the current period of losing the control. The other comprehensive income related to the equity investment in the original subsidiary shall be subjected to accounting treatment at the time of losing the control over the subsidiary on the same basis as that for direct disposal of related assets or liabilities by fire acquiree (specificallywith the exception of the changes in the remeasured net liabilities or net assets in a defined benefit plan, the remaining other comprehensive income shall be transferred into currentinvestment income). Then the residual equity shall be subsequently measured in accordance with Accounting Standards for Business Enterprises No 2 — Long Equity Investment or *Accounting Standards for Business Enterprises No 22 — Recognition and Measurement of Financial Instruments* for details, refer to the section "(XI) Long-term equity investment" in Note IV or "(VIII) Financial instruments ' in Note IV.

If ZRC disposes the equity investment in a subsidiary step by step through multiple transactions until losing the control over the subsidiary, ZRC shall distinguish whetherthe multiple transactions belong to package deal. The multiple transactions set forth above shall be treated as a package deal if the terms conditions and economic impacts on/of the multiple transactions meet one or more of following conditions (1) these transactions are concluded simultaneously or by taking into account the mutual impacts between them, (2) these transactions can produce a complete business result only when they are treated as a whole, (3) the occurrence of one of these transactions depends upon the occurrence ofat least one of the other transactions, (4) one transaction alone is not economical, butis economicalif considered in conjunction willother transactions. If the multiple transactions set forth above do not belong to a package deal, each of these transactions shall be subjected to accounting treatment based on the following principle "Disposal of long-term equity investment in a subsidiary" (for details, refer to subitem (4) of Item 2 of (XII) in Note IV) or "Losing of control over the original subsidiary due todisposal of a portion ofequityinvestment orfor other reasons' (set forth above). Ifthe multiple transactions set forth abovebelong to a package deal, they shall be subjectedto accounting treatment as one deal. Before ZRC loses the control over the subsidiary, however, the balance between the amount received from each disposal transaction and theportion in the subsidiary's net assets associated with the disposed investment shall be recorded in other comprehensive income in the consolidatedfinancial statements. When ZRC loses the control over the subsidiary, the balance shall be transferred into time profits a» d losses of the current periodof losing the control.

(VI) Standards for recognising cash and cash equivalents

The cash recognised in preparing the cash flow statement refers to ZRC's cash on hand and available depositsfor payment.
The cash equivalents recognised in preparing the cash flow statement refer to the short-term and highly liquid investments Acid by ZRC which arc easy to convert into a known amount of cash and have low risks of value changes.

(VII) Foreign currency transactions

1 Methodof currency translation for foreign currency transactions

When a foreign currency transaction of ZRC is initially recognized, the involved foreign currency shall be translated into the base currency for bookkeeping as per the spot exchange rate as of the trading date. However, the foreign currency involved in the business of foreign currency' exchange or a transaction associated with foreign currency exchange shall be translated into the base currencyfor bookkeeping as per the actually adopted exchange rate.

2 Method of currency translation for foreign currency monetary items and foreign currency nonmonetary items

On the balance sheet date, the foreign currency monetary items shall be translated as per the spot exchange rate. The exchange differences arising therefrom shall be recorded in the current profits and losses, except that (1) the exchange differences arising from the foreign currency loans for purchasing or producing the capitalisable assets shall be capitalized, (2) the exchange differences arising from the change in book balance of the available-for-sale foreign currency monetary items (excluding the amortised costs) shall be recorded in other comprehensive income.

The foreign currency nonmonetary items measured in terms of historical costs shall still be measured by using the base currency for bookkeeping translated as per the spot exchange rate as of the trading dale. The foreign currency nonmonetary items measured at fair value shall be translated by using the spot exchange rate as of the dale of deter mining the fair value, the balance between the translated amount of base currency for bookkeeping and the original amount of base currency for bookkeeping shall be treated as the changes in fair value (including the changes in exchange rate), and be recorded in the current profits and losses or other comprehensive income.

3 Translation of foreign currency financial statements

When a consolidated financial statement contains some foreign currency monetary items that substantively constitute net investments in overseas business (if involved), the exchangedifferences arising from changes in exchange rate shall be determined as other comprehensive income, specifically "translation difference of foreign currency statement". The income from disposal of overseas business shall be recorded in current profits and losses.

The asset items and liabilitiesitems in the balance sheet shall be translated by using the spot exchange rate as of the balance sheet date, the shareholder's equity items excluding "Undistributed profit" shall be translated by using the spot exchange rate at the time of trading. The income items and expense items in the profit statement shall be translated by using the approximate exchange rate (average exchange rate of current period) of the spot exchange rate as of the trading date. The translation differences of foreign currency statements arising therefrom shall be recorded in other comprehensive income under the shareholder's equity in the balance sheet. The foreign currency cash flow and the cash flow of an overseas subsidiary shall be translated by using the approximate exchange rate (averageexchange rate of current period) of the spot exchange rate as of th date of generating the cash flow. The impacts of changes in exchange rate upon cash flow shall be separately presented as a reconcile item in the cash flow statement.

(VIII) Financial instruments

When becoming a party to a financial instrument contact, ZRC shall recognise financial assets and financial liabilities. Financial assets and financial liabilities are measured at fair value when they areinitially recognised. Iffinancial assets and financial liabilities are measured at fair value and the changes in their fair value are recorded in current profits and losses, the incurred transaction expenses shall be directly recorded in profits and losses. For other types of financial assets and financial liabilities, the incurred transaction expenses shall be recorded in the initial recognised amount.

1 How to determine the fair value of financial assets and financial liabilities

Fair value refers to the prices at which a market participant sells an asset or transfers a liability in an orderly transaction on the date of measurement. For a financial instrument having an active market, ZRC determines it fair value by using a quotation in the active market. For financial asset having no active market, ZRC determines its fair value by using a valuation technique, Valuation techniques include the following methods (1) refer to the prices used in the recent market transactions voluntarily conducted by the parties who are familiar with each other, (2) refer to the current fair value of the substantially equivalent financialinstruments, (3) discounted cash flow method, (4) options pricing model

2 Classifying, recognising and measuring financial assets

By their purpose, ZRC classified the available financial assets as the following four types financial assets measured at fair value with changes in Fair value recorded in the current profits and losses held-to-maturity investments loans rind receivablesand available-for-sale financial assets.

(1) Financial assets measured at fair value with changes in fair value recorded in the current profits and losses

The financial assets measured at fair value with changes in fair value recorded in the current profits and losses include tradable financial assets and the designated financial assets measured at fair value with changes in fair value recorded in the current profits and losses.

Financial assets are categorised as tradable financial assets when they meet any of the following conditions: (I) the financial assets are obtained mainly For the purpose of sale in a recent period (2) the assets are initially recognised as an integral part of the centrally managed identifiable financial instrument portfolio and objective evidence shows that Zhongrun Group manages the portfolio by using a short-term profit method, (3) the financial assets arc derivative instruments excluding the designated derivative instruments that are also effective hedging instruments derivative instruments under a financial guarantee contact and the derivative instruments that are associated with and need to besettled by delivering the equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured.

Financial assets may at the time of initial recognition be designated as the financial assets measured at fair value with changes in fair value recorded in the current profits and losses when they meet one or more o£ the following conditions: (1) the designation may eliminate or remarkably decrease the inconsistenciesof the financialassets in the gains or losses arising from tic differences in measurement basis, (2) the formal written document on ZRC s risk management or investment strategy expressly stipulates that the associated financial asset portfolio or the portfolio of financial assets and financial liabilities is managed, evaluated and reported to key management personnel in terms of fair value.

When the financial assets secured at fair value with changes in fair value recorded in the current profits and losses are subsequently measured at fair value the gains or losses arising from the changes in fair value shall be recorded in the variable profit and loss of fair value, the interests or cash dividends earned during the period of holding such financial assets shall be recognised as investment income if such financial assets are disposed. The balance between the actually received amount and the initial paid-in amount shall be recognised as investment income arid the profit and loss from fair value changes shall also be adjusted.

(2) Held-to-maturing investment

Held-to-maturity investments refer to the non-derivative financial assets with a fixed maturity date and a fixed or deter unable returned amount that a company has a clear intent and ability Io hold till the maturity date.

Held-to-maturity investments are subsequently measured as per amortised costs by using the effect we interest method. The gains or losses accrued at the time of derecognition, impairment or amortisation shall be recorded in the current profits and losses.

The effective interest method is to calculate the amortised costs and interest income or expense of financial assets or financial Liabilities (including a portfolio to of financial assets or financial liabilities) of different periods as per the effective interest rate. The effective interest rate refers to the interest rate used to discount the future cash flow of financial assets or financial liabilities within an expected duration or applicable shorter period into their current book value. In calculating the effective interest rate, ZRC estimates the future cash flow (without regard to future credit loss) by considering all contract terms on the financial assets or financial abilities and also takes into account the various fees, transactions expenses and discounts or premiums that are paid or charged by the parties to a financial asset or financial liability contract and constitute an integral pan of the effective interest rate.

(3)Loans and receivables

Loans and receivables refer to the non-derivative financial insets that are not quoted in an active market and have a fixed or determinable returned amount. ZRC classified loans and receivables as notes receivable, accounts receivable, other receivables and long-term receivables.

Loans and receivables shall be subsequentlymeasured as per amortised costs by using the effective interest method. The gains or losses accrued from derecognition, impairment or amortisation shall be recorded in the current profits and losses.

(4) Available-for-sale financial assets

The available-for-sale financial assets include the non-derivative financial assets designated to be available for sale at the time of initial recognition and the financial assets other than the financial assets measured at fair value with changes in fair value recorded in the current profits and losses, loans and receivable, and held-to-maturity investments.

The available-for-sale financial assets shall be subsequently measured at fair value, the gains or losses accrued from changes in fair value shall be recognised as othercomprehensive income, and be transferred out and recorded in the current profits and losses at the time of derecognising the assets, however, the impairment losses andthe exchange differences of foreign currency monetary financial assets related to amortised costs shall be recorded in the current profits and losses. During the holding period of available-for-sale financial assets, the interest calculatedby the effective interest method and the cash dividends issued by the investee shall be recorded in the investment income. In disposing the available-lot-sale financial assets, the actually receivedamountand book value minus the accumulative changes in fair value directly recorded in other comprehensive income shall be recognised as investment income.

Cost measurement approach shall be used for the following financial assets: (1) equity instruments characterised in that they are not quoted in an active market and their fair value cannot be reliably measured, (2) derivative financial assets (or derivative financial liabilities) that are associated with the equity instruments and need to be settled by delivering the equity instruments.

3 How to recognise and measure the transfer of financial assets

Financial assets shall be derecognised if they meet any of the following conditions: (1) the contractual rights for charging the cash flow of the financial assets are terminated, (2) the financial assets have been transferred and nearly all risks and returns on the ownership of the financial assets arc transferred to the transferee, (3) the financial assets have been transferred, and ZRC waives the control over the financial assets although ZRC neither transfers nor retains nearly all risks and returns on the ownership of the financial assets.

If ZRC neither transfers nor retains nearly all risks and returns on the ownership of the financial assets, and does not waive the control over the financial assets, the related financial assets and related liabilities shall be recognizedaccording to the extent to which ZRC is continuously involved in the transferred financial assets. The extent to which ZRC is continuously involved in the transferred financial assets refers to the risk level that ZRC will face due to value changes in the financial assets.

If the total transfer of ZRC's financial assets is eligible for de-recognition, the balance between the book value of the transferred financial assets and the sum of the consideration received tor the transfer and accumulative changes in the fair value directly recorded in other comprehensive income shall be recorded in the current profits and losses. If the partial transfer of ZRC's financial assets is eligible lot de-recognition, the book value of the transferred financial assets shall be apportioned as per the respective relative fair valuebetween the derecognised portion and the un-derecognised portion, and the balance between the book value of the derecognised portion and the sum of the consideration received for the derecognised portion and accumulative changes in the fair value directly recorded in other comprehensive income shall be recorded in the current profits and losses.

4 Financial asset impairment

On the balances sheet date, ZRC checks the impairment status ofthe book value of the financial assets other than the financial assets measured cl Fair value well changes in fair value recorded in the current profits and losses. When objective evidence shows that financial assets are impaired, ZRC will conduct impairment test tor the financial assets, to make provisions for impairment according to the test results.

ZRC will separately conduct an impairment test for a financial asset with a significant individual amount. For a financial asset with a non-significant individual amount, ZRC willseparately conduct an impairment test or the impairmenttest may be included in the impairment test conducted for a financial asset portfolio with similar credit risk characteristics. If a separate impairment test shows that a financial asset (with a significant or with a non-significant individual amount) is not impaired, the financial asset may undergo anew impairment test, which is included into the impairment test conducted for a financial asset portfolio with similar credit risk characteristics. If a separate impairment test shows that a financial asset is impaired the separate impairment test will not be included in the impairment test conducted for a financial asset portfolio with similar credit risk characteristics.

(1) Impairments of held-to-maturity investmentsand loans and receivables

When field-to-maturity investments or loans and receivables are impaired their book value shall be written down to the present value of estimated future cash flow determined as per the original effective interest rate of thefinancial asset, the write-down amount shall be recognized as Impairment losses and be recorded in the current profits and losses. After a financial asset measured in terms of amortised costs is recognised to be impaired the originally recognised impairment losses shall the transferred back if objective evidence shows that the value of the financial asset was been restored and the restoration of the value s objectively correlated to the occurrences subsequent to the recognition of theimpairmentlosses. However the book value of the financial meet subsequent to flu transfer-back of impairment losses does not exceed the amortised costs of the financial asset on the date of transfer-back ased on the assumption that no provision is made for the impairment.

(2) Available-for-sale financial assets

When an Available-for-sale financial asset is impaired,theaccumulative losses arising from the decrease in fair value andtransferred out and be recorded in in the current profits arid losses.The transferred-out accumulative losses arc equal to the initial acquisition costs of the financial asset minus the recouped principal, amortised amount, current fair value and original impairment losses recorded in profits and losses After an available-for-sale financial asset is impaired, the originally recognised impairment losses shall be transferred back if object we evidence shows that the value of the financial virtue has been restored and the restoral ion of the value objectively correlated to the occurrences subsequent to the recognition of the impairment losses. Specifically, the Impairmentlosses ofan available-for-saleequity instrument shall be transferred back and accorded in other comprehensive income, and the impairment losses of an available-for-sale debt instrument shall be transferred back and recorded ›n current profits and losses.

If impairment occurs to an equity instrument measured in terms of costs and not quoted in an active market whose fair value cannot be reliably measured, or to a derivative financial assets that is associated with the equity instrument and needs to be settled by delivering the equity instrument, its book value shall be written down to the present value of estimated future cash flow determined as per the market return of a similar financial asset the write-down amount shall be recognised as impairment losses and be recorded in the current profits and losses. Once recognized, the impairment losses of the financial asset shall not be transferred back.

For an equity instrument investment, the specific quantitative yardstick for “severe” or“non-transient” decrease in its fair value is as follows (1) severe decrease means that the fair value is accumulatively decreased by more than 50%, (2) non-transient decrease means that the fair value is decreased for more than 12 consecutive months.

5 Classifying, recognising and measuring financial liabilities

By the essence of contractual arrangements, the financial instruments to be issued by ZRC are classified into financial liabilities and equity instruments. At the time of initial recognition, financial liabilities are classified into the financial liabilities measured at fair value with changes in fair value recorded in the current profits and losses, and other financial liabilities for the financial liabilities measured at fair value with changes in fair value recorded in current profits and losses, the incurred transaction expenses shall be directly recorded in the current profits and losses. For other types of financial liabilities, the incurred transaction expenses shall be recorded in the initial recognized amount:

(1) Financial liabilities measured at fair value with changes in fait value recorded in the current profits and losses

Based on the same conditions, financial liabilities are classified into tradable financial liabilities and the financial liabilities designated at the time of initial recognition to be measured at fair value with changes in fair value recorded in the current profits and losses, while financial assets are classified into tradable financial assets and the financial assets designated at the time of initial recognition to be measured at fair value with changes in fair value recorded in the current profits and losses.

The financial liabilities measured at fair value with changes in fair value recorded in the current profits and losses shall be subsequently measured at fair value, and the gains or losses incurred from the changes in fair value and the dividends and interest expenses related to the financial liabilities shall be recorded in the current profits and tosses.

(2) Other financial liabilities

If derivative financial liabilities are associated with equity instruments not quote in an active market whose fair value cannot be reliably measured and need to be settled by delivering the equity instruments, the derivative financial liabilities shall be subsequently measured in terms of costs. With the exception of the liabilities under financial guarantee contracts, the other financial liabilities shall be subsequently measured as per amortised costs by using the effective interest method, and the gains or losses arising from de-recognition or amortisation shall be recorded in the current profits and losses.

6 Derecognition of financial liabilities

If financial liabilities are relieved from current obligations in whole or in part, the financial liabilities shall be de-recognised in whole or in part. If ZRC (debtor) and a creditor sign an agreement to assume new financial liabilities in lieu of existing financial liabilities and the contractual items for the new financial liabilities are substantively different from those for the existing financial liabilities, existing financial liabilities shall be derecognised while new financial liabilities shall be recognized. If financial liabilities are de-recognised in whole or in part, the balance between the book value of the derecognised portion and paid consideration (including te transferred-out non-cash assets andassumed new financial liabilities) shall be recorded in the current profits and losses.

(IX) Receivables

ZRC s receivables include accounts receivable and other receivables.

1 Standards for determining the bad debt provision

On the balance sheet date, ZRC checks the book value of various receivables, and makes provisos for impairment under the following circumstances: (1) the debtor faces financial difficulties, (2) the debtor violates contractual terms, for example, default of or delay in payment of interest or principal, (3) the debtor is very likely to be bankrupt or conduct other financial restructuring, (4) other objective evidence shows that receivables ore impaired.

2 Method of withdrawing the bad debt provision

(1) Standards for recognising the receivables with a significant individual amount and methods for making bad debt provisions for such receivables

Receivables with a significant individual amount the individual amount is 5,000,000 yuan or more.
Methods for making bad debt provisionmake provisions according to the balance between the present value of estimated future cash flow and the book value.

(2) Standards for recognising the receivables for which bad debt provisions are made according to the credit risk characteristic combination and methods for making bad debt provisions for such receivables

a. Standards for recognising the credit risk characteristic combination
Based on the account ages, the receivables with a non-significant individual amount arc classified into different credit risk characteristic combinations.

b. Method for malting bad debt provisions for the credit risk characteristic combinations
According to the actual loss ratio of the combinations of same or similar receivables with similar credit risk characteristics in previous years, along with the current conditions, ZRC determines the bad debt provision ratio for different combinations of receivables in the current period, thus calculating the bad debt provisions of the current period accordingly.

The following table lists the bad debt provisions based on aging basis made by ZRC and its subsidiaries, including Zibo Real Estate Co., Ltd of Shandong Zhongrun Group (hereinafter referred to as Zibo Real Estate), Zhongrun Mining Development Co., Ltd (hereinafter referred to as Zhongrun Mining), Zhongrun International Mining Co., Ltd (hereinafter referred to as Zhongrun International), Pingwu Zhongjin Mining Co., Lid of Sichuan Province (hereinafter referred to as Sicliuan Pingwu), Xizang Zhongjin Mining Co., Ltd (hereinafter referred to as Xizang Zhongjin) and Inner Mongolia Huiyin Mining Co., Ltd (hereinafter referred to as Inner Mongolia Huiyin).

Account receivable age	Provision ratio (%)
1 year (including 1 year)	5
1 to 2 years (including 2 years)	10
2 to 3 years (including 3 years)	20
3 to 4 years (including 4 years)	30
4 to 5 years (including 5 years)	40
5 years or more	100

(3) Receivables with a non-significant individual amount for which bad debt provisions are made

If the bad debt provisions made according to the credit risk characteristic combinations cannot reflect the risk characteristics of the receivables with a non-significant individual amount, bad debt provisions shall be made according to the balance between the present value of the estimated future cash flow and the book value.

3 For other receivables (including notes receivable advance payments, interest receivable and long-term receivables) bad debt provisions shall be made by using the specific identification method if conclusive evidence shows an obvious difference between their receivability.

(X) Inventory

1 Classification of inventories

Inventories refer to the finished products or goods held by an enterprise in daily act wines for sale products in process, and materials or articles consumed in the process of production or rendering of services ZRC's inventories include completed products, products under construction lands to be developed entrusted developed products, raw materials or goods in stock products in process, auxiliary materials arid low-priced and easily worn articles.
Completed products refer to the developed real estate available for sale.
Products under construction refer to the real estate that is still under construction for the purpose of sale.
Lands to be developed refer to the lands which ZRC has purchased and is deciding to develop into sale-purpose or lease-purpose real estate.
Entrusted developed products refer to the real estate that RRC is developing on commission.

2 Valuation methods for incoming and outgoing inventories

Incoming inventor shall be valuated as per actual costs, and outgoing inventories shall be evaluated by using the weighted average method.
If a project is developed as a whole, the lands to be developed shall all be transferred into the products under construction For a protect that is developed stage by stage, the portion of the lands developed by stages shall be transferred into the products under construction, and the lands to be developed in later periods shall be stillretained in the lands to be developed.
Public supporting facilities shall be recorded in the development costs as per actual costs. When public supporting facilities are completed, they shall be amortised into the costs of available-for-sale real estate (for example, residential buildings).

3 Standards for determining the net realisable value of inventories and methods for making provision for inventory devaluation

On the balance sheet date, ZRC's inventor shall be measured based on costs and net realizable value, whichever is lower.

For the directly saleable inventories (including completed products or goods and available-for-sale materials), the net realisable value shall be determined as their estimated sale prices minus estimated sales expenses and related taxes. For the materials used for production, the net realisable value shall be determined as the estimated sale prices of the finished products minus the costs accrued as of the completion of such products, estimated sales expenses and related taxes. For the inventories held for implementing sales contracts or services contracts, the net realisable value shall be determined based on the contract prices, if the inventories held by ZRC outnumber the ordered quantities under sales contracts, the net realisable value of the balance between them shall be determined based on the general sale prices.

ZRC makes provisions for inventory devaluation on an item-by-item basis. If certain inventory items are correlated to or have the same or similar purposes as/to the product series produced or sold in the same re8i0n, id are difficult to be measured separately from other inventory items, their costs and net realisable value may be measured collectively For a great variety of inventories with low unit price, their costs and net realisable value may bemeasured type by type.

On the balance sheet date, ZRC will make provisions for inventory devaluation recorded in the current profits and losses if inventory costs are higher than their net realisable value.

If the factors that write down the inventories have disappeared, the write-down amounts shall be restored and transferred back to the original provisions for inventory devaluation, the transferred-back amounts shall be recorded in the current profits and losses.

4 Inventory taking system ZRC practises a perpetual inventory system

5 Low-priced and easily worn articles and packing materials shall be amortised on a one-off basis when they are taken for use

(XI) Assets held for sale

ZRC classifies a non-current asset that meets all of the following conditions as an asset held for sale if it is available for immediate sale under its current circumstances according to the usual terms for the sale of such assets.

1 A resolution has been made on the disposal of the non-current asset,
2 An irrevocable assignment agreement has been signed with the assignee, and
3 The completion of the assignment within a year is highly probable

From the date of its classification, no more depreciation or amortisation is made for an asset held for sale and the asset held for sale is measured at the lower of carrying amount and fair value less disposal expenses. Non-current assets field tor sale includes individual assets and disposal groups. If the disposal group is an asset group as defined in Accounting Standard for Business Enterprises No 8 - Impairment of Assets under which the goodwill acquired through a business combination has been apportioned to the asset group, or if the disposal group represents an operation in an asset go up, then the disposal group includes goodwill formed through the business combination.

Single non-current assets and assets in a disposal group classified as held for sale are separately presented as current assets in the balance sheet Liabilities associated with the transfer of assets in a disposal group classified as held for sale are separately presented as current liabilities in the balance sheet.

If an asset of disposal group classified as held for sale ceases to meet the recognition conditions for non-current assets held for sale, ZRC ceases to classify it as field for sale and measures it at the lower of the following (1) The carrying amount of the asset or disposal group prior to its classification as held for sale, adjusted by the depreciation, amortisation, or impairment that should have been recognised if it were not classified as held for sale, and (2) the recoverable amount at the date on which the decision not to sell is made.

(XII) Long-termequity investments

The term “long-term equity investment” mentioned in this section refers to long-term equity investments where ZRC has control, joint control, or significant influence over the investee. Long-term equity investments where ZRC does not have control, joint control, or significant influence over the invested are treated as available-for-sale financial assets or measured at their fair value with their changes included in the financial assets in the profit or loss for the current period For the accounting policies, see Note 4.8 “Financial instruments”.

Joint control is the contractually agreed sharing of control by ZRC over an arrangement and the decisions relating to the activities of the arrangement require the unanimous consent of all of the parties that have joint control. Significant influence means that ZRC has the right to participate in the financial and operating pot icy decisions of the invested entity, but does not have control or joint control of those policies with other parties.

1 Determination of costs of initial investments

The costs of long-term equity investments are recognised as follows, depending on the manner of acquisition

(1) For long-term equity investments acquired through the business combination under common control of ZRC, the share of the owner’s equity of the acquired at the date of the business combination in the carrying amount in the consolidated financial statements of the ultimate controlling party shall be treated as the initial cost of such investments. If the carrying amount of net assets of the acquired at the date of the business combination is negative, the costs of long-term equity investments are recognised as zero and recorded inthe reference book. The difference between the initial cost of the long-term equity investment and the carrying amount (or the total carrying amounts of the shares issued) of theconsideration paid for the combination shall be offset

against the capital reserve If the capital reserve is insufficient to offset, the retained earnings shall be adjusted the brokeragefee for audit, legal services, and evaluation consulting and other associated management expenses incurred by the acquirer are included in the profits and losses of the period in which they are incurred. Service charges commissions and other expenses paid for bonds issued or for assuming other debts for the business combs nation are recorded in the initial measurement of the bonds and other debts. The service charges, commissions and other expenses for the issuance of equity securities for the business combination shall bededucted from the premium income of the equity securities, if the premium income is insufficient to cover this, the remaining amount shall be deducted from retained earnings.

Acquisition of the equity of the acquiree under common control by multiple transactions by stages that ultimately lead to a business combination under combination control should be handled in accordance with whether or not they are conducted as a package deal. If they are, each transaction should be accounted for as atransaction that has acquired right of control. If they are not, the share of the owner's equity of the acquiree that ZRC is entitled to have at the date of the merger in the carrying amount in the consolidatedfinancial statements of the ultimate controlling party shall be treated as the initial cost of long-term equity investments. The difference betweentheinitial cost of the long-term equity investment and the sum of the carrying amount of the long-term equity investments prior to the business combination and the carrying amount of the newly paid consideration for shares further acquired at the date of the business combination shall be offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted Other consolidated income recognised for the equity investments held prior to the date of the business combination and measured using the equity method or regarded as available-for-sale financial assets shall not be accounted for temporarily.

(2)For long-term equity investments acquired through the business combination not under common control of ZRC, the combination costs determined at the date of purchase should be regarded as the initial cost of such investments. The combination costs shall be the fair values, at the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control of the acquire. Acquisition of the equity of the acquiree by multiple transactions that ultimately lead to a business combination not under common control should be handled in accordance with whether or not they arc package deals. If they are each transactionshould be accounted for as a transaction that has acquired right of control. If they are not, the sum of the carrying amounts of the equity investments previously held in the acquiree and the newly added investment costs shall be treated as the initial cost of long-term equity investments measured by use of the cost method. Where equities held prior to the late of the business combination are measured by use of the equity method, the associated other consolidated income shall not be accounted for temporarily. If the equities held prior to the date of the business combination are regarded as available-for-sale financial assets, the difference between the fair value and the carrying amount, and the changes in the accumulated fair value previously included in other consolidated income, shall be recorded in profits and losses for the current period. The agency fees tor audit, legal services, and evaluation consulting and other associated management expenses incurred by the acquirer for the business combination are included in the profit or loss for the current period in which they are incurred, the transaction costs for equity instruments or debt instruments issued as the consideration for the combination shall be included as the initial recognised amount of equity instruments or debt instruments.

(3) Long-term investments acquired by other means

a. The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost actually paid. The initial cost consists of the expenses directly relevant to the acquisition of the long-term equity investment, taxes and other necessary expenses. However, the cash dividends, declared but not paid, included in the purchase cost actually paid should be accounted for separately as receivables.

b. The initial cost of a long-term equity investment acquired by issuing equity securities shall be the fair value of the equity securities issued.

c. The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement, or the fair value if the value stipulated in the investment contract or agreement is unfair.

d. The initial cost of a long-term investment acquired by the exchange of non-money assets shall be determined in accordance with the Accounting Standards for EnterprisesNo 7 - Exchange of Non-Monetary Assets

e. The initial cost of a long-term equity investment acquired by debt restructuring shall be determined in accordance with the Accounting Standards for Enterprises No 12 - Debt Restructuring

2 Subsequent measurement and methods for recognising profits and losses

(1) Long-term equity investments accounted for by use of the cost method "Long-term equity investments" where ZRC has control over the investee are accounted for by use of the cost method and adjusted by use of the equity method in consolidated financial statements.

For long-tern equity investments accounted for by use of the cost method, the investing company shall recognise investment returns as cash dividends or profits declared by the investee, excluding the cash dividends or profits, declared but not paid,included in the purchase cost or consideration actually paid.

(2)Long-term equity investments accounted for by use of the equity method

A long-term equity investment where ZRC has joint control or significant influences over the investee shall be accounted for by use of the equity method.

Where the equity method is used, if the initial investment cost of a long-term equity investment exceeds ZRC's due share of the fair value of the investee's identifiable net assetsupon acquisition of the investment, the initial cost of the long-term equity investment may not be adjusted It the initial cost of a long-term equity investment is less than ZRC's due share of the fair value of the investee's identifiable net assets for the investment, the difference shall be included in the profit or loss for the current period and the initial cost of the long-tern equity investment shall be adjusted simultaneously.

For long-term equity investments accounted for by use of the equity method, ZRC shall recognise investment returns and other consolidated income respectively by its due share ofthe net profits or losses and other consolidated income of the investee, and in the meanwhile, adjust the carrying amount of the long-term equity investment, ZRC shall deduct its due share of the profits or cash dividends declared in be distributed by' the investee from the carrying amount of the long-term equity investment. For changes in owner's equip other than the net profits or losses other consolidated income, and distributions of profits the carrying amount of the long-term equity investment is adjusted and included in thecapital reserve. When recognizingits due share of profits or losses of the investee, ZRC shall adjust the net book profits of the invested taking the following into account:

a) If the accounting policies and accounting periods adopted by the investee are different from those adopted by the investing enterprise, an adjustment shall be made to the financial statements of the invested in accordance with the accounting policies and accounting periods of the investing enterprise.
b) The impact of the provision for depreciation and amortisation on the basis of the fair value of fixed assets and intangible assets of the invested on acquisition of the investment and the provision for impairments of assets on the basis of the fair value of relevant assets on acquisition of the investment on the net profits of the investee.
c) ZRC's due share of the profits or losses of internal transactions between ii and the associates or joint ventures shall he offset arid its investment returns shall be recognised accordingly. The investor shall recognise the full amount of asset impairment losses from unrealised internal transactions between ZRC and the investee in accordance with the Accounting Standards for Enterprises No 8 - Impairments of Assets. Where operation is formed from the assets invested by ZRC in an associate or joint venture ZRC thus acquires a long-term equity investment without a right to control and ZRC shall recognise the initial cost of the newly added long-term equity investments as the fair value of the invested operationand include the difference between the carrying amounts of the initial cost of investments and the invested operation in full amount in the profit or loss for the current period. Where operation is formed from the assets sold by ZRC in anassociate or joint venture ZRC shall recognise the difference between the carrying amountsof the consideration acquired and the operation in full amount in the profit or loss for the current period Where operation is formed from the assets acquired by ZRC from an associate or joint venture, accounting treatments shall be made in accordance with the Accounting Standards for Enterprises No 20 — Business Combination and the profits or losses associated with the transaction shall be recognised in the full amount ZRC shallrecognise the net losses of the investee until the carrying amount of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested are reduced to zero, unless ZRC has the obligation to undertake extra losses.

(3)Acquisition of minority interests

When preparing consolidated financial statements, the difference between the newly added long-term equity investments from the acquisition of minority interests and the due share of the net assets of the subsidiary calculated by the percentage of the newly added shareholding continually from the date of purchase (or combination) shall be offset against the capital reserve. If the capital reserve is insufficient to offset the retained earnings shall be adjusted.

(4) Disposal of long-term equity investments

The difference between the proceeds from the partial disposal of ZRC's equity investments in the subsidiary without losing control and the share of net assets of the subsidiary attributable to ZRC corresponding to the disposal of long-termequity investments shall be recorded in shareholder's equities in consolidated financial statements. If ZRC loses its control of the subsidiary because of partial disposal of its equity investments in the subsidiary, the relevant accounting policies stipulated in Note 4.5.3 "Method of Preparation of Consolidated Financial Statements" shall be followed in accounting treatment.

For disposal of long-term equity investments under other circumstances, the difference between the carrying amount of the equities disposed of and the actual proceeds shall be recorded in the profit or loss for the current period.

For long-term equity investments accounted for by use of the equity method, if the remaining equities are still accounted for by use of the equity method, other consolidated income previously recorded in shareholder's equities shall be treated by the corresponding proportion on the samebasis as the relevant assets or liabilities directly disposed of by the investee. Owners' equity recognised because of changes in owner's equity of the investee other than net profits, losses, other consolidated income, or profit distribution shall be carried forward to profit or loss for the current period by the corresponding proportion.

For long-term equity investments accounted for by use of the cost method, if the remaining equities are still accounted for by use of the cost method, other consolidated income previously recognised by use of the equity method or the recognitionand measurement principals for financial instruments before ZRC gains control over theinvestee shall be treated on the same basis as the relevant assets or liabilities directly disposed of by the investee and carried forward to the profit or loss for the current period by the corresponding proportion. Changes in owners' equity in the net assets of the invested recognised by use of the equity method other than net profits, losses other consolidated income or profitdistribution shall be carried forwardto the profits and losses in the period by the corresponding proportion.

If ZRCloses control of the investee because of its partial disposal of equity investments, when preparing individual financial statements, if ZRC has common control of or significant influence over the investee with the remaining equities, the equity method shall be used and adjustments shall be made such that the remaining equities are accounted for by use of the equity method since their date of acquisition. If ZRC has no common control of or significant influence over the investee with the remaining equities, regulations on the recognition and measurement principals for financial instruments shall be followed and the difference between the fair value and the carrying amount at the date of loss of control shall be included into the profit or loss for the current period. When ZRC loses control of the invested, other consolidated income previously recognised by use of the equity method or the recognition and measurement principals for financial instruments before ZRC gains control over the investee shall be treated on the same basis as the relevant assets or liabilities directly disposed of by the investee. Changes in owners' equity in the net assets of the investee recognised by use of the equity method other than net profits, losses, other consolidated income or profit distribution shall be carried forward to the profit or loss for the current period in which the control is lost. If the remaining equity after disposal is measured by use of the equity method, other comprehensive income and other owner's equity are carried forward according to their proportion. If the remaining equity after disposal is accounted for by the recognition and measurement principals for financial instruments, all other comprehensive income and other owner's equity are carried forward.

In case ZRC loses the common control of or significant influence over the investee due to the disposal of some equity investments, the remaining equity shall be accounted for by the recognition and measurement principals for financial instruments. The difference between the fair value and carrying amount of the remaining equity on the date on which common control or significant influence is lost shall be included in the profits or losses of the current period. Other comprehensive income of the original equity investments recognised by use of the equity method is treated on the same basis as the relevant assets or liabilities directly disposed of by the investee at the time ZRC ceases to use the equity method. The owner's equity recognised due to changes in owner's e9uity other than the investee's net profit, other comprehensive and profit distribution is transferredcurrent profits or loss at the time ZRC ceases to use the equity method.

For disposal of ZRC's equity investment in its subsidiary through multiple transactions conducted by stages till the loss of control, if such transactions are conducted as a package deal, then each is treated as a transaction that disposes of ZRC's equity investment in its subsidiary with loss of control. The difference between the proceeds from each disposal and the carrying amount of the long-term equity investment corresponding to the disposed equity before the loss of control is recognised as other comprehensive income first, and then all transferred to the current profits or losses when the control is lost.

3 Testing and provision method of long-term equity investment impairment

At the balance sheet date, if there is an indication that the long-term equity investments are impaired, a provision for impairment shall be made according to the method specified by Note 4 (19).

(XIII) Investment real estate

The term "investment real estate" refers to the real estate held for generating rent and/or capital appreciation. The investment real estate shall be measured and sold respectively Investment real estate includes the right to use any land that has already been rented, the right to use any land that is held for transfer after appreciation, and any building that has already been rented.

1 Initial measurement of investment real estate

The initial measurement of the investment real estate shall be made at its cost. The cost of investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly attributable to the asset. The cost of self-built investment real estate is composed of the necessary expenditures incurred for bringing the asset to the expected conditions for use. The cost of investment real estate obtained by other means shall be recognised in accordance with the relevant accounting standards.

2 Subsequent measurements of investment real estate

ZRC makes subsequent measurements of the investment real estate at cost and makes provisions for depreciation and amortization by use of the same method as fixed assets and intangibleassets.

3 Provision for impairment of investment real estate

At the balance sheet date, if there is no indication that the investment real estate is impaired, a provision for impairment shall be made according to the method specified by Note 4(19).

(XIV) Fixed assets

1 Conditions for recognising fixed assets

Fixed assets refer to the tangible assets held and used for more than one year by ZRC for the sake of selling commodities, rendering labour service, renting or business management.
When all of the following conditions are met, a fixed asset should be recognized:

a. The economic benefits related to the fixed asset are likelyto flow into ZRC and
b. The cost of the fixed assetcan be measured reliably

2 Initial measurement of fixed assets

The Initialmeasurement of a fixed asset shall be made at its actual costson acquisition, taking into account the expected retirement expenses. If the payment for a fixed asset is delayed beyond the normal credit term and it is essentially of financing nature, the cost of the fixed assetshall be determined based on the present value of the purchase price. The difference between the actually paid amount and the present value of the purchase price (excluding the amount to be capitalised) is recorded in the current profits or losses within the credit period.

3 Subsequent measurement of fixed assets

The ZRC makes provisionfor depreciation for all its fixed assets except the fixed assets that have been fully depreciated and remain in use and the land that is separatelymeasured and included.

The provision for depreciation of the assets relating to mineral exploration and mining owned by ZRC's subsidiary Vatukoula Gold Mines Plc (refer as VGM Plc) is made under the units-of-productionmethod. The provisions for depreciation of other fixed assets are made under the straight-line method. The depreciation period estimated net residual ratesandannualdepreciation rates for fixed assets under the straight-line method are listed as follows by category:

Asset category	Depreciation period	Net residual rate	Annual depreciation rate (%)
Houses arid buildings	3-45 years	0-5%	33.33-2.11
Means of transport	3-l2 years	0-5%	33.33-7.92
Other equipment	4-12 years	0-5%	25.00-7.92

The fixed asset of land refers to the land owned by ZRC's subsidiary VGM Plc, for which no depreciation is provided because of permanent ownership.

4 Recognition standard and provision method of fixed asset impairment

At the balance sheet date, if there is an indication thatthe fixed assets areimpaired aprovision for impairment shall be mmdc according to the method specified by Note4(19)

5 Recognition basis and measurement method of fixed assets acquired under finance leases

(1) Wherea lease satisfies one or more of the following criteria, it shall be recognizedas a finance lease

a. The ownership of the leased asset is transferred to the lesseewhenthe term of lease expires,
b. The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leasedasset at the dull when the option becomes exercisable. Thus, on the beginning date ofthe lease, it can be reasonably determined that the option will be exercised.
c. Even if the ownership of the asset is not transferred, the lease term covers the major part (equal to or greater than 75%) of the useful life of the leased asset,
d. For the leasee, the present value of the minimum lease payment amounts to substantially all (equal to or greater than 90%) of the fair value of the leased asset at the inception of the lease, for the leasor, the present value of the minimum lease receipt on the lease beginning date amounts to substantially all (equal to or more than 90%) of the fair value of the leased asset on the lease beginning date,
e. The leased assets are of a specialised nature such that only the lessee can use them without making major modifications

(2) For fixed assets acquired under finance leases, their book-entry values are stated at the lower of the fair value of the leased assetand the present value of the minimumleasepayment at the startdate of theleases, and theirdepreciationsareprovidedaccording to the depreciationpoliciesof ZRC's own fixed assets. If there is reasonable assurance that ZRC will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life, otherwise, the leased assets should be depreciated over the shorter of the lease term or their useful life.

(XV) Construction in progress

1 Construction in progress is the expenditure necessarily incurred for bringing the asset to working condition for its intended use, including materials costs, labour costs, relevant taxes paid, capitalized borrowing costs, indirect expenses for apportion, etc.

2 Timing for transferring of Construction in progress in fixed assets: When the construction in progress is brought to its expected condition for use, it shall be transferred to the fixed assets by its actual costs. If the construction-in-process is brought to the expected condition for use but not recorded in the final accounts of completed project, it shall be transferred to fixed assets according to its estimated value. After it is recorded in the final accounts of completed project, the

original provisional estimated value shall be adjusted according to its actual costs.

3 Provision for impairmentof construction-in-process: At the balance sheet date, if there is an indication that the construction-in-process is impaired, a provision for impairmentshall be made according to the method specified by theNote 4 (19).

(XVI) Borrowing costs

1 Recognition principles for capitalised borrowing costs borrowing costs incurred to ZRC that can be accounted for as purchase or production of assets satisfying the conditions for capitalisation are capitalised and recorded in the cost of related assets. Other borrowing costs are recognised as expenses according to theamount incurred and recorded in the profit and loss of the current period. The assetssatisfying the conditions for capitalisation refer to the fixed assets investment real estate, and inventories which are brought to theexpected statefor use or sale after a long period of constructionor production.

2 Capitalisation period of borrowing costs

(1) If the borrowing costs meet all of the following three conditions, they shall be capitalized

a. Assetsexpenditurehasbeenincurred
b. Theborrowingcostshavebeenincurred
c. Thenecessaryconstructionorproductionactivitiesfortheassetstoreachtheexpectedstateforusehavebegun

(2) Capitalisation suspension: Where the acquisitionand constriction or production of a qualified asset is interrupted abnormally and the interruption lasts for more than 3 months, the capitalisation of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recorded in the profit or loss for the current period, till the acquisition and construction or production of the asset restarts.

(3) Capitalisation termination: The capitalisation of relevant borrowing costs is terminated when a constructed or produced asset reaches its expected state for use or sale

3 Calculation of capitalisation amount of loan expenses: The capitalised borrowing expenses of finances specifically raised for asset construction or production are measured at the excess of the borrowing expenses over the interests arising from the deposit of the unused part of the finance or the gains arising from the investment using the unused part of the finance for the relevant period. If general borrowings are used in the purchase, construction, or production of assets satisfying the capitalisation conditions, the capitalised amount of interests on general borrowings shall be determined on the basis that the weighted avenge of the excess of cumulative assets expenditures over the specific borrowings times capitalisation rate (weighted average interest rate) of used general borrowings. During the capitalisation period, the capitalised amount of interest for each accounting period shall not exceed the amount of interest actually incurred for relevant borrowings during that period.

(XVII) Recognition and measurement of intangible assets

1 Measurement of intangible assets

ZRC's intangible assets are mainly mineral rights and exploration rights. The actual costs of purchased intangible assets are the prices actually paid and other relevant expenditures. The costs of intangible assets contributed by investors are determined by the values agreed in the investment contract or agreementor by their fair values when the agreed values are unfair. The costs of intangible assets acquired by a merger and recognised independent of goodwill are their fair values (deemed as the costs of the intangible assets) at the purchase date.

2 Subsequent measurement of intangible assets

(1) Mineral rights

The mineral rights held by ZRC' s subsidiary Sichuan Pingwu ZhongJin MiningCo., Ltd are amortised under the straight-line method and the mineral rights held by VGM Plc under the units-of-production method.

(2) Exploration rights

ZRC's exploration rights are generally not amortised.

ZRC reviews the useful life and amortisation method of intangible assets with a limited useful life at least at the end of each year and matte adjustments when necessary.

At the balance sheet date, if there is an indication that the intangible assets are impaired, a provision for impairment shall be made according to the method specified by the Note 4 (19).

Each year ZRC conducts an impairment test for intangible assets with indefinite life regardless of whether there is an indication for impairment. Such intangible assets are not amortised, instead their useful lives are reviewed during each accounting period. If there are evidences that the useful life of an intangible asset is limited, the intangible asset is treatedfollowing the preceding accounting policies for the intangible assets with a limited useful life.

3 Expenditures at research, development and exploration stages

ZRC's expenditures for its internal research arid development projects are classified into research expenditures and development expenditures. The research expenditures refer to those incurred during the creative and planned investigation to acquire and understand new scientific or technological knowledge. The research expenditures are recorded in the profit or loss for the current period. The development expenditures refer to those incurred during the application of research results and other knowledge to a certain plan or design after the research stage and prior to the commercial production or use, so as to produce any new or substantially improved materials, devices and products. The capitalized development expenditures are recognised as intangible assets when they satisfy all thefollowing conditions: (1) Itis technically feasible to finish the intangible assets for use of sale, (2) There is intent to finish and use or sell the intangible assets, (3) The ways for intangible assets to generate economic benefits are proven, including the presence of a potential market for the products manufactured by applying the intangible assets or for the intangible assets itself or the useful mess of the intangible assets are proven if they are to be used internally, (4)ZRC is able to finish the development of the intangible assets with the support of sufficient technologies, financial resources arid other resources and is able to use or sell the intangible assets, and (5) The development expenditures of the intangible assets can be reliably measured.

(XVIII) Long-term deferred expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current end subsequent periods withan amortisation period of more than oneyear. Long-termdeferred expenses are recorded by the amount actually incurred and amortised evenly over the estimated benefit period or stipulated period. Should the long-term deferred expenses fail to benefit subsequent accounting periods, the unamotised amounts are transferred to the current profits and losses.

(XIX) Recognition of asset impairment

ZRC recognises the impairment of its long-term equity investments investment real estates measured at cost, fixed assets construction in progress, intangible assets and goodwill by the following method.

1 Impairment test

ZRC, at the balance sheet date, makes a judgement about whether or not there is any imitation of possible impairment. An annual impairment test is conducted for goodwill created through business combination and intangible assets with uncertain useful lives, regardless of whether there is any indication of possible impairment. The following are indications of possible asset impairment:

(1) The current market value of the asset decreased much more significantly than estimated for lapse of time or normal use
(2) The economic technical or legal environment in which ZRC operates, and the market where the assets are located, have experienced in the current period or will experience inthe near future significant changes generating impacts on ZRC
(3) The market interest rates or other market fates of returns on investment in the current period have been increased, leading to significant reduction in the recoverable amounts of the assets
(4) I here is evidence that the assets have become obsolete or have been damaged substantially
(5) The assets are or will be idle, terminated for use or planned to be disposed of ahead of schedule
(6) There is evidence that the economic performance of the assets has been or will be lower than expected
(7) Other indications show that the assets may be impaired

2 Measurement of recoverable amount of assets or asset groups

The recoverable amount is determined by the net amount of the fair value of an asset, asset group, or combination of asset groups less the disposal expenses or tic current value ofthe expected future cash flow of the asset, asset group, or combination of asset groups whichever is higher.

3 Measurement of provision for asset Impairment

Where there is any evidence indicating a possible impairment of assets, ZRC shall estimate, on the basis of individual assets, the recoverable amount. Where it is difficult to do so, ZRC shall determine the recoverable amount of the asset group to which the asset belongs on the basis of the asset group. The recognition of an asset group shall be based on whether the cash inflow generated by the combination of some assets is independent of those generated by other assets or combinations of assets.

Where the recoverable amount of an individual item is lowerthan its carrying amount, a provision for asset impairment is made based on the difference between itscarrying amount and recoverable amount. Where the recoverable amount of an asset group or a combination of asset groups is lower than its carrying amount, the corresponding impairment loss is recognized. The amount of the impairment loss is first charged against the carrying amount of the goodwill apportioned to the asset group or combination of asset groups then against the carrying amount of other assets in proportion to the weight of each in the asset group or combination of asset groups. The charge against the carrying amount of each of these assets is treated as the impairment loss of the individual asset (including the goodwill) and used to make provision for impairment for each individual asset.

4 Impairment of goodwill

The goodwill formed by business combination shall be subject to an impairment last conducted at least a\ the end of each year. ZRC shall as of the purchasing day apportion the carrying amount of the goodwill formed by business combination to the relevant asset groups in a reasonable way. Where it is difficult to do so, ZRC shall apportion it to the relevant combinations of asset groups. When conducting an impairment test on the relevant asset groups or combination of asset groups containing goodwill. If there is an indication that the asset groups or combinations of asset groups are impaired, ZRC shall first conductan impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount, compare it with the relevant carrying amount and recognise the corresponding impairment loss. Then ZRC shall conduct an impairment test on the asset groups or combinations ofasset groups containing goodwill and compare the carrying amount of these asset groups or combinations of asset groups (including the carrying amount of the goodwill apportioned thereto) with their recoverable amount. Where the recoverable amount of the relevant asset group or combination of the asset groups is lower than its carrying amount, ZRC shall recognise the impairment loss of the goodwill.

5 Once any loss of asset impairment is recognised, it shall not be reversed in subsequent accounting periods and shall be transferred out when the relevant assets are disposed of

(XX) Employee compensation

The term “employee compensation” refers to remuneration or compensation in various forms given by ZRC to obtain the services offered by the employees or to dismiss them. The employee compensation mainly includes short-term compensation post-employment benefits termination benefits and other long-term benefits. ZRC recognises the employee compensation payable for services provided by an employee during the accounting period as a liabilityand accordingly increases the asset costs or expenses of the current period. The compensation for cancellation of the labour contract shall be recorded in profit or loss for the current period.

The term “short-term compensation refers to the employee compensation payable in full amount within 12 months after the end of annual reporting period in which the employees provide relevant services excluding the compensations For cancellation of the labour contract with employees. Short-term compensation includes wages bonuses, allowances and subsidies, employee services and benefits, expenses for medical insurance, work injury insurance, maternity insurance and other socialinsurances, housing provident fundlabour union expenditure and employee education expenses, short-term absence pay, short-term profit-sharing plans, non-monetary benefits and other forms of short-term compensation.

The term “post-employment benefits refers to remunerations or compensation in various forms provided by ZRC after employees red moment or cancellation of the labour contract in exchange for the services provided by employees excluding short-term compensation and termination benefits. Post-employment benefits mainly include the defined contribution plan. The defined contribution plan mainly includes the basic pension insurance and unemployment insurance. The corresponding amounts payable are recorded in the relevant asset costs or profit or loss for the current period when incurred.

The termination benefits refers to the proposed compensation presented by ZRC, when it terminates the labour contract with an employee prior to its expiration or when it intends to encourage an employee to accept a lay-off. The employee compensation liabilities due to termination benefits are recognized and recorded in profit or loss for the current period at the time when ZEC is unable to unilaterally withdraw the proposed benefits for the plan of cancellation of labour contract or proposed lay-off, or when ZRC recognises the costs associated to the restructuring involving payments of termination benefits, whichever is earlier.

The employee’s early retirement plan is treated by the same principles as the termination benefits. The salaries, social insurance expenses and other benefits payable to an early retired employee for the period from the date the employee stops providing services to the normal retirement date are recorded in profit or loss for the current period hen they satisfy the conditions for liability recognition.

Other long-tern benefits refer to all employee compensation except for short-term compensation, post-employment benefits and termination benefits, including long-term absence pay and long-term profit-sharing plan.

(XXI) Estimated liabilities

ZRC recognises estimated liabilities when obligations related to contingencies satisfy all the following conditions this obligation is a present obligation of ZRC, an outflow of economic benefits caused by the performance of the obligation is highly probable, and the amount of the obligation can be measured reliably.

The estimated liabilities are initially measured at the best estimate of expenses required for the performance of present obligations, taking into account factors such as the associated risks and uncertainties of these contingencies and the time value of money. The carrying amounts of estimated liabilities shall be reviewed and adjusted at each balance sheet date. When there is conclusive evidence that such carrying amounts cannot reflect the present best estimates, the carrying amounts shall be adjusted against the present best estimates.

(XXII) Share-based payments

1 Recognition and measurement of share-based payments

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right can be exercised immediately after the grant, the fair value of the equity instrument shall at the date of grant, be included in the relevant asset costs or expenses in the current period and the capital reserve shall be increased accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the completion of services within the vesting period or until the prescribed performance criteria are met, then at each balance sheet date within the vesting period the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses of the current period and the capital reserves at the fair value of the equities instruments at the date of grant. After the vesting date, ZRC makes no adjustment to the relevant cost or expenses nor to the total amount of the owner's equities that have been recognized. On the vesting date, ZRC shall base on the exercise of rights, recognize the equity capital and the share premium, and carry forward the capital reserves recognized in the vesting period.

(2) Cash-settled share-based payments

A cash-settled share-based payment shall be measured at the fair value of ZRC's liabilities calculated and determined based on the shares or other equity instruments. If the right may be exercised immediately after the grant cash-settled share-based payment shall at the date of the grant, be included in the relevant asset costs or expenses at the fair value of the liability undertaken by ZRC and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the completion of services within the vesting period or until the prescribed performance criteria are met, at each balance sheet date within the vesting period the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant asset costs or expenses in the current period and the liabilities at the fair value of the liability undertaken by ZRC. ZRC does not recognise any costs or expenses after the resting date, and the changes of thefair values of the liabilities are included in the current profits and losses.

2 Determination of fair value of equity instrument

If there is an active market for granted futures and other equity instruments, their fair values arc measured by the quotes in the active market. If there is no active market for granted futures and other equity instruments their fair values are measured with future pricing models.

3 If the granted equipment instruments are cancelled during the vesting period, ZRC treats them as an acceleration of vesting and includes the amounts to be recognised in the remaining vesting period in the current profits and losses immediately, increasing the capital reserves accordingly In the case that employees or other parties may choose to meet the non-vesting conditions but have not done so in the vesting period, ZRC treats it as cancellation of granted equity instruments.

(XXIII) Revenue

1 Recognition of revenue from selling goods

Revenue from selling goods shall be recognised when all the following conditions have been satisfied the significant risks and rewards of ownership of the goods have been transferred to the buyer by ZRC. ZRC 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 ZRC, the relevant costs incurred or to be incurred can be measured reliably.

(1) Revenue from selling real estate shall be recognised when all the following conditions have been satisfied the significant risks and rewards of ownership of the real estate have been transferred to the buyer ZRC retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. ZRC has received the relevant payment or obtained the evidence of payment collection, the relevant costs of selling the real estate can be measured reliably. In other words, ZRC recognises the revenue when the real estate has been completed and accepted, the sales contract has been signed, the buyer's payment evidence has been obtained, and the formalities for transferring the real estate has been completed.

(2) Revenue from selling gold shall be recognized when all the Following conditions have been satisfied the significant risks and rewards o£ ownership of the gold have been transferred to the buyer by the enterprise. ZRC retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the gold sold, ZRC has received the relevant payment or obtained the evidence of payment collection the relevant costs of selling gold can be measured reliably.

2 Recognition of revenue from rendering of services

If ZRC can at the balance street date reliably estimate the outcome of a transaction involving the muttering of serviceswhen all these conditions are satisfied the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to ZRC the completion percentage of the transaction can be determined reliably, the relevant costs incurred or to be incurred can be measured reliably, it shall recognise the revenue from rendering of services byuse of the percentage of completion method where the completion percentage is determined by the proportion that costs incurred to date bear to the estimated total costs of the transaction.

If ZRC cannot at the balance sheet date, measure the outcome of a transaction involving the rendering of services reliably treatments shall be made as follows. If thecost of rendering of services incurred is expected to be compensated like revenue from rendering of services shall be recognized in accordance withthe amount of the cost of rendering ofservices incurred, and the cost incurred shall be carried forward, if the cost of rendering of services incurred is not expected to be compensated, the cost incurred should be included in the current profits and losses, and no revenue from rendering of services may be recognized.

3 Recognition of revenue from the use by others of entity assets

Revenues from the use by others of entity assets may be recognised in the following circumstances respectively when all these conditions have been satisfied it is probable that the economic benefits associated with the transaction will flow to ZRC, the amount of revenue can be measured reliably.

(1) The amount of interest should be recognised in accordance with the length of time for which ZRC's cash is used by others and the actual interest rate,

(2) The amount of royalties should be recognised in accordance with the period and method of charging as stipulated in the relevant contract or agreement

(XXIV) Government subsidies

1 Types of government subsidies

Government subsidies refer to the monetary or non-monetary assets (excluding the capital invested by the government as an owner) obtained for free by ZRC from the government.
Government subsidies are classified into those related to assets and those related to income.

2 Accounting of government subsidies

Government subsid res related to assets shall be recognised as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. The government subsidies measured at their nominal amounts shall be directly included in the current profits and losses The government subsidies related to income shall be treated respectively in accordance with the circumstances as follows: (1) Subsidies used for compensating the related expenses or losses of ZRC during subsequent periods shall be recognised as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognised,(2) Subsidies used for compensating the related expenses or losses incurred to ZRC shall be directly included in the current profits and losses.

3 Standard of distinguishing government subsidies related to assets and government subsidies related to income

Subsidies received by ZRC from the government and used to form long-term assets through acquisition, construction or other means ate recognised as government subsidies related to assets.

Subsidies received by ZRC from the government other than government subsidies related to assets are recognised as government subsidies related to income.

Basis for distinguishing government subsidies related to assets and government subsidies related to income when the target of subsidies is not specified in government documents.

(I) If a particular protect is specified in government documents, the subsidy is divided according to the proportion of the expenditure in the project budget amount that will be included in assets and the expenditure that will be included in expenses. Such proportion shall be reviewed at each balance sheet date and modified when necessary,

(2) If there is only a general description about the purpose of the subsidy and no particular project is specified in government documents, the subsidy is treated as government subsidy related to incomes.

4 Amortisation method and recognition of the period of deferred income related to government subsidies

Government subsidies related to assets received by ZRC shall be recognised as deferred income and, from the date the relevant assets are available for use, equally distributed to the current profits and losses within the expected useful lives of the relevant assets

5 Timing of recognition of government subsidies

Government subsidies measured by the amount receivable are recognised when there is conclusive evidence that ZRC meets the relevant conditions required to receive the government subsidies and the subsidies are expected to be received.

Government subsidies other than those measured by the amount receivable are recognised when the subsidy is actually received.

(XXV) Deferred income tax assets / deferred income tax liability

Deferred income tax assets and liabilities are recognised according to the differences between the carrying amounts of assets and liabilities and their tax base, or the differences between the carrying amounts of items not recognised as assets and liabilities with a tax base determined by tax regulations and their tax base, using the applicable tax rates during the period it is anticipated to take the assets back or clear the liabilities.

1 Recognition of deferred income tax assets

To the extent of the future taxable income that ZRC will probably acquire to offset the deductible temporary differences deductible losses and tax deductions, it recognises the deferred tax income assets arising therefrom. However, it does not recognise those arising from the initial recognition of assets or liabilities in a transaction which is not business combination at the time of transaction, neither affects the accounting profit nor taxable income (or deductible losses).

For deductible temporary differences related to investments in subsidiaries, joint ventures or associates, deferred tax assets should be recognised accordingly when all the following conditions have been satisfied it is probable that the deductible temporary differences will be reversed in the foreseeable future, it is probable to earn taxable income to deduct the deductible temporary differences in the future.

2 Recognition of deferred income tax liabilities

ZRC recognises all the deferred tax liabilities arising from taxable temporary differences, except to the extent that the deferred tax liability arises from:(1) The initial recognition of goodwill, (2) The initial recognition of assets or liabilities in a transaction which is not business combination, at the time of transaction, neither affects the accounting profit nor taxable income (or deductible losses) (3) The taxable temporary differences related to the investments by ZRC to its subsidiaries, joint ventures or associates, which can revert at a controllable time but probably will not revert in the foreseeable future

3 At the balance sheet date, the carrying amounts of the deferred income tax assets are reviewed. If it is not probable to earn enough taxable income todeduct the benefits derived from the deferred income tax assets, the carrying amounts of the relevant deferred income tax assets should be written down. When it is probable to earn enough taxable income, the amount written down should be reversed.

(XXVI) Lease

A lease is classified as a finance lease if all the risks and rewards associated with the ownership of a leased asset are substantially transferred to the lessee All other leases are classified as operating leases.

1 Accounting of operating leases

(1) Lease fees paid by ZRC for leased assets shall be amortised on a straight-line basis over the whole lease term (including the rent-free period) and shall be included in the current expenses. Initial direct costs related to lease transactions paid by ZRC shall be included in the current expenses.

(2) Lease fees received by ZRC from leasing assets shall be amortised on a straight-line basis over the whole lease term (including the rem-free period), and shall be recognised as lease income Initial direct costs related to lease transactions paid by ZRC shall be included in the current expenses if the amount is large, it shall be capitalised and shall be included in the current income by stages within the whole lease term on the same basis as the recognition of lease income.

2 Accounting of finance leases

(1) Assets acquired under finance leases, at the commencement date of tease, ZRC shall recognise the book-entry value of leased assets at the lower of their fair value or their present value of the minimum lease payments, and shall recognise the book-entry value of long-term payables at the amounts of the minimum lease payments, and shall recognise the differences between the above two book-entry values as unrecognised financing charges

Under the effective interest method, ZRC amortised the unrecognised financing charges over the lease term and includes them in the financial expenses. ZRC records the initial direct expenses in the values of leased assets.

(2) Assets surrendered under finance lease at the commencement date of the lease, ZRC recognises the difference between the sum of the finance lease payment receivable and the unguaranteed residual value, and the present value of the assets as unrealised financing income and as lease income in each future period in which the rent fees are received. The initial direct expenses of ZRC related to the lease are included in the Initial measurement of the finance lease paymentreceivables, and the income recognised in the lease term is decreased accordingly.

(XXVII) Other important accounting policies and accounting estimates

1 Discontinuing operations

A discontinued operation is a component of ZRC that has been disposed of or is classified as held for sale and is separately treated in operation and preparing financial statements. It satisfies one of the following conditions: a. It represents a separate major line of business or geographical area of operations, b. It is part of a plan to dispose of a separate major lineof business or geographical area ofoperations or c. It is a subsidiary acquired exclusively with a view to resale

The accounting treatments of discontinuing operations are described in Note 4 (11) “Assets held for sale”.

2 Hedging accounting

The term “hedging” refers to one or more hedging instruments which are designated by ZRC for avoiding the risks of foreign exchange, interest rate, commodity price, stock price, credit and other risks and is expected to generate changes in fair value or cash flow of hedging instrument(s) to offset all or part of the changes in the fair value or cash flow of the hedged item. The hedging relationships are classified into fair value hedge, cash flow hedge and hedge of a net investment in o foreign operation.

The term “hedging instrument” refers to a derivative instrument which is designated by an enterprise tor hedging and by which it is expected that changes in its fair value or cash flow can offset the changes in fair value or cash flow of the hedged item, and a non-derivative financial asset or non-derivative financial liabilityfor hedging of foreign exchangerisk.

The “hedged item” refers to the items which make ZRC face changes in fair value or cash flow and are designated as the hedged objectives.

(1) If a hedging satisfies all the following conditions, ZRC treats it with the hedging accounting method:

a. At the commencement of the hedging ZRC has specified the hedging relationship formally and prepared a formal written document on the hedging relationship, riskmanagement objectives and the strategies of hedging

b. The hedging expectation is highly efficient and meets the risk management strategy, which is confirmed for the hedging relationship by ZRC at the very beginning

c. For a cash flow hedging offorecast transaction, the forecast transaction shall be likely to occur and shall make ZRC face the risk of changes in cash flow,which will ultimately affect the profits and losses.

d. The effectiveness of hedging can be reliably measured

e. The hedging is highly effective in the accounting period in which the hedging relationship is specified

(2) If a hedging satisfied all the following conditions, ZRC deems it as highly efficient

a. At the beginning and in subsequent periods of a hedging, this hedging expectation is highly effective in offsetting the changes in the fair value or cash flows caused by the fledged risk during the specified periods

b. The hedging’s actual offset results are within a range of 80% to 125%

(XXVIII) Changes of significant accounting policies and accounting estimates

1 Changes of significant accounting policies

No changes of significant accounting policies occur during this accounting period.

2 Changes of significant accounting estimates

No changes of significant accounting estimate occur during this accounting period.

V. Taxation

(I) The tax rates applicable to ZRC and its subsidiaries in China are listed as follows:

1. Business tax

The business tax rate is calculated at 5% of the taxable income.

2. Urban maintenance and construction tax

The urban maintenance and construction tax are calculated at 5% -7%of the turnover tax payable.

3. Education surcharge and local education surcharge

The education surcharge and local education surcharge are calculated at 5% of the turnover tax payable.

4. Local water conservancy construction fund

The local water conservancy construction fund is calculated at 1% of the turnover tax that actually paid.

5. Land value increment tax

The land value increment tax is prepaid at 2% - 3% of the revenue received from transfer of real estate before the completion settlement of a protect according to the regulation of local tax authorities. Asuper-rate progressive tax rate of 30% - 60% is applied at the time of clearing settlement after the project is wholly completed and the settlement is conducted.

6. Resource tax

According to the document of Caishui [2013] No.109, ZRC's subsidiary SichuanPingwu Zhongjin Mining Co., Ltd (Hereinafter referred to as Sichuan Pingwu) shall pay 7 yuan/ton of gold minerals from 1st January 2014.

7. Income tax

The income tax is calculated at 25% of the taxable income in 2015.

(II) The taxes and tax rates applicable to ZRC's subsidiaries outside China are listed as follows:

Country or region	Tax categories	Tax basis	Tax rate
UK	Enterprise income tax *1	Taxable income	21%, 20%
Hong Kong	Profit tax	Taxable income	16.5%
Fiji	Profit tax		20%
Fiji	VAT*2		15%, 0%
Fiji	Gold tax		3%

Notes:
*1 According to the finance regulations issued on 2 July 2013, fire enterprise income tax applicable to ZRC's subsidiary VGM Plc is 23% before 1 April 2014, 21%before 1 April2015, and 20% after 1 April 2015.

*2 Export sales of VGM Plc's subsidiary VGML is applicable to 0%.

(III) Tax preference and approvals

Pursuant to Caishui [1994], No.024, Caishui [1996], No. 20 by the Ministry of Finance and the State Administration of Taxation ZRC s subsidiary' in China is exempt from VAT.

VI. Notes to major items of consolidated financial statements

(I) Notes to balance sheetItems

Note 1: Monetary capital

(1) Breakdowns

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in yuan	Amount in foreign currency	Exchange rate	Amount in yuan
Cash			65,822.16			83,452.34
Including: CNY			19,579.49			6,672.80
USD				4,905.00	6.1190	30,013.69
Fiji dollar	15,200.00	3.0423	46,242.67	15,200.00	3.0767	46,765.85
Bank deposit			82,266,393.18			29,668,723.95
Including: CNY			80,151,912.19			24,684,793.41
USD	107,465.18	6.4176	689,672.38	0.52	6.1190	3.18

HKD	1,280,593.49	0.83778	1,072,855.61	124,877.09	0.78887	98,511.79
GDP				81,960.06	9.5437	782,202.23
Fiji dollar	115,687.32	3.0423	351,953.00	1,333,641.91	3.0767	4,103,213.34
BRL						
Other Monetary Capital			58,961,528.48			9,838,420.93
Including CNY			35,420,494.74			5,933,728.62
Fiji Dollar	1,272,187.88	3.0423	3,870,349.75	1,269,117.82	3.0767	3,904,692.31
HKD	23,479,534.00	0.83778	19,670,683.99			
Total			141,293,743.82			39,590,597.22

(2) Other monetarycapital includes the mortgage security, safety production cash pledge and equity margin of purchases of small enterprises equity

(3) Until 31 December 2015, except other monetary capital, the monetary capital of ZRC is not subject to realisation restriction or potential recovery risks such as pledge or freezing

Note 2: Account receivable

(1) Account receivable categories

Category	31 December 2015				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable in significant amounts with separate provisions for bad debts	16,114,804.86	32.40			16,114,804.86
Accounts receivable with provision for bad debts made by group	33,627,908.24	67.60	19,250,614.21	57.25	14,377,294.03
Group 1: accounts receivable with provisions for bad debts made by use of the ageing analysis method	33,627,908.24	67.60	19,250,614.21	57.25	14,377,294.03
Accounts receivable in insignificant amounts with separate provisions for bad debts					
Total	49,742,713.10	100.00	19,250,614.21	38.70	30,492,098.89

Category	31 December 2014				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable in significant amounts with separate provisions for bad debts	17,454,726.03	45.91			17,454,726.03
Accounts receivable with provision for bad debts made by group	20,566,826.35	54.09	14,877,703.28	72.34	5,689,123.07
Group 1: accounts receivable with provisions for bad debts made by use of the ageing analysis method	20,566,826.35	54.09	14,877,703.28	72.34	5,689,123.07
Accounts receivable in insignificant amounts with separate provisions for bad debts					
Total	38,021,552.38	100.00	14,877,703.28	39.13	23,143,849.10

(2) Accounts receivable in significant amounts with separate provision for bad debts at the end of the period

Company	Closing balance			
	Accounts receivable	Provision for bad debts	Proportion of provision	Reason for proportion
Perth Mint Refinery	16,114,804.86			No impairment risk is recognized

Total	16,114,804.86			

(3) Accounts receivable in the group with provision for bad debts made by use of the ageing analysis method

Ageing	31 December 2015		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	13,426,709.00	671,335.45	5.00
1-2 years (including 2 years)			
2-3 boars (including 3 years)			
3-4 years (Including 4 years)			
4-5 years (including 5 years)	2,703,200.80	1,081,280.32	40.00
Over 5 years	17,497,998.44	17,497,998.44	100.00
Total	33,627,908.24	19,250,614.21	57.25

(4) Provision for bad debts made, recovered or reversed during the current period

A provision of 4,372,910.93 Chinese yuan is made for bad debts for the current period and nil has been recovered or reversed for provisions for bad debts.

(5) Account receivable written off during the current period.

No accounts receivable are written off for the current reporting period.

(6) Top 5 companies owing accounts receivables as of 31 December 2015

Customer name	Relationship with ZRC	Amount	Ageing	Percentagetotal receivables (%)	Provision for bad debts
Perth Mint Refinery	Non-affiliate	16,114,804.86	Within 1 year	32.40	
Zibo Zhongrun Xinmate Co., Ltd.	Non-affiliate	14,968,145.11	4-5 years, over 5 years	30.09	13,346,224.63
Zibo Zhongrun Department Store Co., Ltd.	Non-affiliate	13,350,000.00	Within 1 year	26.84	667,500.00
Natural person	Non-affiliate	187,943.00	over 5 years	0.38	187,943.00
Natural person	Non-affiliate	88,207.74	over 5 years	0.18	88,207.74

Note 3: Prepayments

(1) Presented by aging

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (include 1 year)	64,173,175.18	99.08	7,415,636.70	65.38
1-2 years (include 2 years)	5,796.22	0.01	834,256.74	7.36
2-3 years (include 3 years)	298,456.21	0.46	1,389,098.69	12.25
Over 3 years	291,077.40	0.45	1,703,511.10	15.01
Total	64,768,505.01	100.00	11,342,503.23	100.00

Prepayments in significant amounts ageing for over one year are not settled timely mainly caused by the long settlement period of the building supplier.

(2) The amount of the top 5 closing balances summed by the receiver of the prepayment is 44,859,635.03 Chinese Yuan, which accounts for 69.26% of the total prepayments.

Note 4: Other receivables

(1) Disclosure of other receivables by category

Category	31 December 2015				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivable in significant amounts with separate provisions for bad debts	519,488,000.00	39.57			519,488,000.00
Other receivable with provision for bad debts made by group	792,047,409.13	60.32	238,989,186.77	30.17	553,058,222.36
Group 1: Other receivable with provisions for bad debts made by use of the ageing analysis method	792,047,409.13	60.32	238,989,186.77	30.17	553,058,222.36
Other receivable in insignificant amounts with separate provisions for bad debts	1,388,528.51	0.11	86,831.00	6.25	1,301,697.51
Total	1,312,923,937.64	100.00	239,076,017.77	18.21	1,073,847,919.87

Category	31 December 2014				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivable in significant amounts with separate provisions for bad debts	893,039,531.84	99.80	184,690,811.08	20.68	708,348,720.76
Other receivable with provision for bad debts made by group	893,039,531.84	99.80	184,690,811.08	20.68	708,348,720.76
Group 1: Other receivable with provisions for bad debts made by use of the ageing analysis method	1,822,540.92	0.20	426,417.67	23.40	1,396,123.25
Other receivable in insignificant amounts with separate provisions for bad debts	894,862,072.76	100.00	185,117,228.75	20.69	709,744,844.01
Total	893,039,531.84	99.80	184,690,811.08	20.68	708,348,720.76

(2) Other receivable in significant amounts with separate provision for bad debts at the end of the period

Company	Closing balance			
	Other receivable	Provision for bad debts	Proportion of provision	Accounts receivable
Hong Kong HoutakInvestmentsLimited	519,488,000.00			Earnest money to buy the mine. No impairment risk is recognized.

(3) Other receivables in the group with provisions for bad debts made by use of the ageing analysis method

Ageing	31 December 2015		
	Other receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	54,984,489.64	2,749,224.48	5.00
1-2 years (including 2 years)	2,351,388.82	235,138.88	10.00
2-3 boars (including 3 years)	411,694,522.39	82,338,904.48	20.00
3-4 years (Including 4 years)	232,035,801.69	69,610,740.51	30.00

4-5 years (including 5 years)	11,543,380.29	4,617,352.12	40.00
Over 5 years	79,437,826.30	79,437,826.30	100.00
Total	792,047,409.13	238,989,186.77	30.17

(4) Provisions for bad debts made recovered or reversed during the current period

A provision of 54,416,792.13 Chinese yuan is made for bad debts for the current period and 114,568.98 yuan has been recovered or reversed for provisions for bad debts.

(5) Other receivables written off during the current period

The amount written off during the current period is 178,504.25 Chinese yuan. The provisions for bad debts of impacts of translation difference in foreign currency statements are -164,929.88 Chinese yuan.

(6) Other receivables classified by nature

Item	Closing balance	Opening balance
Receivables from disposals of subsidiaries	628,622,348.69	778,622,348.69
Current accounts	619,879,394.98	74,516,879.77
Deposits and margins	62,373,025.57	33,671,315.77
Reserve loans of employee	914,153.44	2,351,361.87
Amounts received or paid on behalf	1,135,014.96	5,700,166.66
Total	1,312,923,937.64	894,862,072.76

(7) Top 5 companies owing other receivables as of 31 December 2015

Customer name	Nature of receivable	Amount	Ageing	Percentage of the total other receivables (%)	Provision for bad debts
Hong Kong Houtak Investments Limited	Earnest money to buy the mining	519,488,000.00	Within 1 year	39.57	
Shandong Ansheng Assets Management Group Ltd	Disposal of subsidiaries	399,300,000.00	2-3 years	30.41	79,860,000.00
Qilu Real Estate Co., Ltd	Disposal of subsidiaries	229,322,348.69	3-4 years	17.47	68,796,704.61
Zibo Housing Bureau	Deposit	49,420,600.00	Within 1 year, 2-3 years, 4-5 years, over 5 years	3.76	8,536,280.00
Shanghai Xuxin Import and Export Co., ltd	Current accounts	30,000,000.00	Over 5 years	2.28	30,000,000.00
Total		1,227,530,948.69		93.49	187,192,984.61

Note 5: Inventories

(1) Breakdowns

Items	Closing balance			Opening balance		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Finished products	811,946,718.69	302,586.52	811,644,132.17	188,320,000.26	426,730.43	187,893,269.83
Products in progress	125,632,446.76		125,632,446.76	1,190,024,978.01		1,190,024,978.01

Raw material	40,339,247.45		40,339,247.45	41,372,486.11		41,372,486.11
Commodity stocks						
Goods in process	15,070,839.38		15,070,839.38	18,834,760.80	843,289.87	17,991,470.93
Auxiliary materials	1,888,497.47		1,888,497.47	1,239,707.34		1,239,707.34
Total	994,877,749.75	302,586.52	994,575,163.23	1,439,791,932.52	1,270,020.30	1,438,521,912.22

(2) Breakdown of finished products as of 31 December 2015

Name of project	Completion time of phase I	Total investment (in 10,000 Chinese yuan)	Value at 31 December 2015
OTC phase 1	March 2006	26,319.38	11,026,648.05
OTC phase 2	May 2007	25,360.00	12,836,140.59
OTC phase 3	March 2007	39,633.60	91,085,265.19
OTC phase 4	December 2009	51,961.00	14,937,983.09
OTC phase 5	December 2012	20,899.09	22,078,799.10
OTC phase 6	December 2013	71,899.55	659,981,882.67
Total		236,072.62	811,946,718.69

(3) Breakdown of products in progress as of 31 December 2015

Name of projects	Start time of products in progress	Completion time of phase I	Estimated total investment (in 10,000 yuan)	31 December 2015
OTC phase 3	October 2005	March 2007	29,253.00	100,123,622.30
OTC phase 5	December 2009	December 2012	43,198.00	15,442,609.27
OTC phase 6	June 2010	December 2013	128,535.00	10,066,215.19
Total			200,986.00	125,632,446.76

(4) Provision for decline in value of inventories

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		provision	other	Reversion or write-off	Other	
The waters of Venice (3 clusters)	426,730.43			124,143.91		302,586.52
Process reserve	843,289.87			843,289.87		
Total	1,270,020.30			967,433.78		302,586.52

(5) The net realizable values of inventories of ZRC shall be determined by the price at which a transaction is conducted between willing parties in a market of fair dealing less the additional costs needed for further processing or sale. Provision for decline in value is made by the difference between the net realizable value of each item and its cost. Provision for decline in value of inventories written off for the current period is due to the sale realized for relevant inventories.

(6) The closing balance of inventories includes capiatlised loan expense of 3,003,839.67.

(7) Mortgage for details, see Note 6, (45).

Note 6: Other current assets

Items	Closing balance	Opening balance
Taxes on advance payments for real estates	56,699,596.05	68,502,769.47
*Value-added tax to be returned	22,302,516.60	11,017,109.66
Prepaid taxes		13,334,008.58
Total	79,002,112.65	92,853,887.71

*Value-added tax to be returned should be returned to VGM Plc and VGML (ZRC's subsidiaries).

Note 7: Available-for-sale financial assets

(1) Available-for-sale financial assets breakdown

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	60,876,758.15	53,503,553.16	7,373,204.99	60,876,758.15	44,258,933.15	16,617,825.00
Measured at fair value	60,876,758.15	53,503,553.16	7,373,204.99	60,876,758.15	44,258,933.15	16,617,825.00
Measured at cost						
Other						
Total	60,876,758.15	53,503,553.16	7,373,204.99	60,876,758.15	44,258,933.15	16,617,825.00

(2) Available-for-sale financial assets measured at fair value at the end of the period

Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Costs of equity instruments / Amortised costs of debt instruments	60,876,758.15		60,876,758.15
Fair value	7,373,204.99		7,373,204.99
Provision for impairments	53,503,553.16		53,503,553.16
Including: Changes in fair value accumulatively recorded in other consolidated income	2,581,175.75		2,581,175.75

(3) Changes in impairments of available-for-sale financial assets during the reporting period

Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Provision for impairment at the beginning of the period	44,258,933.15		44,258,933.15
Provisions in 2015	12,556,174.60		12,556,174.60
Including: amount transferred from other comprehensive income			
Decrease in this period	3,311,554.59		3,311,554.59
Including: Transition difference in foreign currency financial statements	730,378.84		730,378.84
Amount reversed due to increase in fair value after the accounting	2,581,175.75		2,581,175.75
Provision for impairments made at the end of the period	53,503,553.16		53,503,553.16

Note 8: Investment real estate

Real estate measured at cost

Item	Houses and buildings	Land use rights	Construction in progress	Total
I Original carrying amount				
1.Opening balance	124,252,620.23			124,252,620.23
2.Increase in the current period				
(1) Purchase				
(2) Transferred from inventory / fixed assets / construction in progress				
(3) Increase due to business combination				
3. Decrease in the current period				
(1) Disposal				
(2) Reversal				
4. Closing balance	124,252,620.23			124,252,620.23
II Accumulated depreciation				
1. Opening balance	20,235,426.68			20,235,426.68
2.Increase in the current period				
(1) Provision or amortisation	3,372,571.12			3,372,571.12
3. Decrease in the current period				
(1) Disposal				
(2) Reversal				
4. Closing balance	23,607,997.80			23,607,997.80
III Provision for impairment				
1. Opening balance				
2. Increase in the currentperiod				
(1) Provision				
3. Decrease in thecurrent period				
(1) Disposal				
(2)Reversal				
4. Closing balance				
IV Carrying amount				
Carrying amount at the end of the period	100,644,622.43			100,644,622.43
Carrying amount at the beginning of the period	104,017,193.55			104,017,193.55

Note 9:fixed assets

Item	Housesand buildings	Means of transport	Other equipment	Roadway	Land	Total
I Original carrying amount						
1. Opening balance	59,560,279.84	43,759,000.83	151,485,904.07	129,225,873.75	8,399,634.37	392,430,692.86
2. Increase in the current period	4,245,142.98	13,737,940.15	10,376,691.85	77,784,448.53		106,144,223.51

(1) Acquisition	4,245,142.98	13,737,940.15	10,376,691.85	77,784,448.53		106,144,223.51
(2) Transferred from construction in progress						
(3) Increase due to businesscombination						
3. Decrease inthe currentperiod			4,014.00			4,014.00
(1) Disposal or retirement			4,014.00			4,014.00
4. Foreign currency translationdifference	-150,498.73	-393,010.54	-1,565,649.29	-1,885,952.15	-93,968.25	-4,089,078.96
5. Closing balance	63,654,924.09	57,103,930.44	160,292,932.63	205,124,370.13	8,305,666.12	494,481,823.41
II Accumulated depreciation						
1. Opening Balance	19,542,883.30	16,611,930.67	30,285,247.98	5,585,914.07		72,025,976.02
2. Increase in the currentperiod	6,827,582.38	11,404,854.32	26,652,825.34	9,520,736.70	96,419.44	54,502,418.18
(1) Provision	6,827,582.38	11,404,854.32	26,652,825.34	9,520,736.70	96,419.44	54,502,418.18
3. Decrease in the currentperiod			3,120.68			3,120.68
(1) Disposal or retirement			3,120.68			3,120.68
4. Foreign currency translationdifference	-13,597.91	-25,441.93	-157,584.26	-26,613.20	363.34	-222,873.96
5. Closing balance	26,356,867.77	27,991,343.06	56,777,368.38	15,080,037.57	96,782.78	126,302,399.56
III. Provision for impairment						
1.Opening balance	234,466.85	100,700.83	16,453.82			351,621.50
2. Increase in the currentperiod						
(1) Provision						
3. Decrease in the currentperiod						
(1) Disposal or retirement						
4. Foreign currency translation differences	-64,166.95	-27,558.93	-4,502.89			-96,228.77
5. closing balance	170,299.90	73,141.90	11,950.93			255,392.73
IV Carrying amount						
1.Carrying amount at the endof the period	37,127,756.42	29,039,445.48	103,503,613.32	190,044,332.56	8,208,883.34	367,924,031.12
2. Carrying amount at thebeginning of the period	39,782,929.69	27,046,369.33	121,184,202.27	123,639,959.68	8,399,634.37	320,053,095.34

Note 10: Construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Mine roads and tailings ponds	1,416,128.00		1,416,128.00	1,416,128.00		1,416,128.00
Expansion and renovation of tailing dam	6,824,394.42		6,824,394.42	6,718,532.03		6,718,532.03
Machinery and equipment not installed yet	11,135,880.70		11,135,880.70	11,511,005.30		11,511,005.30
Other	226,946.50		226,946.50	533,292.50		533,292.50
Total	19,603,349.62		19,603,349.62	20,178,957.83		20,178,957.83

Note 11: Intangible assets

(1) Intangible assets

Items	Mineral Rights	Exploration rights	Other	Total
I Original carrying amount				
1. Opening balance	168,303,176.20	222,418,378.98	4,360,631.35	395,082,186.53
2. Increase in the current period		13,476,362.12	2,968,519.63	16,444,881.75
(1) Acquisition		13,476,362.12	2,968,519.63	16,444,881.75
(2) Internal research and development				
(3) Increase due to business combination				
3. Decrease in the current period			2,570,451.36	2,570,451.36
(1) Disposal			2,570,451.36	2,570,451.36
4. Foreign currency translation difference	-1,584,676.73		-280,528.76	-1,865,205.49
5. Closing balance	166,718,499.47	235,894,741.10	4,478,170.86	407,091,411.43
II Accumulated amortisation				
1. Opening balance	28,004,838.52		2,186,214.65	30,191,053.17
2. Increase in the current period	14,433,522.55		975,913.63	15,409,436.18
(1) Provision	14,433,522.55		975,913.63	15,409,436.18
3. Decrease in the current period			1,690,887.20	1,690,887.20
(1) Disposal			1,690,887.20	1,690,887.20
4. Foreign currency translation difference	-47,710.12		-18,541.29	-66,251.41
5. Closing balance	42,390,650.95		1,452,699.79	43,843,350.74
III Provision for impairment				-
1. Opening balance		23,539,798.19	922,289.04	24,462,087.23
2.Increase in the current period		14,305,918.00		14,305,918.00
(1) Provision		14,305,918.00		14,305,918.00
3. Decrease in the current period				
(1) Disposal				
4. Foreign currency translation difference			-252,404.19	-252,404.19
5. Closing balance		37,845,716.19	669,884.85	38,515,601.04
IV Carrying amount				
1. Carrying amount at the end of the period	124,327,848.52	198,049,024.91	2,355,586.22	324,732,459.65
2. Carrying amount at the beginning of theperiod	140,298,337.68	198,878,580.79	1,252,127.66	340,429,046.13

(2) The intangible assets generated through ZRC's internal research and development at the end of the current period account for 0% of the balance of its intangible assets.

Note 12: Deferred income tax assets / deferred income tax liabilities

(1) Deferred income tax assets not offset

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for the bad debts	55,062,690.56	13,765,672.64	45,311,040.47	11,327,760.12
Provision for decline in value ofinventories	302,586.52	75,646.63	426,730.43	106,682.61

Advance receipts	88,991,465.62	22,247,866.40	104,671,597.66	26,167,899.42
Deductible losses			61,571,893.69	15,392,973.42
Total	144,356,742.70	36,089,185.67	211,981,262.25	52,995,315.57

(2) Deferred income tax liabilities not offset

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Rent-free lease	14,968,145.03	3,742,036.28	15,327,274.17	3,831,818.55
Income tax credits from the Withholding tax	26,502,096.36	6,625,524.09		
Total	41,470,241.39	10,367,560.37	15,327,274.17	3,831,818.55

(3) Unrecognised deductible temporary differences and deductible losses of deferred tax assets

Item	Closing balance	Opening balance
Provision for bad debts	203,263,941.42	154,149,017.58
Provision for decline in value of inventories		843,289.87
Provision for impairment of intangible assets	37,845,716.19	32,840,550.53
Estimated liabilities	11,350,000.00	11,350,000.00
Interest payable	132,613.61	9,177,479.90
Deductible losses	179,403,249.77	206,943,303.88
Total	431,995,520.99	415,303,641.76

The preceding deductible temporary differences are caused by unrecognised deferred income tax assets as ZRC and some of its subsidiaries are estimated to be unable to acquire sufficient taxable income in future periods.

(4) The unrecognised deductible losses of deferred tax assets will be due in 2016

Year	Closing balance	Opening balance	Notes
2015		9,203,143.68	
2016	4,903,697.02	4,903,697.02	
2017	18,651,641.01	18,651,641.01	
2018	50,490,627.62	112,062,521.31	
2019	62,122,300.86	62,122,300.86	
2020	43,234,983.26		
Total	179,403,249.77	206,943,303.88	

Note 13: Short term borrowings

Borrowing items	Closing balance	Opening balance
Credit borrowing	1,450,791.03	1,077,151.99

Guaranteed borrowing		
Other borrowing		
Total	1,450,791.03	1,077,151.99

Note 14: Accounts payables

(1) Balance

Item	Closing balance	Opening balance
Accounts payable	216,485,129.88	313,500,753.12

(2) As of 31 December 2015, there are no payables to shareholders holding 5% or above of ZRC's voting shares

(3) Important accounts payable with an ageing of over one year

Item	Amount	Reasons for failure to pay
Shandong Baocheng Ltd	22,095,500.49	Not settled as the construction is not competed
Zibo Yuhe Aluminum Co., Ltd.	1,575,538.32	No reminders to pay
Total	23,671,038.81	

Note 15: Advance receipts

(1) Balance

Item	Closing balance	Opening balance
OCT phase 1	119,658.10	200,894.10
OCT phase 2	20,000.00	20,000.00
OCT phase 3	17,888,123.00	19,500,931.00
OCT phase 4	94,179.00	81,164.00
OCT phase 5	4,245,381.00	6,399,035.00
OCT phase 6	532,465,319.00	1,016,278,952.54
Total	554,832,660.10	1,042,480,976.64

(2) Important advance receipts with an ageing of over one year are payments for pre-sale real estate development projects.

Note 16: Payroll payables

(1) Presentation of payroll payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Foreign currency translation difference	Closing balance
1 short-term compensation	13,338,909.62	133,712,125.56	134,651,223.93	-90,575.17	12,309,236.08
2 Post-employment benefits – defined contribution plan	1,126,215.20	13,861,903.53	13,720,161.56	-9,523.19	1,258,433.98

3 Termination benefits		14,430.50	14,430.50		
4 Other benefits due within a year					
Total	14,465,124.82	147,588,459.59	148,385,815.99	-100,098.36	13,567,670.06

(2) Presentation of short-term compensation

Item	Opening balance	Increase in the current period	Decrease in the current period	Foreign currency translation differences	Closing balance
1 salary, bonus, allowance and subsidy	5,028,552.02	125,676,617.79	127,302,140.93	-44,013.35	3,359,015.53
2 employee benefits	384,737.46	301,983.24	543,027.24		143,693.46
3 Social insurance expenses	79,619.61	664,354.51	677,025.73		66,948.39
Including: medical insurance expenses	79,619.61	565,557.99	578,229.21		66,948.39
Work injury insurance expenses		42,899.36	42,899.36		
Maternity insurance expenses		55,897.16	55,897.16		
4 Housing provident fund	276,650.97	757,279.30	826,238.28		207,691.99
5 Labour union expenditure and employee educationexpenses	3,520,331.09	925,823.86	140,187.24		4,305,967.71
6 Short-term absence pay	2,524,174.47	3,432,042.39	3,155,100.71	-29,805.98	2,771,310.17
7 Short-term profit sharing plan					
8 Other	1,524,844.00	1,954,024.47	2,007,503.80	-16,755.84	1,454,608.83
Total	13,338,909.62	133,712,125.56	134,651,223.93	-90,575.17	12,309,236.08

Note: Other expenses are provision made by VGML for worker’s compensation and employee training.

(3) Presentation of defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Foreign currency translation differences	Closing balance
1 Basic pension insurance expenses	312,360.31	1,278,844.52	1,306,454.17		284,750.66
2 Unemployment insurance expenses	48,540.44	69,839.46	70,354.65		48,025.25
3 Other	765,314.45	12,513,219.55	12,343,352.74	-9,523.19	925,658.07
Total	1,126,215.20	13,861,903.53	13,720,161.56	-9,523.19	1,258,433.98

Note: Other expenses are VGML’s provision fund.

Note 17: Tax payables

Tax categories	Closing balance	Opening balance
Business tax	1,765,887.45	1,108,201.31
Urban constriction tax	123,612.12	77,574.08
Education surcharge	88,294.41	55,410.10
Water conservancy construction fund	17,658.89	11,082.02
Corporate income tax	13,533,398.44	202,141.12
Individual income tax	624,361.17	950,829.78

Property tax	17,772.67	15,601.97
Land use tax	980,333.73	6,492,238.33
Stamp tax	41,546.56	2,685.74
Resource tax		156,503.80
Compensation fee for mineral resources		437,119.00
VAT	-13,219.81	
Other	413,121.95	521,262.29
Total	17,592,767.58	10,030,649.54

Notes: the detailed statutory tax rates of the preceding taxes are given in Note 5.

Note 18: Interest payables

Item	Closing balance	Opening balance
Interest payable	132,613.61	132,613.61

Note 19: Other payables

(1) Presentation by nature

Item	Closing balance	Opening balance
Current accounts	574,716,968.74	84,049,830.04
Amounts received on behalf for development	18,816,490.51	36,230,217.33
Amounts for pre-sale of commercial residential houses	5,450,616.24	7,585,537.60
Taxes to be settled	27,164,667.65	419,543.61
Other	465,373.46	585,250.86
Total	626,614,116.60	128,870,379.44

(2) Other important payables with an ageing of over one year

Item	Closing balance	Reason for failure to pay or carry over
Shandong Bona Investment Co., Ltd	39,166,533.92	Borrowing from shareholders of subsidiaries
Sichuan Salt Company	7,608,616.50	No reminds of payment
Total	46,775,150.42	

Note 20: Non-current liabilities due within one year

(1) Non-current liabilities due within one year

Category	Closing balance	Opening balance
Long-term payable due within one year	45,000,000.00	
Total	45,000,000.00	

(2) ZRC's subsidiary Shandong Zhongrun Group, Zibo Properties Ltd provide Real estate projects under construction and mortgage of land use rights as the guarantee for the 45,000,000.00 Chinese Yuan long-term liability due within one year, the current borrowing rate is 7.20% per year.

Note 21: Other non-current liabilities

Items	Closing balance	Opening balance
Vatukoudla Social Assistance Trust Fund	3,752,008.79	9,830,334.91
Accrued employee termination indemnities		2,051,895.50
Total	3,752,008.79	11,882,230.41

Note 1: The Social Assistance Trust Fund is a trust fund established by the previous operations of VGML and local mining society based on the Trust Deed signed on 7 December 2009 to provide assistance to employees made redundant. According to the Trust Deed, VGML will pay a total of Fijian $60 million. As of 31 December 2015, VGML still has an amount of Fijian $1,233,289.07 payable.

Note 22: long-term loans

(1) Long-term loan category

Borrowing terms	Closing balance	Opening balance
Mortgage + Guaranteed borrowing	145,268,026.33	45,000,000.00
Total	145,268,026.33	45,000,000.00

(2) The long-term loan of 145,268,026.33 Chinese yuan, is fully guaranteed by the subsidiaries of ZRC: VGM Plc and Zhongrun Resources Investment Corp. through aStandby Letter of Credit issued by the Bank of China Jinan Beiyuan Road Branch. The loan is totally 20,500,000.00 EURO with a comprehensive rate 5.75% per year.

Note 23: long-term payroll payable

Item	Closing balance	Opening balance
1 Defined benefit plan		
2 Other lone-term benefits	887,747.39	700,208.67
Total	887,747.39	700,208.67

Note: other long-term benefits are long-term vocation benefits provided by VGML.

Note 24: Estimated liabilities

Item	Closing balance	Opening balance
Estimated loss	11,350,000.00	11,350,000.00
Estimated liabilities related to mine land reclamation	51,585,202.90	49,000,269.01
Total	62,935,202.90	60,350,269.01

Note: the preceding liabilities related to mine land reclamation are estimated by the subsidiary of VGM Plc.

Note 25: Equity Capital

Item	31 December 2014		Change					31 December 2015	
	Amount	Percentage (%)	Stock issuing	Dividend	Conversion from reserves	Other	Subtotal	Amount	Percentage (%)
I Restricted shares									
1 shares held by state-owned companies									
2 share held by other domestic investors	706,800.00	0.08						706,800.00	0.08
Including: shares held by domestic legal persons	706,800.00	0.08						706,800.00	0.08
Shares held by domestic natural persons									
Subtotal	706,800.00	0.08						706,800.00	0.08
II Unrestricted shares									
1 RMB demonstrated ordinary shares	928,310,961.00	99.92						928,310,961.00	99.92
Subtotal	928,310,961.00	99.92						928,310,961.00	99.92
III Total shares	929,017,761.00	100.00						929,017,761.00	100.00

Note 26: Capital reserve

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other capital reserve	31,117,140.96			31,117,140.96
Total	31,117,140.96			31,117,140.96

Note 27: Other comprehensive income

Item	Opening balance	Amount incurring in the current period					Closing balance
		Pre-income tax amount for the current period	Less: amount recorded in other comprehensive income in the previous period and reserved to loss ad profit in current period	Less: income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1 Other comprehensive income thatcannot be subsequently re-categorised as profit and loss							
Including changes inrecalculated net labilities and net assets in the defined							
Attributable share in othercomprehensive income that cannot be re-categorised as profit and loss of theinvestee under the equity method							

2 Other comprehensiveincome that willbesubsequently re-categorised as profitand loss	-22,278,198.84	-947,703.03		-	2,060,850.03	-3,008,553.06	-20,217,348.81
Including attributable share in othercomprehensive income that will bere-categorised as profit and loss of theinvested under theequity method							
Profit and loss from fair value changesof available-for-sale financial assets		2,581,175.75			2,581,175.75		2,581,175.75
Profit and loss by re-categorising theheld-to-maturity investment as available-for-sale financial assets							
Effective part of profit md lossfromcash flow hedging							
Translation difference in foreigncurrency financial statements	-19,996,855.94	-3,528,878.78			-520,325.72	-3,008,553.06	-20,517,181.66
Other	-2,281,342.90						-2,281,342.90
Total	-22,278,198.84	-947,703.03	-	-	2,060,850.03	-3,008,553.06	-20,217,348.81

Note 28: Special reserves

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production expenses	437,253.24		294,810.15	142,443.09
Total	437,253.24		294,810.15	142,443.09

Note 29: Earned Surplus

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	77,898,985.76			77,898,985.76
Total	77,898,985.76			77,898,985.76

Note 30: Undistributed profits

Items	2015	2014
Undistributed profit at the end of the previous year before adjustment	395,548,113.53	635,340,737.33
The undistributed profits at the beginning of the year adjusted (increase +, decrease -)		
Undistributed profits at the beginning of the year after adjustment	395,548,113.53	635,340,737.33
Plus net profit attributable to the owner of the parent company in the current period	21,734,437.33	-216,567,179.78
Less appropriation of the surplus reserves		
Appropriation of the discretionary surplus reserves		
Appropriation of the general risk reserve		
Ordinary share dividend transferred to equity capital		
Distribution to shareholders		23,225,444.02

Undistributed profits at the end of the period	417,282,550.86	395,548,113.53

(II) Notes to statement of profit and loss

Note 31: Operating income/ operating costs

Items	2015		2014	
	Revenues	Costs	Revenues	Costs
Main business	1,372,474,488.34	1,035,626,793.24	350,827,129.73	374,002,068.36
Other business	15,353,988.52	3,372,571.12	6,328,137.52	3,823,771.12
Total	1,387,828,476.86	1,038,999,364.36	357,155,267.25	377,825,839.48

Note 32: Business tax and surcharges

Item	2015	2014
Business Tax	53,319,894.43	2,842,011.23
Urban maintenance and construction tax	3,732,392.63	198,940.77
Education surcharge	2,572,738.12	142,100.57
Land value increment tax	49,185,860.84	1,565,892.73
Water conservancy construction fund	287,900.95	147,429.53
Resource tax		313,818.44
Gold tax	9,375,049.31	8,945,529.75
Total	118,473,836.28	14,155,723.02

Note 33: Sales expense

Item	2015	2014
Labour cost	2,563,897.89	1,514,550.49
Administrative and marketing expenses	8,158,530.14	7,786,204.38
Other	396,367.00	49,900.00
Total	11,118,795.03	9,350,654.87

Note 34: Management expense

Item	2015	2014
Labour cost	24,596,427.45	38,184,796.44
Administrative and functional expenses	68,547,473.39	79,357,480.14
Property expense	2,878,604.35	4,968,081.15
Tax	3,201,713.55	3,708,231.17

Other	6,900,614.22	4,078,933.99
Total	106,124,832.96	130,297,522.89

Note 35: Financial expense

Item	2015	2014
Interest expenditure	8,715,447.97	7,657,536.83
Less: interest income	254,501.92	584,556.90
Exchange loss		338,377.07
Less: exchange gain	24,981,523.46	
Other	538,824.74	3,441,186.63
Total	-15,981,752.67	10,852,543.63

Note 36: Asset impairment loss

Item	2015	2014
Bad debt loss	58,675,134.08	39,276,232.89
Loss on inventory depreciation		843,289.87
Impairment loss of available-for-sale financial assets	12,556,174.60	21,511,472.28
Fixed asset impairment loss		374,487.25
Intangible asset impairment loss	14,305,918.00	33,822,815.41
Total	85,537,226.68	95,828,297.70

Note 37: Non-operating income

(1) Breakdown

Item	2015	2014	Amounts included in the non-recurrent profit and loss for the current period
Total gains from disposal of non-current assets		62,995.58	
Including: gains from disposal of fixed assets		62,995.58	
Income from debt restructuring			
Gains from acquisition			
Government subsidies		87,300.00	
Money for breach of contract	2,461,985.00		2,461,985.00
Other	113,293.39	136,637.00	113,293.39
Total	2,575,278.39	286,932.58	2,575,278.39

Government subsidies recorded in the profit and loss at current period.

Subsidy project	2015	2014	Relating to assets / relating to income
Finance Bureau incentive funds		87,300.00	Related to income
Total		87,300.00	

Note 38: Non-operating expenses

Item	2015	2014	Amounts included in the non-recurrent profit and loss for the current period
Total losses From disposal of non-currentassets	579,737.63	277,763.44	579,737.63
Including losses from disposal of fixedassets	529.32	277,763.44	529.32
Losses from debt restructuring	579,208.31		579,208.31
losses from exchange of non-monetaryassets			
Donations			
Fines and default penalties	103,300.00	286,240.69	103,300.00
Other	2,095,094.30	1,331,675.41	3,503.99
Total	2,778,131.93	1,895,679.54	2,778,131.93

Note 39: Income tax expenses

(1) Income tax expenses

Item	2015	2014
Current income tax calculated according to the tax law and relevant provisions	14,103,552.13	
Adjustment for deferred income tax	23,441,871.72	-2,698,811.66
Total	37,545,423.85	-2,698,811.66

(2) Adjustment of accounting profit and deferred income tax expense

Item	2015
Total profits	43,353,320.68
1ncome tax expense calculated bystatutory/applicable tax rate	10,838,330.18
Effects due to different tax rates applicable to subsidiaries	1,147,937.25
Effects due to adjustment on income tax of previous periods	
Effects due to non-taxable incomes	
Effects duo to non-deductible costs, expenses and losses	-1,083,500.58
Effects due to using deductible losses o£ unrecognised deferred income tax insets of previous periods	
Effects due to deductible temporary difference or deductible losses of unrecognised deferred income tax assets of thecurrent period	26,642,657.00
Income tax expenses	37,545,423.85

(III) Notes to statement of cash flows

Note 40: Other cash received related to operating activities

Item	2015	2014
Non-operatingincome	2,575,278.39	105,487.00
Interest income	254,501.92	584,556.81
Other receivables	508,329,929.48	62,242,438.77
Other restricted monetary capital	1,711,123.78	15,885,516.78
Total	512,870,833.57	78,817,999.36

Note 41: Other cash paid related to operating activities

Item	2015	2014
Management expense	26,713,854.09	42,439,257.52
Sales expense	8,554,897.14	7,836,104.38
Non-operating expense	2,198,394.30	1,617,916.10
Financial expense	538,824.74	233,126.88
Other monetary capital restricted for use	50,395,083.08	302,499.40
Other receivables	565,967,239.89	43,441,079.86
Total	654,368,293.24	95,869,984.14

Note 42: Other cash paid related to investment activities

Item	2015	2014
Paid intermediary fees for foreign target company’s audit, evaluation services etc.	4,650,000.00	
Total	4,650,000.00	

Notes 43: Other cash paid related to financing activities

Item	2015	2014
Paid intermediary fees related to the non-public shares issuing	2,000,000.00	
Total	2,000,000.00	

Note 44: Supplementary information to the consolidated statement of cash flow

(1) Net profit adjusted to cash flows from operating activities

Item	2015	2014
I Net profit adjusted to cash flows from operating activities		
Net profit	5,807,896.83	-280,065,249.64

Plus Provisions for asset impairment	85,537,226.68	95,828,297.70
Depreciation of fixed assets depletion of oil and gas assets, and depreciation of productive biological assets	54,502,418.18	54,384,578.18
Amortisation of intangible assets	15,409,436.18	14,641,335.90
Amortisation of long-term deferred expenses		
Losses of disposal fixed assets, intangible assets and other long-term assets (“-” for gains)	579,737.63	214,767.86
Scrap loss of fixed assets (“-” for gains)		
Losses from changes in fair value (“-” for gains)		
Financial expenses (“-” for gains)	-16,266,075.49	11,472,088.65
Investment expenses (“-” for gains)		
Decrease in deferred income tax assets (“-” for gains)	16,906,129.90	-2,697,574.10
Increases in deferred income tax liabilities(“-” for decreases)	6,535,741.82	-1,237.56
Decrease of inventors	446,563,312.54	-213,899,970.32
Decrease of operation receivables (“-” for increase)	-1,150,041,612.93	-23,010,177.67
Increase of operation payables (“-’ for decreases)	428,447,860.32	162,575,396.38
Other	4,650,000.00	1,456,770.06
Net cash flows from operating activities	-101,367,928.34	-179,100,974.56
2 Investment and financing activities involving no cash receipts and payments		
Debt converted to capital		
Convertible corporate bonds incurring within one year		
Fixed assets acquired under finance leases		
3 Net increase in cash and cash equivalents		
Closing balance of cash	82,332,215.34	29,752,176.29
Less operating balance of cash	29,752,176.29	133,468,949.41
Plus closing balance of cash equivalents		
Less opening balance of cash equivalents		
Net increase in cash and cash equivalents	52,580,039.05	-103,716,773.12

(2) Net cash received from disposal of subsidiary in the current period

Item	2015
Cash and cash equivalentsreceived in the current period from disposal of subsides in the current period	
Less cash and cash equivalents field by subsidiary on the date of loss of control	
Plus cash and cash equivalents received in the current period from disposal of subsidiary in previous periods	150,000,000.00
Including: Shandong Shengji investment Co., Ltd	
Shandong Zhongrun Real Estate Co,. Ltd	150,000,000.00
Net cash received from disposal of subsidiary	150,000,000.00

(3) Cash and cash equivalents

Item	2015	2014
1 Cash	82,332,215.34	29,752,176.29

Including: Cash on hand	65,822.16	83,452.34
Unrestricted bank deposit	82,266,393.18	29,668,723.95
Other unrestricted monetary capital		
Unrestricted deposits with central bank		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		
2 Cash equivalents		
Including: Long-term bond investment due within 3 months		
3 Closing balance of cash and cash equivalents	82,332,215.34	29,752,176.29
Including: Cash and cash equivalents restricted for use by the parent company or subsidiaries within the group		

Note 45: Assets with restricted ownership or use right

Item	2015	Reason for restriction
Monetary fund	58,961,528.48	Deposits
Inventory	336,154,305.38	Mortgage
Total	395,115,833.86	

Note 46: Foreign currency monetary items

Item	Balance of foreign currency at the end of period	Exchange rate	Balance of converted CNY at the end of period
Monetary fund			25,701,757.40
Including: USD	107,465.18	6.4176	689,672.38
HKD	24,760,127.49	0.83778	20,743,539.60
Fiji Dollar	1,403,075.20	3.0423	4,268,545.42
Accounts receivable			16,114,804.86
Including: Fiji dollars	5,296,952.64	3.0423	16,114,804.86
Other receivables			520,821,187.85
Including: HKD	620,118,510.22	0.83778	519,522,885.49
Fiji Dollar	426,753.08	3.04228	1,298,302.36
Other currentassets			22,302,516.06
Including: Fiji dollar	7,330,859.77	3.0423	22,302,516.06
Short-term loan			1,450,791.03
Including: Fiji dollar	476,876.48	3.0423	1,450,791.03
Payroll payable			8,466,427.14
Including: Fiji dollar	2,782,923.15	3.0423	8,466,427.14
Tax payable			786,431.96
Including: Fiji dollar	258,500.98	3.0423	786,431.96
Other payables			1,243,042.20
Including: GDP	54,319.22	9.6159	522,328.19

Fiji dollar	236,899.43	3.0423	720,714.01
Other current liabilities			3,752,008.79
Including: Fiji dollar	1,233,289.07	3.0423	3,752,008.79
Long-term payroll payable			887,747.39
Including: Fiji dollar	291,803.45	3.0423	887,747.39

VII. Change in consolidation scope

Thereisnochangeinconsolidationscopeforthecurrentperiod.

VIII. Equity in other entities

(I) Equity in subsidiaries

1. Structure of the group company

Name of subsidiary	Business premise	Registration location	Business nature	Shareholding ratio (%)		Voting ratio (%)	Way of acquisition
				Direct	Indirect		
ShandongZhongrunGroupZiboReal Estate Co.,Ltd	ZiBo,Shandong	Zi Bo,Shandong	Real estate development	100.00		100.00	Business combination under common control
Zhongrun MineralDevelopmentCo.,Ltd	JiNan,Shandong	Ji Nan, Shandong	Mineralinvestment	100.00		100.00	Establishment
Sichuan Pingwu ZhongjinMiningCo.,Ltd.	PingWu,Sichuan	PingWu.Sichuan	Goldmining		52.00	52.00	Business combinationnot undercommoncontrol
XizangZhongrun Mining Co., Ltd.	Xizang	Xizang	Mineralproductsprocessingandmarketing		71.20	71.20	Business combinationnot undercommoncontrol
Inner Mongolia Huiying Mining Co. Ltd.	Inner Mongolia	InnerMongolia	Mineralexploration		75.20	75.20	Businesscombinationnotunder commoncontrol
Zhongrun International Mining Co. Ltd.	Hong Kong, China	BritishVirgin Islands	Mineral investment		100.00	100.00	Establishment
Vatukoula Gold Mine Plc	Fiji	England and Wales	Gold mining		65.66	65.66	Business combinationnot undercommoncontrol

2. Important Non-wholly owned subsidiary

Name of subsidiary	Shareholding ratio of minority shareholders	Voting ratio of minority shareholders	Profits or losses attributable to minority shareholders for the current period	Dividends paid to minority shareholders in the current period	Balance of minority equity at end of the current period
Sichuan Pingwu Zhongjin Mining Co., Ltd.	48.00	48.00	-8,929,428.64		-30,501,342.86
Xizang Zhongrun Mining Co., Ltd.	28.80	28.80	-46,597.11		10,478,516.66
Inner Mongolia Hurling MiningCo., Ltd	24.80	24.80	-3,627,682.82		40,736,841.79
Vatukoula Gold Mines Plc	34.34	34.34	-3,322,831.93		85,504,553.86

3. Important financial information of non-wholly owned subsidiaries

Unit: 0,000 Chinese Yuan

Name of subsidiary	31 December 2015					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Sichuan Pingwu Zhongjin Mining Co., Ltd.	449.75	8,493.72	8,943.47	15,297.92		15,297.92

Xizang Zhongrun Mining Co., Ltd.	2,308.68	1,335.69	3,644.37	5.99		5.99
Inner Mongolia Hurling MiningCo., Ltd	2,888.75	14,065.48	16,954.23	537.33		537.33
Vatukoula Gold Mines Plc	12,180.27	46,883.88	59,064.15	8,228.69	25,935.55	34,164.24

Unit: 0,000 Chinese Yuan

Name of subsidiary	31 December 2014					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Sichuan Pingwu Zhongjin Mining Co., Ltd.	374.08	8,448.54	8,822.62	13,260.07		13,260.07
Xizang Zhongrun Mining Co., Ltd.	2,344.06	1,317.11	3,661.17	6.62		6.62
Inner Mongolia Hurling MiningCo., Ltd	2,905.55	15,407.18	18,312.73	430.14		430.14
Vatukoula Gold Mines Plc	10,316.44	42,353.72	52,670.16	9,607.63	16,318.85	25,926.48

Unit: in 0,000 Chinese Yuan

Name of subsidiary	2015				2014			
	Operating income	Net profit	Total comprehensive income	Cash flow from business activities	Operating income	Net profit	Total comprehensive income	Cash flow from business activities
Sichuan Pingwu Zhongjin Mining Co., Ltd.	58.50	-1,860.30	-1,860.30	1,719.71	1,092.80	-2,359.01	-2,359.01	1,575.95
Xizang Zhongrun Mining Co., Ltd.		-16.18	-16.18	21.53		-157.25	-157.25	-2.70
Inner Mongolia Hurling MiningCo., Ltd		-1,465.70	-1,465.70	87.92		-3,176.02	-3,176.02	91.11
Vatukoula Gold Mines Plc	31,618.09	-967.65	-1,843.77	-3,832.69	28,939.20	-12,772.86	-14,794.97	-6,628.44

4. Significant restrictions on the use of the group's assets and settlement of the Group's liabilities.
None

5. Financial or other support provided to the structured entities included in consolidation scope
None

(II) Transitions in which ZRC's share in its subsidiary's ownership interest has changed but ZRC still controls the subsidiary
None

(III) Equity in joint venture arrangement or associates
None

IX. Equity in other entities

(I) Financial instruments

ZRC's main financial instruments include monetary capital, accounts receivable, available-for-sale financial assets, short-term and long-term borrowings, and accounts payable See Note 6 for the details of each financial instrument ZRC has risk management policies to manage and monitor the risk exposure related to financial instruments to ensure the risks are controlled within limited range.

(II) Objectives and policies or risk management

ZRC aims to seek a proper balance between financial risks and returns, by identifying arid analysing various financial risks and adopting financial management policies andpractices to control financial risks to lower their potential adverse effects on ZRC’s operating performance.

1. Market risk
   (1) Interest rate risk

ZRC has no significant interest-bearing assets or liabilities except short-term and long-term borrowings ZRC reasonably arranges the proportion of fixed-rate loans short-termborrowings, and long-term loans based on the financial market environment to control the risks of cash flow changes caused by change of interest rate.

As of 31December 2015, all the short-term borrowings will become mature within 12 months and be affected slightly by interest rate changes. Long-term borrowings are using fixed interest rate, and thereby do not involve any interest risks.

(2) Foreign currency risk

The foreign currency risk is mainly from the balance sheet items (especially liabilities) of ZRC’s overseas subsidiaries. The related risk exposure is affected by the fluctuation of various foreignexchange rates. ZRC will pay close attention to the risk effects of fluctuation in foreign exchange rates. Currently, ZRC’s foreign currency risks are controllable.

2. Credit risk

On 31 December 2015, the biggest credit risk is ZRC’s financial asset losses due to the other party of contract failing to perform its obligations, including monetary capital, accounts receivable, and other receivables. Their carrying amounts are the highest credit risk ZRC may suffer. ZRC makes and implements credit risk management policies, andpays close attention to the credit risk exposure of the abovefinancialinstruments to control the related risks.

ZRC’s monetary capital is deposited mainly in commercial banks with high credit rating, good asset conditions, and low credit risks. ZRC pays close attention to the balance changes of bank accounts to avoid credit risks of commercial banks.

ZRC has complete systems for risk management of accounts receivable and internal control to lower the credit risk of accounts receivable by strictly examining customers’ credit and implementing debt-collection procedures. ZRC also reviews the collection of each account receivable at each balance sheet date to ensure sufficient provisions are made £or payments that cannot be collected.

On 31 December 2015, the carrying amount of accounts receivable is 30,492,100.00 Chinese yuan. ZRC closely monitors the collection of accounts receivable. Other accounts receivable arc mainly the payments ZRC disposes of subsidiaries, current accounts, mortgage, and pledge ZRC closely monitors and actively collects each payment.

3. Liquidity risk

ZRC carries out cash budget management and monitors the current arid future requirements on cash flows. ZRC maintains sufficient reserves of monetary capital to lower the effect of short-term fluctuation of cash flows based on operating needs and analysis on loan terms. ZRC strictly monitors the use of loans to ensure that both ZRC and the bankobserve the loan agreement. ZRC also cooperates with financial institutions to obtain a sufficient credit quota to meet Jong-term and short-term requirements on liquidity and lower related risks.

X. Disclosure of fair value

Item	Fair value at the end of period			
	Measurement of fair valueat layer l	Measurement of fair valueat layer 2	Measurement of fair valueat layer 3	Total
Subsequent measurement of fair value				
Available-for-sale financial assets				
Including:(1) Debt instrument investments				
(2) Equity instrument investments * 1	7,373,204.99			7,373,204.99
(3) Other				

*1 At 31 December 2015, the closing price of Canadian Zinc Corporation on Toronto Stock Exchange is CAD 0.105 per share. ZRC holds 15,000,000 shares with a stock market value of CAD 1,575,000.

XI. Related parties and transactions

(I) Information about ZRC's parent company

Name	Registration location	Business nature	Registered capital (10,000 Chinese yuan)	Parent company's shareholding ratio in ZRC(%)	Parent company's voting ratio in ZRC (%)
Shenzhen Nanwu Bei'an Asset Management Limited	Shenzhen	Trustee Asset Management (must not engage in trust, financial asset management, securities and asset management business); entrusted with the management of equity investment funds (must not engage in securities investment activities; shall not be disclosed to raise funds to carry out investment activities; not engage in a public offer fund management services); equity investment in unlisted companies; investment projects (specific items to be declared separately); investment management (excluding securities, futures, insurance and other financial services); investment advisory (excluding personnel intermediary services, securities and restricted items); enterprise management consulting (excluding personnel intermediary services, securities, futures, insurance, financial services and other restricted items); investment in industrial projects (specific items to be declared separately); domestic trade, goods and technology import and export business.	10,000.00	25.08	25.08

The ultimate controller of ZRC if Lu Fen.

(II) Information about ZRC's subsidiaries

See Note 8 (1) Equity in subsidiaries for details about ZRC's subsidiaries.

(III) Information other related parties

Name of other related parties	Relationship with ZRC
Shenzhen Nanwu Bei'an Asset Management Limited	Under the same actual controller

(IV) Related party transactions

(1) For the subsidiaries under the control of ZRC and included in the scope of consolidated statements, their mutual transactions and the parent-subsidiary corporation transactions have already been offset

(2) Related party guarantee

Guaranteed company	Guaranteed object	Principal	Loan term	Notes
Shandong Zhongrun Group, Zibo Real Estate Co. Ltd	Loan	190,000,000.00	2014.03－2016.11	Assurance
Vatukoula Gold Mines Plc	Loan	150,000,000.00	2015.06－2018.03	Assurance
Total		340,000,000.00		

ZRC's subsidiary Shandong Zhongrun Group Zibo Real Estate Co., Ltd uses its real estate project in progress to provide mortgage guarantee for the above loan of 0.19 billion Chinese yuan. At the end of the period, the carrying amount of the related asset is 407,706,014.68 yuan. As of 31 December 2015, Shandong Zhongrun Group Zibo Real Estate Co., Ltd has actually borrowed 45,000,000 yuan.

ZRC's subsidiary Vatukoula Gold Mines Plc uses the Zibo New Mart Real Estate projects and the land use rights of Shandong Zhongrun Group Zibo Real Estate Co., Ltd, and ZRC uses 21,000,000 EURO to provide mortgage guarantee for loan of 20,500,000 EURO at the comprehensive rate of 5.75%.

XII. Commitments and contingencies

(I) Significant commitments

As of 31 December 2015, there is no material commitments required to be disclosed by ZRC.

(II) Contingencies

As of 31 December 2015, the contingent liabilities due to providing guarantee are as follows:

In accordance with industry practice, ZRC's subsidiary Shanong Zhongrun Group, Zibo Real Estate ltd. provides provisional guarantee for mortgage loans taken b purchasers of the subsidiary's properties. The term of the provisional guarantee commences on the day the guarantee agreement becoming effective up to the day on which the ownership certificates of the properties purchased by the customers being obtained and the mortgage being registered in favour of the mortgage banks. As of 31 December 2015, the aggregate guarantees provided by the subsidiary amounted to approximately 276,477,000.00 Chinese yuan.

XIII. Post balance sheet events

(I) According to the profit distribution proposal for 2015 passed on the 17th meeting of the eighth board of directors held on 24 April 2015, ZRC decided not to distribute profits and not transfer the capital reserves to equites for 2015.

(II) According to the pre-deployment, the company acquired part of shares controlled by the minority shareholders of the Vatukoula Gold Mines Plc. As of the reporting date of issue, the company required totally 47,774,334 shares, paid investment capital £1,777,205.22.

Excluding the events above, there are no other post-balance sheet events required to be disclosed by ZRC.

XIV. Other significant events

(I) In July 2014, ZRC entered into an agreement with Shandong Jianbang Real Estate Co., Ltd and Shandong Ansheng Asset Management Group Co., Ltd. Because Shandong Ansheng Asset Management Group Co., Ltd acquired 100% equity of Shandong Anbang Taihe industry Co., Ltd, a subsidiary of Shandong Jianbang Real Estate Co. Ltd, it was agreed in the agreement that Shandong Ansheng Asset Management Group Co., Ltd. would assume the liability of Shandong Jianbang Real Estate Co., Ltd to pay ZRC the payment due to transfer of equity and creditor's right in ZRC's former subsidiary Shandong Zhongrun Real Estate Co., Ltd. According to the agreement, Shandong Ansheng Asset Management Group Co., Ltd will pay ZRC no less than 0.1 billion Chinese yuan during 1 Janurary 2015 to 30 June 2015, and all the rest before 30 November 2015.

At 20, November 2015, the company, AXA and Shandong Bangcheng Real Estate Co., Ltd. signed *Agreement* about the payment of a total of 425,300,000 Chinese yuan of remaining equity and debt transfer. AXA agreed to pay 20,000,000 Chinese yuan, and pay off all debts before the 30 September 2016. Shandong Bangcheng Real Estate Co., Ltd unconditionally guaranteed this debt.

As of 31 December 2015, the remains of the debt are399,300,000 Chinese Yuan.

(II) In July 2014, ZRC reached a supplemental agreement with the purchaser Qilu Real Estate Co., Ltd (Party B, hereinafter referred to as "Qilu"), secured parties Shandong Pengcheng Asset management Co., Ltd (Party C, hereinafter referred to as "Pengcheng"), Kunlun Jiangyuan Industry and Trade Co., Ltd (Party D, hereinafter referred to as "Kunlun Jiangyuan"), Shandong Shengji Investment limited liability Company (Party E, hereinafter referred to as "Shandong Shengji"). All parties ensured that as of the date of signing agreement, party B owes ZRC transfer money 229,322,348.69 Chinese yuan. From the date of entry into force of the agreement, party B needs to pay cash 15,000,000 Chinese yuan within sixty days, pay 30,000,000 Chinese yuan before the 20 September, 2015, and pay off all debts before 10 December, 2015. All secured parties provide unconditional joint liability guarantee, simultaneously, provides 100% of party E's equity that are held by Kunlun Jiangyuan as the pledge. Party E voluntarilyprovides joint and several liability guarantee with all its assets to Party B's all payment obligations. Kunlun Jiangyuan has gone through relevant pledge formalities for its holding equity of Shandong Shengji.

As of 31 December 2015, the remains of the debt are 229,322,300 Chinese Yuan.

(III) According to the *Proposal on the company's non-public offering(NPO) plan* passed in the 12th meeting of the eighth board of directors, ZRC intends to issue non-public offering of shares to Shenzhen Nanwu Bei'an Wealth Management Co., Ltd (hereinafter referred to as Nanwu Bei'an Wealth), Changsha Hengjian Equity Investment Partnership (Limited Partnership) (hereinafter referred to as Changsha Hengjian), Zhuhai Hengqin Hongtuo Equity Investment Partnership (Limited Partnership) (hereinafter referred to as Hengqin Hongtuo), Tianshi (Shenzhen) Merges and Acquisitions investment Funds (Limited Partnership) (hereinafter referred to as Tianshi (Shenzhen) Funds), Zhongying Yili Asset management Ltd.- Jingsheng Asset Management Plan (hereinafter referred to as Zhongying Yili – Jingsheng Asset Management Plan), Wenzhou Herui Equity investment partnership (Limited Partnership), Hua'an Weilai Asse Management (Shanghai) Limited company Shenghang No.1 Special Asset Management Plan (hereinafter referred to as Hua'an Asset Shenghang No.1 Special Asset Management Plan), Guojin Dingxing Capital management Ltd – Zhongrun Private Placement Investment Funds (hereinafter referred to as Guojin Dingxing Capital – Zhongrun Private Placement Investment Funds), Ningbo Shanshan Zhengsheng Garment Co., Ltd. (hereinafter referred to as Shanshan Zhengsheng), Berleg Company Limited (hereinafter referred to as Bole Ltd in Chinese) and so on. All issuing objects would purchase the shares of non-public offering in cash

According to the NPO subscription conditional contract signed between ZRC and purchase parties, calculated as the issuing price of 5.9 Chinese yuan/share, the subscriptions of all issuing objects are shown as below:

Number	Issuing objects	Number of Subscription Shares (shares)	Amount of subscription shares (Chinese yuan)
1	Nanwu Bei'an Wealth	610,169,492	3,600,000,002.80

2	Changsha Hengjian	508,474,576	2,999,999,998.40
3	Hengqing Hongtuo	508,474,576	2,999,999,998.40
4	Tianshi (Shenzhen) Capital	508,474,576	2,999,999,998.40
5	Zhongying Yili – Jingsheng Asset Management Plan	508,474,576	2,999,999,998.40
6	Whenzhou Herui	474,576,271	2,799,999,998.90
7	Hua'an Asset Shenghang No.1 Special Asset Management Plan	392,881,356	2,318,000,000.40
8	Guojin Dingxing Capital – Zhongrun Private Placement Investment Funds	369,830,508	2,181,999,997.20
9	Shanshan Zhengsheng	338,983,051	2,000,000,000.90
10	Berleg Company Limited	587,819,793	3,468,136,780.00
	Total	4,808,158,775	28,368,136,773.80

This NPO would generate capital totally less than28,368,136,773.80 Chinese yuan. After deducting the issuance fee, all remaining capital will be used to acquire 100% shares of Tiekuang International (Mongolia) Limited company (hereinafter referred to as Tiekuang International), Mingsheng Limited company (hereinafter referred to as Mingsheng Company), and Mongolia Xinlale Gaote Iron Ore limited company (hereinafter referred to as Xinlale Gaote) (the three companies hereinafter referred to as "target companies"), to pay off target companies' liabilities, expandmining beneficiation projects and supplementworking capital, etc.

Among them, the assets profiles of target companies are below:

Number	Name of target assets	Estimated valuation(Chinese Yuan)	Acquiring price (USD)
1	100% of equity of Tiekuang International	12,958,309,700.00	1,935,000,000.00
2	100% of equity of Mingsheng Company	506,383,900.00	
3	100% of equity of Xinlale Gaote	427,414,700.00	62,000,000.00
	Total	13,892,108,300.00	1,997,000,000.00

After this transaction, Tiekuang International, Mingsheng Company, Xinlale Gaote will be wholly owned subsidiaries of ZRC.

As of the financial report approval date, this NPO has not yet been approved by the China Securities Regulatory Commission.

(IV) Segment information

(1) Standards for determining reporting segments and accounting policies

ZRC determines operating segments based on internal organisation structure, management requirements and the internal reporting system. The operating segment refers to the component meeting all the following conditions.

a. The component can generate income and incur expenses in its daily activities
b. The management can periodically assess the component's operating results to determine the resources to be appropriated to it and value its results
c. The component's accounting information such as financial position, operating results and cash flows can be obtained

ZRC identifies the reportable segments based on business segment. A business segment is determined as a reportable segment when it meets one of the following conditions:

a. The segment's revenue is 10% or more of the total revenue of all segments

b. The segment's profit (loss) is 10% or more the combined result of all segments in profit or the combined result of at I segments in loss, whichever is greater in absolute amount.
c. The segment's assets are 10% or more of the total assets of all segments.

If total external revenue attributable to reportable segments identified using the principles outlined above is less than75% of the total consolidated or entry' revenue, additional segments should be identified as reportable segments according to the following standards until at least 75% of total consolidated or entity revenue is included in reportable segments.

a. The management believes that the information ‹disclosure of the business segment is useful to users of the accounting information
b. One or more other business segments with similar economic features and meeting consolidation conditions for business segments

The accounting policies for ZRC's business segments are the same as those described in Note 4"Accounting Policies and Accounting Estimates Followed" by ZRC.

ZRC determines three reporting segments based on the product and geographical difference. Zibo Real Estate engaging in real estate development, VGML Plc engaging in gold mining outside China, and Sichuan Pingwu engaging in gold mining in China.

(2) Financial information for segment reporting

Unit: 10,000 Chinese yuan

Item	Closing balance/amount occurred in the current period				
	Zibo Real Estate	VGM Plc	Other	Inter-segment elimination	Total
Operating income	107,106.26	31,618.09	58.50		138,782.85
Operating cost	78,293.61	25,558.79	47.54		103,899.94
Total profits	14,961.85	-967.65	-7,166.61	-2,492.26	4,335.33
Income tax expenses	3,754.54				3,754.54
Net profit /-net loss	11,207.31	-967.65	-7,166.61	-2,492.26	580.79
Total assets	130,845.75	59,064.15	434,464.72	-300,339.98	324,034.64
Total liabilities	88,118.14	34,164.25	241,192.69	-193,586.45	169,888.63

XIV. Notes to important items of the parent company's financial statements

Note 1: Other receivables

(1) Disclosure of other receivables by category

Category	31 December 2015				
	Book Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables in significant amounts withseparate provisionsfor bad debts	759,516,602.89	52.09			759,516,602.89
Other receivables with provisions for bad debts made by group	698,485,419.40	47.91	202,613,344.05	29.01	495,872,075.35
GroupI other receivables with provisions for bad debts made byuse of the ageing analysis method	698,485,419.40	47.91	202,613,344.05	29.01	495,872,075.35
Other receivables in insignificant amounts with separateprovisions for bad debts					

Total	1,458,002,022.29	100.00	202,613,344.05	13.90	1,255,388,678.24

Category	31 December 2014				
	Book Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables in significant amounts withseparate provisionsfor bad debts	237,904,411.40	22.22			237,904,411.40
Other receivables with provisions for bad debts made by group	832,570,541.99	77.78	153,956,215.31	18.49	678,614,326.68
GroupI other receivables with provisions for bad debts made byuse of the ageing analysis method	832,570,541.99	77.78	153,956,215.31	18.49	678,614,326.68
Other receivables in insignificant amounts with separateprovisions for bad debts					
Total	1,070,474,953.39	100.00	153,956,215.31	14.38	916,518,738.08

(2) Other receivables in the group with provisions for bad debts made by use of the ageing analysis method

Ageing	Closing balance		
	Other receivables	Provision for bad debts	Percentage (%)
Within 1 year (including 1 year)	16,743,611.86	837,180.59	5.00
1-2 years(including 2 years)			
2-3 years(including 3 years)	399,300,000.00	79,860,000.00	20.00
3-4 years (including 4 years)	229,322,348.69	68,796,704.61	30.00
4-5 years(including 5 years)			
Above 5 years	53,119,458.85	53,119,458.85	100.00
Total	698,485,419.40	202,613,344.05	29.01

(3) Provisions for bad debts made, recovered or reversed during the current period

A provision of 48,657,128.74 yuan is made for bade debts for the current period.

(4) Other receivables written off during the current period

There are no other receivables written off during the current period.

(5) Other receivables classified by nature

Item	31 December 2015	31 December 2014
Amount paid for equity transfer	229,322,348.69	778,622,348.69
Current amounts	69,543,969.20	53,346,969.20
Current accounts with subsidiaries	759,516,602.89	237,904,411.40
Deposits and margins		2,000.00
Employee imprest fund loans	229,857.66	374,168.66
Deposits received or paid on behalf	89,243.85	225,055.44

Money from Credit transfer	399,300,000.00	
Total	1,458,002,022.29	1,070,474,953.39

(6) Top 5 companies owing other receivables as of 31 December 2015

Customer name	Nature of receivable	Amount	Ageing	Percentage of the total Other receivables (%)	Provision for bad debts
Zhongrun Mineral Development Co, Ltd	Current accounts with subsidiaries	731,565,855.44	1-2 years	50.17	
Shandong Ansheng Assets Management Group Ltd	Disposal of subsidiaries	399,300,000.00	2-3 years	27.39	79,860,000.00
Qilu Real Estate Co., Ltd	Disposal of subsidiaries	229,322,348.69	3-4 years	15.73	68,796,704.61
Shanghai Xuxin Import and Export Co. Ltd	Current accounts	30,000,000.00	Over 5 years	2.06	30,000,000.00
Shandong Zhongrun Group, Zibo Real Estate Co., Ltd	Current accounts with subsidiaries	27,950,747.45	Within 1 year	1.92	
Total		1,418,138,951.58		97.27	178,656,704.61

Note 2: Long-term equity investments

(1) Breakdown

Item	31 December 2015			31 December 2014		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Investment in subsidiaries	613,623,797.01		613,623,797.01	613,623,797.01		613,623,797.01
Investments in joint venture or associates						
Total	613,623,797.01		613,623,797.01	613,623,797.01		613,623,797.01

(2) Investments in subsidiaries

Investee	31 December 2014	Increase in the current period	Decrease in the current period	31 December 2015	Provision for impairment in the current period	Closing balance of provision for impairment
Shandong Zhongrun Group, Zibo Real Estate Co. Ltd.	113,623,797.01			113,623,797.01		
Zhongrun Mineral Development Co., Ltd	500,000,000.00			500,000,000.00		
Total	613,623,797.01			613,623,797.01		

Note 3: Investment income

(1) Investment income breakdown

Item	2015	2014
Investment income of long-term equity accounted for by use of the costing method		
Investment income from disposal of long-term equity investment		-11,795.00
Total		-11,795.00

XIV. Supplementary information

(I) Breakdown of the non-recurrent profit and loss for the current period

Item	2015	Notes
Profits or losses from disposal of non-current assets	-579,737.63	
Tax refunding, reduction and exemption not officially approved or approved beyond authority		
Government subsidies recorded in the profit and loss of current period (excluding the governmentsubsidies that are closely related to ZRC business and arc rationed in accordance with the national unified standards)		
Fund using expenses collected from non-financial enterprises and recorded in the current profit and loss		
Earnings generatedwhen the investment cost for acquiring a subsidiary, associated enterprise orcooperative enterprise is lower than the due fair value of identifiable net assets of the invested		
Losses from exchange of non-monetary assets		
Profit or loss from assets that are entrusted to others to invest or manage		
Asset impairment provisions made due to force majeure such as natural disasters		
Profit and loss from debt restructuring		
Corporate reconstructing expenses such as staff resettlement costs and integration costs		
Profit or loss due to the difference between obviously unfair price and fair value		
Net profit or loss in the current period of subsidiaries resulting from combination of subsidiaries undercommon control from the beginning of period to combination date		
Profit or loss due to contingenciesirrelativewith normal operating business		
Profit or loss from the changes in fair values of financial assets and liabilities held for trading, andinvestment income from disposal of financial assets and liabilities held for trading and available-for-salefinancial assets, except the effective hedging business related tothe normal operating business of ZRC		
Reversal on impairment provision of account payable for which the impairment test is done separately		
Profit or loss from loans entrusted to external parties		
Profit or loss from changes in fair value of investment real estate for which the subsequent measurementadopts the fair value method		
Effect on the current profit arid loss due to adjusting the current profit and loss on a lump-sum basis inaccordance with tax or accounting laws and regulations		
Income of trustee fee for entrusted operation		
Other non-operating incomes and expenses	376,884.09	
Other profit or loss items falling in the definition scope of non-recurrentprofit or loss		
Influence on the equitiesof minority shareholders	214,760.77	
Influence of income tax	-126,386.62	
Net non-recurrent profit or loss attributable to common stockholders	-114,479.39	

(II) Return on equity and earnings per share

Profit for the reporting period	Weighted average return-on-equity ratio (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders	1.41	0.02	0.02

Net profit attributable to common shareholders after deduction of non-recurrent profit or loss	1.42	0.02	0.02

(III) Supplementary information on changes of accounting policies

Analysis of items that changed over 30%, and occupy 5% (including 5%) of total assets or 10% of total profits (including 10%) in the current accounting period.

Items	31 December 2015	31 December 2014	Variance (%)	Note
Other receivables	1,073,847,919.87	709,744,844.01	51.30	Mainly caused by paying deposit to Hong Kong Houtak Investments Limited
Inventories	994,575,163.23	1,438,521,912.22	-30.86	Mainly because in this accounting period, ZRC's subsidiary Zibo Zhongrun has relatively more commercial residential building that are in line with the recognition of revenue, and thereby carried over more operating costs
Accounts payables	216,485,129.88	313,500,753.12	-30.95	In this period ZRC paid more accounts payables from the last period
Advance payments	554,832,660.10	1,042,480,976.64	-46.85	Mainly because in this accounting period, ZRC's subsidiary Zibo Zhongrun has relatively more commercial residential building that are in line with the recognition of revenue, thereby recognised more revenue
Other payables	626,614,116.60	128,870,379.44	386.24	Mainly caused by the increase of payable to Natural person Mr. Ankang
Operating income	1,387,828,476.86	357,155,267.25	288.58	Mainly caused by the dramatic increase of sales of commercial residential building
Operating costs	1,038,999,364.36	377,825,839.48	174.99	Mainly caused by the dramatic increase of costs of commercial residential building
Business tax and surcharges	118,473,836.28	14,155,723.02	736.93	Mainly caused by the dramatic increase of sales of commercial residential building
Financial costs	-15,981,752.67	10,852,543.63	-247.26	Mainly caused by the dramatic increase of the amount of foreign exchange gains
Income tax expense	37,545,423.85	-2,698,811.66	-1,491.18	Mainly because ZRC’s subsidiary Zibo Zhongrun has higher income tax expense, and the reduction ofearlier accumulated losses led to the increase of referred income tax
Sales of goods and services received in cash	888,270,246.40	579,790,629.42	53.21	Mainly caused by the dramatic increase of sales of commercial residential building in the subsidiary Zibo Zhongrun
Other received cash relevant with other operating activities	512,870,833.57	78,817,999.36	550.70	Mainly caused by the increase of payable to Natural person Mr. Ankang
Other paid cash relevant to operating activities	654,368,293.24	95,869,984.14	582.56	Mainly caused by paying deposit to Hong Kong Houtak Investments Limited
Net cash from disposal of subsidiary and other operating companies	150,000,000.00	287,003,281.61	-47.74	Mainlycaused by the dramatic decrease of revenue from disposal of subsidiary in the last period

Section 11 List of Supporting Documents Available for Reference

1 the financial statements with the signatures and seals of the company’s legal representative and the person in charge of accounting department of ZRC
2 The original copy of the audit report with the seal of the CPA firm and with the signatures and seals of the certified public accounts
3 The original copies of all the documents and announcements of ZRC publicly disclosed in the newspapers designated by China Securities Regulatory Commission during the reporting period

Zhongrun Resources Investment Corporation (ZRC)
Legal Representative：Li Mingji
24 April 2016