



中國罕王控股有限公司

CHINA HANKING HOLDINGS LIMITED

罕王
HANKING

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03788



STEP INTO THE GREEN SIDE OF LIFE

Environmental, Social &
Governance Report

2015





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Chairman's Statement

In 2015, global mining market underwent a deep contraction to hit bottom due to the sluggish growth in demand for minerals in major economies, US dollar's entry into an interest rate hike cycle and the continuous decline in prices of bulk minerals. Under the unfavourable market conditions, Hanking's operating income decreased significantly and Hanking incurred the first loss ever since its listing. However, the strategy of "limited diversification" implemented by the Group began to have effect. The development and operation of gold mine offset part of the adverse impact on the Group due to the decline in iron ore price. The Group made great progress in gold operations in Australia. The gold business of the Group, recorded a revenue of RMB292,532 thousand and realized a net gain RMB50,276 thousand, becoming the biggest highlight of the Company in 2015. With the operation of and benefit from gold business, Hanking expanded from pure "iron ore" operation to multi-mineral operation of "gold, iron ore and nickel".

During the year of 2015, the Group further expanded its gold mine operation team to meet the needs of growth and development of gold business. By developing an open-pit mine (Connishman) and cooperatively developing an underground-mining mine (Nevoria), the Group produced its first gold pour in February 2015 and commenced commercial production in August, achieving an annual output of 58,887 ounces of gold. The Group also completed a feasibility study on Axehandle Gold Mine and Cornishman North Stope, and commenced infrastructural stripping in October. In addition, the Group successfully implemented gold price hedging, reducing the risk associate with gold production management as affected by the gold fluctuations.

In 2015, the iron ore business of the Group maintained a growth momentum, with an output of iron ore concentrates exceeding 2 million tons for the first time. As for iron ore business, the Group focused on the technological transformation of Maogong Processing Plant which has an annual ore processing capacity of 3 million tones, promoting a year-on-year increase of 70.34% in terms of output at Maogong Mine and becoming the main source of the increased output of iron ore concentrates. By virtue of the technological transformation

in the past, Aoni Mine's output continued to reach a new high, its output of iron ore concentrates amounting to 1.092 million tons, representing a year-on-year increase of 7.16%. During the transformation of processing plant, Maogong Mine proceeded to implement the construction plan of underground mining projects and its ore mining capacity was further enhanced, promoting the balance of mining and processing capability of Maogong Processing Plant to achieve the goal of building the second modern mine of Hanking iron ore business with an output of over "1 million tons".

Since the law prohibiting raw ore export promulgated by the Indonesia government took effect, focus of the Group's nickel ore project in Indonesia shifted to the planning and fund raising for the construction of smelting project. The Group conducted extensive discussion and consultation with a number of institutional investors and corporate entities and identified certain intention of cooperation on some projects related to electricity, etc. In addition, in 2015, the

Group completed the geological survey related work for a planned blast-furnace plant and the hydrographic survey related work for sea area where a planned jetty is located at Mine BSM, as well as the survey and demarcation work for forest rights at Mine BSM and the application for IUP for limestone mine in Central Sulawesi.





Mr. Yang Jiye
Chairman of the Board



Chairman's Statement

It is well known that the creation of investment value in mining industry is not only the need of Hanking for survival and development, but also the common aspiration of community and a wide range of stakeholders. The stakeholders at least include shareholders, employees, customers, governments, communities and business partners, etc. Effective communication with all stakeholders is a basic guarantee to ensure that all important information about the Company's operations to be delivered to all interested parties in a timely, legitimate and objective manner. The Investor Relations Department of the Company is the main channel of external communication, and the management's roadshow is also an effective way to communicate. In addition, the execution team's communication with local communities and governments is also important. In order to carry out effective communication, the Group has developed comprehensive modes and guidelines of communication, while establishing a regular and irregular communication mechanism to ensure close contact with all stakeholders related to its corporate social responsibility, with an aim to seek understanding and support. The Group has formulated implementation plans and approaches in respect of different units which will fulfill social responsibilities, and periodically evaluated the effectiveness by performance assessment. In addition, by holding various joint meetings, the Group discussed and reviewed the actual effect of safety and environmental protection related work (such as stakeholders' satisfaction, social integrity, etc.) and established smooth communication channels for resolving issues related to safety, environmental protection, health and community in operations of all levels, so as to evaluate the effect of fulfilment of social responsibility and room for improvement, with an aim to find a new breakthrough for improving future work.

In order to fulfill the long-term development plan and make continuous contribution to the society, the Group continued to improve a comprehensive value system to drive the sustainable development of the enterprise. The Group takes energy conservation, emission reduction, recycling economy and green development into account throughout the processes of corporate investment activities, business processes, production operation and administrative management, and treats it as the new competitiveness and the efficiency growth point of the enterprise. The Group has established the HSEC (health, safety, environmental protection and community) Committee for the macro planning of the Group's fulfilment of social responsibility and the supervision of the fulfilment of major responsibility, and continued to improve the organizational structure and system of safety, environmental protection, health and community management.

A highly recognized corporate responsibility culture is the prerequisite for fulfilling social responsibilities as well as the basis for the value perception that is consistent and interlinked among the Board, management, all employees and numerous stakeholders. The Group's operation has expanded from the PRC to Australia and Indonesia, from pure iron ore operation to multi-mineral operation of iron ore, gold ore and nickel ore. The diversification of minerals put forward higher requirements for the Group's safety and environmental protection related work. Geographical diversification promoted the Group to leap forward in respect of the philosophy of safety and environmental protection. Through various means including structure adjustment and training, the Group strengthened the international awareness and concept of fulfilling social responsibility by production staff and the management and continued to inspire all employees to voluntarily execute and fulfill all the targets set by the Group in term of social responsibility. As regards the development of projects and utilization of resources, the Group guided and fulfilled its social responsibility based on local law and code in respect of safety and environmental protection. Through innovation in management and technology, the Group upgraded its organizational structure and system of safety, environmental protection, health and community management, promoting harmony and mutual prosperity



between the Company and shareholders, employees, customers, communities, the public and government and other stakeholders, striving to make the Company an international mining group characterized by strong sense of responsibility, wide recognition and eco-development.

The Group continued to be committed to maintaining relatively high standards of corporate governance, tried to maintain transparency and openness to shareholders and market, and held periodic Board meetings, general meetings and extraordinary general meetings. In 2015, the Group increased the scope and content of voluntary announcements, notified the society and market of its major strategic adjustments, progress in business cooperation and major operating results in a timely manner, and improved the labour and social security system for employees. In order to further strengthen the trust between the Group and the government, the Group increased the communication and expanded the scope thereof. By setting up “work coordination groups” in some villages where its mines are located and establishing a co-working mechanism between mines and village committees, the Group resolved claims from villagers and dissolved village-enterprise contradictions in a timely and efficient manner, so as to promote the harmonious and steady development of mines. The ultimate goal of all these efforts is to develop the Group into an international enterprise which meets the shareholders’ satisfaction, is favoured by employees and is recognized by the society.

Accidents involving production safety and environmental protection occur frequently in mining industry, the requirements for and challenges of production safety and environmental protection of which are higher than many other industries. With the operation of gold mine, the Group’s production and operation had entered into an internationalized mining stage. Thus, the Group has to comply with all environmental protection laws and regulations of the PRC and other countries where its mines are located. It has become the Group’s usual requirements to keep enhancing its management on production safety and environmental protection, so as to ensure the achievement of various safety and environmental objectives. In 2015, by signing of production safety responsibilities commitments, the top leader of each mine of the Group has become the first person responsible for safety management, and the safety and environmental awareness of front-line production team of each mine has been further strengthened, promoting the implementation of mine safety production responsibility by every manager and all employees. In 2015, all mines maintained good records of safety and environmental protection. Except for one person died in an accident happened in the operation of gold business, no other malignant accidents involving production safety or environmental protection happened in the Group. As regards environmental protection and construction of green mines, the Group has done a lot of specific work, such as the completion of mine reclamation and afforestation projects for 297.02 mu of forestland and design work of the closure of two tailing ponds. While making efforts in well dealing with the village-enterprise relationship and government-corporate relationship, the Group was also actively involved in various welfare activities of the communities, and continued to carry out “warmth-sending” activities to rural householders in hardship, initiatively rendering affordable assistance for vulnerable groups of the communities.



As an important part of corporate social responsibility, the Group attaches great importance to operation compliance, good faith cooperation, cultural integration, employee care, as well as charity and public welfare, and, as a corporate citizen, continuously expands the breadth and depth of social responsibility fulfillment. On the basis of mid- to long-term planning and fulfillment, we will continue to improve the social responsibility working system, strengthen the responsibility governance and responsibility integration, continue with our pioneering innovations and strive for the maximum of the integrated value of economy, society and environment. We will continue to uphold the tenet of “Safe Mines, Harmonious Mines, Green Mines” and make unremitting efforts to protect our homeland of the “Beautiful Earth”.



Foreword

About this report

This report is prepared in accordance with Appendix 27 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”) – “Environmental, Social and Governance Reporting Guide”. This report mainly summarizes the performance of China Hanking Holdings Limited (the “**Company**”) in respect of corporate social responsibility in 2015, covering the gold business, iron ore business and nickel business owned by the Group.

The wordings used in this report having the same meaning as defined in the “Annual Report 2015” of the Company, should be read in conjunction with the “Annual Report 2015” of the Company. This report shall be published both in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. If you have any doubts or suggestions regarding the content of this report, please contact us by phone or email or regular mail. Our contact details are as follows:



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Overview

Corporate introduction

The Company was incorporated in the Cayman Islands on 2 August 2010, and was listed on the Hong Kong Stock Exchange on 30 September 2011, stock code: 03788.

The Group is an international mining company with three major business segments (i.e. gold business, iron ore business and nickel business). It is engaged in the exploration, mining, processing, smelting and selling of mineral resources located in the Australia, the PRC and Indonesia. Upholding the core value of “people-oriented and business integrity” and adhering to the tenet of “safe mine, harmonious mine and green mine”, the Group actively performs the enterprises’ social responsibilities.

Gold Business

The Company operates the SXO Gold Project, which owns 237 exploration rights and has sound production, transportation and infrastructure facilities. It’s own processing plant has annual processing capacity of 2.4 million tons. In 2015, the SXO Gold Project officially commenced. As of 31 December 2015, the amount of gold produced from the SXO Gold Project accumulated to 58,887 ounces, and the profit amount recorded RMB50,276,000. In 2016, the Company plans to use the existing infrastructure facilities more effectively by integrating surrounding mines, so as to further expand the productivity of gold business.

Iron Ore Business

The iron ore business operates in the Anshan-Benxi iron ore belt of Liaoning Province of China. The Company operates five iron ore mines, namely Aoni Mine, Maogong Mine, Benxi Mine, Xingzhou Mine and Shangma Mine respectively through its five subsidiaries including Aoni Mining, Maogong Mining, Benxi Mining, Xingzhou Mining and Fushun Shangma. The Company engages in iron ore exploring, mining, processing and selling, and produces iron ore concentrates at an average grade of 69%. The overall annual iron ore processing capacity of our iron ore business could reach 10 million tons. In 2015, the production of iron ore concentrates amount to 2,035 thousand tons, representing a year on year increase of 7.07%. The sales amount to 2,022 thousand tons, representing a year on year increase of 4.23%.



Overview

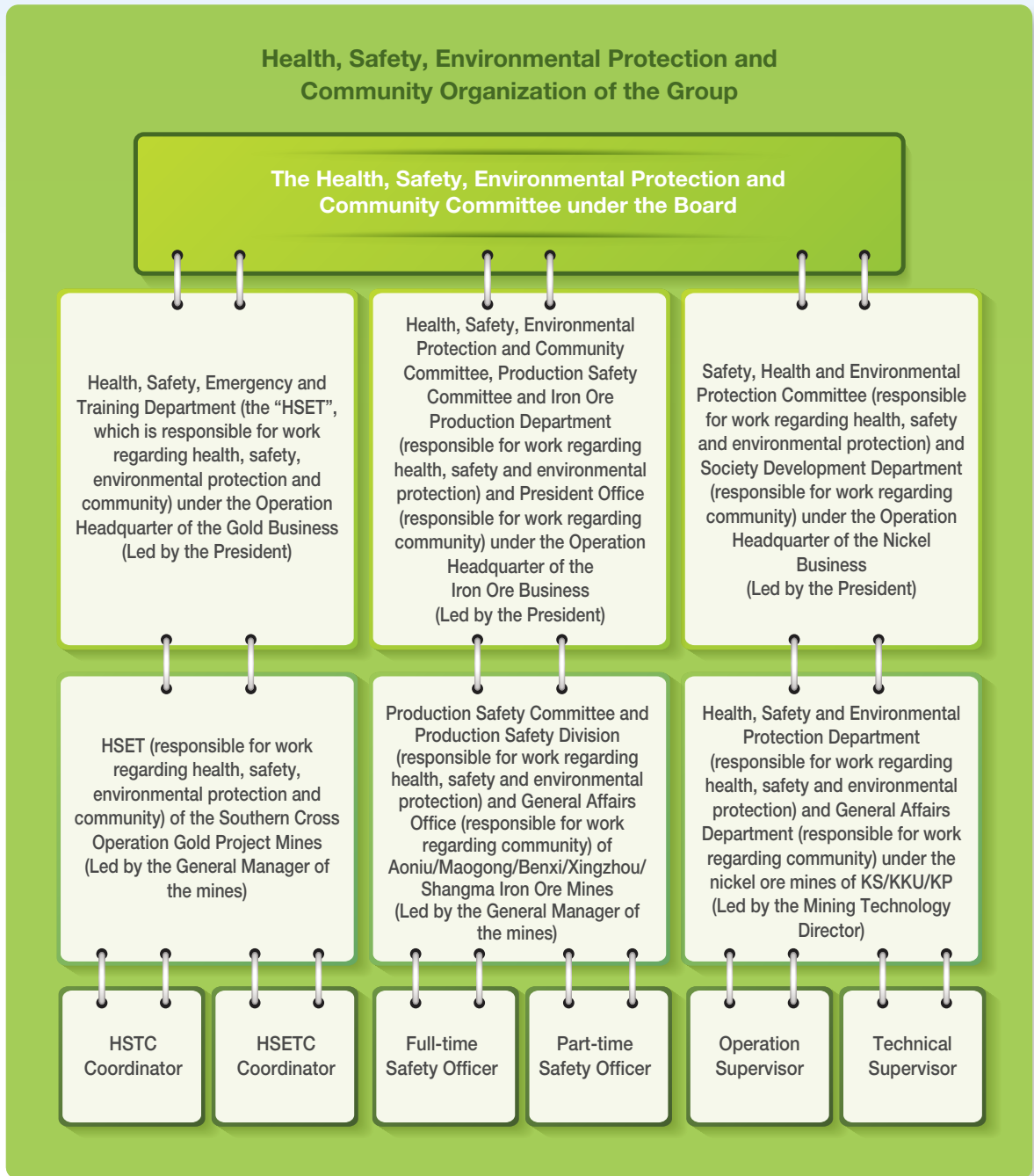
Nickel Business

The Company operates a laterite nickel mine located in North Konawe Regency, South East Sulawesi Province, Indonesia through three project companies (i.e. KKU, KS and KP), the nickel business of the Company has a JORC Code-compliant resource of 350,925,000 tons of laterite nickel ore resources at the cut-off nickel grade of 1%, laterite nickel resources with nickel grade lower than 1% and iron grade higher than 45% (i.e. resources with high Fe and low Ni) amounted to 90,540,000 tons. Affected by the raw mine export prohibition policy promulgated by the Indonesia government, the production of relevant mines was suspended in 2015.

Health, Safety, Environmental Protection and Community Organization of the Group

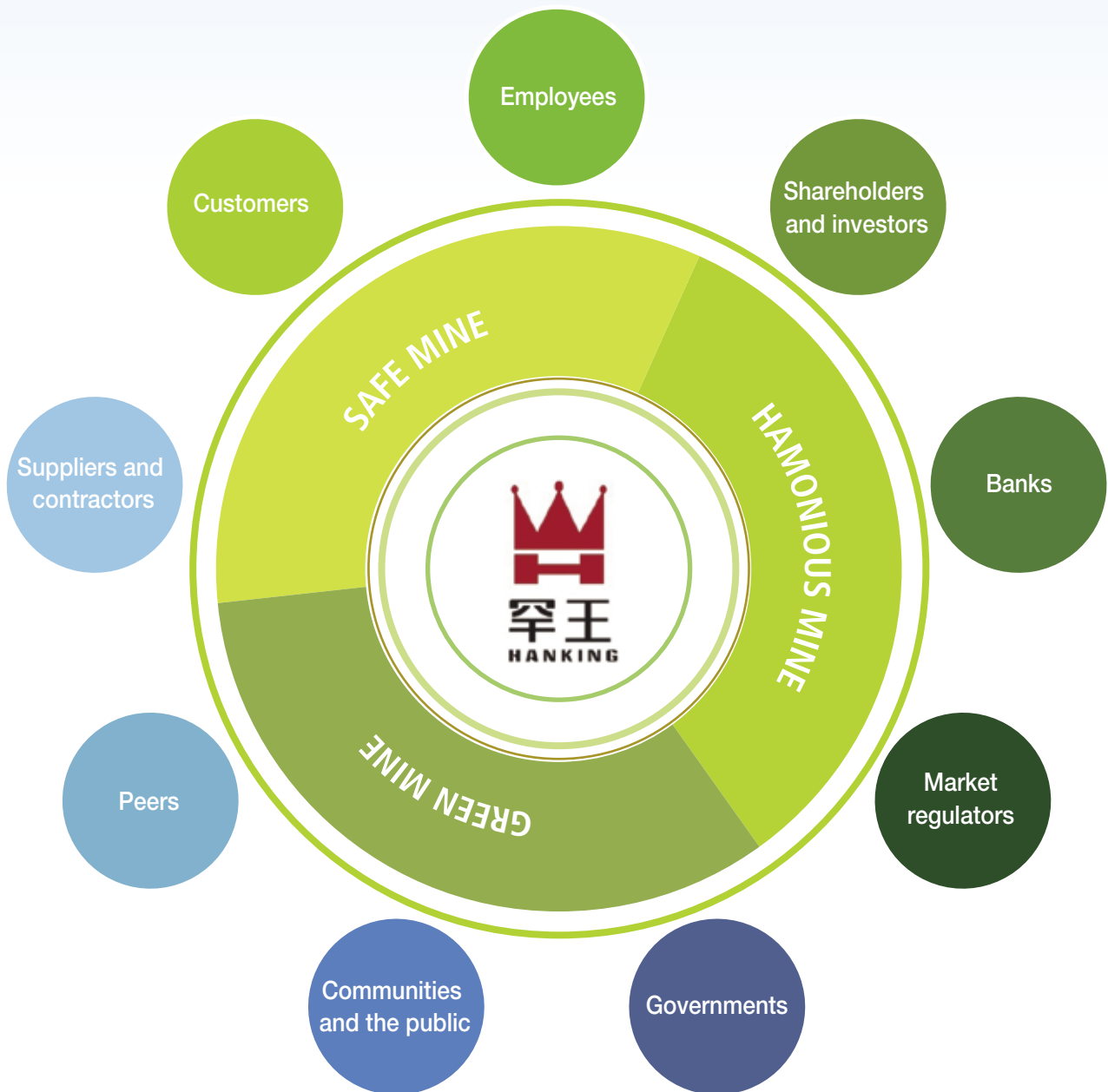
The Group has set up the multi-level health, safety, environmental protection and community organization from the Board of the Company to the production workshops at each mine. The Health, Safety, Environmental Protection and Community Committee under the Board is responsible for leading the works regarding health, safety, environmental protection and community across the Group, including establishing dedicated management organizations under the operation headquarters of gold, iron ore and nickel businesses to manage issues regarding health, safety, environmental protection and community within each business segment, and establishing relevant enforcement organizations and appointing designated staff for each mine and their respective production workshops to enforce and supervise the implementation of relevant policies. While the Company guide and supervise mines. In 2015, the health, safety, environmental protection and community organizations of each business segment were further improved, forming an organization featured with definite responsibilities, strict implementation and effective supervision.





Stakeholders' Involvement

The Company is committed to creating a win-win community for all parties, with an aim to promote the harmony and mutual prosperity between the Company and the associated organizations and individuals including investors, employees, customers, suppliers, communities, the public and governments (referred to as the **"Stakeholders"**), thereby achieving the maximum of social integrated benefits (including the maximum of enterprise earnings). Therefore, various channels are offered to the Stakeholders for participating in the operation of the Company, as well as understanding and supervising our operation conditions.



In 2015, guided by the tenet of “safe mine, green mine and harmonious mine”, the Group made great efforts to build itself into a new modernized mining enterprise featured with harmony, cooperation, development, health, safety, environmental protection, compliance and responsibility, committed to becoming an excellent enterprise which is satisfied by shareholders, favored by employees and recognized by society.

The Company's Stakeholders' Involvement in 2015			
Stakeholders	Main goals and focuses	Ways and channels of communication and involvement	The Company's actions
Shareholders and investors	To maintain steady operation, gain profits, protect shareholders' interests and ensure information disclosure is true, accurate and timely.	General meetings, investor information sessions and on-site visits, roadshows, information disclosure (including financial statements) and company contact details.	Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing 32 announcements/circulars and three periodic reports in total in the year. Carried out different forms of investor activities with an aim to improve investors' recognition. Held results briefing once. Disclosed company contact details on website and in reports and ensured all communication channels available and effective.
Customers	To assure product quality and quantity and maintain long-term and stable cooperation.	Regular visits and daily communication.	Established laboratory, strengthened quality management to ensure stable production and smooth transportation, and entered into long-term strategic cooperation agreements.
Governments	To operate and pay taxes according to law, ensure production safety and fulfill social responsibilities.	On-site inspections and checks, research and discussion through work conferences, work reports preparation and submission for approval.	Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation (e.g. accepted 29 on-site inspections throughout the year), and actively undertook social responsibilities.



Stakeholders' Involvement

The Company's Stakeholders' Involvement in 2015			
Stakeholders	Main goals and focuses	Ways and channels of communication and involvement	The Company's actions
Employees	To protect their basic rights, offer reasonable welfare and remuneration, provide healthy working environment and development space, ensure occupational health and safety and help to realize their self-value.	Labor unions, communication channels between employees and the management, suggestion boxes, employees' activities, training and learning activities.	Provided a healthy and safe working environment; developed a fair mechanism for promotion; established labor unions at all levels to provide communication platforms for employees; cared for employees by helping those in need and organizing employee activities; established "Hanking Mining Institute" with an aim to build a learning-oriented enterprise.
Communities and the public	To create jobs, promote community development, protect ecological environment and provide compensation and assistance.	Exchange visits between villagers and the Company, co-sponsored community activities, charitable assistance, volunteer service and community building activities.	Gave priority to local people seeking jobs from the Company so as to promote community building and development; built roads, protected the communities' ecological environment, and provided timely compensation and assistance; provided volunteer service, kept communication channels open between the Company and the communities and villagers, co-sponsored community activities to promote the building up of harmonious communities.
Suppliers and contractors	Invited tenders publicly to maintain long-term and stable cooperation and ensure timely payment.	Tenders meeting, fairs and daily communication.	Invited tenders publicly to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.
Banks	To repay loans on schedule, monitor operating conditions and risks and operate with honesty and credibility.	Work conferences, on-site visits, post-loan tracking and daily communication.	Repaid loans with interests on schedule by instalment, cooperative to the banks' review and supervision on loans.





The Company's Stakeholders' Involvement in 2015			
Stakeholders	Main goals and focuses	Ways and channels of communication and involvement	The Company's actions
Peers	To stick to fair play, cooperate to develop, share technologies and experiences and promote development of the industry.	Seminars, exchange visits, negotiations and meetings within industry organizations.	Stuck to fair play, cooperated with peers to realize win-win, shared experiences and attended about a dozen of seminars of the industry so as to promote sustainable development of the industry.
Market regulators	To comply with regulatory requirements, ensure compliant operation and timely information disclosure and reporting.	Consulting, information disclosure, reporting and filing.	Complied with regulatory requirements in a strict manner, disclosed and reported true information in a timely and accurate manner according to law.

Minutes of Stakeholders Activities for 2015

1. Shareholders and Investors

In 2015, the Company carried out a series of investor relationship activities to enhance the communication between the Company and investors, mainly include the followings:

In March 2015, the Company held the "2014 Annual Results Presentations" in Hong Kong;

In May 2015, the Company organized Hong Kong securities analysts and investors to visit the SXO Gold Project site.



Stakeholders' Involvement

2. Customers

The Company is located in close proximity to its key customers, which allows it to connect with customers closely through everyday communications in various forms like phone calls, emails, on-site exchanges and visits. In the meantime, our iron ore business has established dedicated offices in the plant area of its key customers to facilitate direct and instant communications with them, which is beneficial to our stable co-operations for the long run.

3. Governments

In 2015, the Department of Mineral and Petroleum of Western Australia did 12 times of on-site inspection for the safety in production, medical treatment and rescue and other work of the companies and mines engaging in gold business, all of such work met the demand of the governmental departments. The governmental department also negotiated with the chairman of the Board, chief executive officer and president of Hanking Gold in relation to above matters.

In 2015, our iron ore business accepted 17 times of inspection, examination and research from Chinese governmental departments in terms of safety in production, tailing pond security, compliance management, land reclamation, flood prevention, technological improvement and other respects. After the examination and research, the Company actively implemented the opinions given by the governmental departments and reported the results for feedback.

4. Employee Appeal

In 2015, the appeals raised by the employees and staff association of the Group were well settled through active communication with employees in relation to remuneration packages, holidays, working and living environment, health and safety security, training and economic assistance and other aspects.

5. Communities and the public

Please refer to the section headed "Community Involvement" of this report.

6. Banks/financial institutions

In 2015, the Group held 39 business meetings with a total of 37 representatives from 13 banks and financial institutions, which had carried out 22 site visits to the mines. The Company actively cooperated with the banks and financial institutions in performing follow-ups on the loans by replying their questions promptly and providing information and data as required.



7. Industry peers

In 2015, the Company actively attended various meetings within the mining industry to reinforce its communications with peers, share its experience, gain insights into industrial dynamics and trends, drive the sustainable development of the industry and promote the Company, and invite industry peers to visit the Company. The major exchange activities are set out in the table below:

Exchange activities between the Company and Industry Peers in 2015

Item	Date	Industry exchange organization	Description
1	12 to 16 January 2015	Seven persons from a famous domestic mine group visited to Jakarta, Kendari and mines	Investigated the resource allocation, construction and mining situation of mines.
2	3 to 5 February 2015	China Iron Ore Conference 2015 sponsored by Metal Bulletin	Dr. Pan Guocheng attended it on behalf of the Company, made a speech and also analyzed industry development trend.
3	28 February to 4 March 2015	Annual Summit of Prospectors and Developers Association of Canada (“PDAC”) and the short period of training of “frequently asked questions in the mine reserve estimation and economic evaluation of projects” before the summit	The Company communicated with several mine companies attended in relation to corporate development and mine exploration and development methods, and discussed current mine products market.
4	9 March 2015	The “Breakfast Forum on the International Women Day of 2015” held by Australian Embassy	Ms. Yang Min, was invited by Ms. Frances Adamson (孫芳安), the Australian Ambassador to attend the Breakfast Forum on the International Women Day of 2015 held by Australian Embassy. Ms. Yang Min introduced the Company’s successful investment in Australia to Ms. Frances Adamson, and Ms. Frances Adamson expressed welcome to the Company for the investment in SXO Gold Project.
5	11 to 14 March 2015	Seven persons from a famous domestic mine group visited Jakarta, Kendari and mines	Investigated the resource allocation, construction and mining situation of mines.
6	23 to 27 March 2015	The Annual Mines and Money (Hong Kong) Conference and Exhibition	Dr. Pan Guocheng attended it on behalf of the Company, made a speech and also analyzed industry development trend.



Stakeholders' Involvement

Item	Date	Industry exchange organization	Description
7	12 April 2015	Research council of "going global" held by All-China Federation of Industry and Commerce	Mr. Huang Rong, the vice-president of All-China Federation of Industry and Commerce, led a research team to launch a research council of "going global". Ms. Yang Min introduced the operation of our laterite nickel mine project in Indonesia and SXO Gold Project in Australia. The research team highly appreciated the results of our "going global" strategy and asked the problems and difficulties for details.
8	17 to 19 April 2015	The 11th Steel Development Strategy and Supply and Demand Conference	Dr. Pan Guocheng attended on behalf of the Company, made a speech and also analyzed industry development trend.
9	21 April 2015	"2015 Annual Summit of China Green Companies" sponsored by China Entrepreneur Club	Ms. Yang Min was invited to participate in the summit and share thoughts. Participants discussed various hot issues in economic field including "internet+", enterprise transformation and reform, new energy reform, investment outlook, the coming 30 years of China.
10	9 September 2015	Award ceremony of the "Meritorious Enterprises and Persons for Offshore Resources Development Strategy of China Nonferrous Metals Industry" supported by China Nonferrous Metals Industry Association and sponsored by China Nonferrous Metals Magazine Agency	Ms. Yang Min was awarded the "Meritorious Persons Award for Offshore Resources Development Strategy of China Nonferrous Metals Industry". The guests made an extensive communication focusing on offshore resources development, risk prevention and control, culture integration, digital mines.
11	10 to 11 September 2015	Visit the China ENFI Engineering Corporation	Ms. Yang Min led a team to China ENFI Engineering Corporation for exchange. Parties intensively discussed the comprehensive development and utilization of Indonesia laterite nickel resources.
12	13 September 2015	China Competitive Industries Development Forum	Ms. Yang Min was invited to participate in the forum and discussed with industry enterprises in relation to the hot issue of effective combination of industry development and investment and financing to support enterprises of China, etc.



Item	Date	Industry exchange organization	Description
13	19 to 22 September 2015	2015 (the 6th session) China-ASEAN Mining Cooperation Forum	Dr. Pan Guocheng attended it on behalf of the Company, made a speech and also analyzed industry development trend.
14	22 October 2015	Conference for Risk Management in Iron Ore Mine Industry of Liaoning in 2015 (《2015遼寧鐵礦行業風險管理研討會》) sponsored by Yingda Futures Co., Ltd. and Liaoning Mine Enterprises Chamber of Commerce (遼寧省礦業企業商會)	Future traders owning Australia mine and domestic mine business background, investment bank financing consultants of leading securities trader and representatives of enterprises engaging in iron ore mining and trading in Liaoning were invited to participate in a small-scale and enclosed practical discussion. Ms. Yang Min was invited to take part in the conference.
15	20 to 23 October 2015	International Mine Conference of China	Dr. Pan Guocheng attended on behalf of the Company, made a speech and also analyzed industry development trend.
16	November 2015	Organized several benchmark-oriented visits of the mines of Beijing Huaxia Jianlong Mining Technology Co., Ltd (“Jianlong”) and return visits in relation to Jianlong	Focused on communication and benchmarking ¹ in terms of techno-economic indicators for iron ore mining and processing work.

8. Market Regulatory Authority

In 2015, the Hong Kong Stock Exchange totally made nine letters and three guidance letters to all listed companies in Hong Kong, but did not separately issue the Company any written letter.

The SFC issued prompt letter in relation to the Codes on Takeovers, Mergers and Share Buy-backs to listed companies in Hong Kong on 25 June 2015.

Save for the above, the Company did not receive any other opinion or letter in relation to the Company from the Hong Kong Stock Exchange.

¹ Benchmarking means comparison and contrast of techno-economic indicators.



Workplace Quality

Health and safety

Upholding the tenet of “Safe Mine”, the Group attaches great importance to occupational health and safety. The Group has set up dedicated organizations with specialized personnel, and has developed relevant systems and operating procedures. Through continuous fund investment, technology upgrading and implementation of supervision and appraisals, the Group spared no efforts to enhance safety awareness, so as to ensure health and safety production.

In 2015, one fatal accident happened. The Group endeavoured to enhance management and control over safety and healthy risk. The accident rate keeping at a reasonable level.

Breakdown of accidents incurred by the Group			
Production Safety Indicator	Accidents	Description	Lost days
Pollution accidents	2	Salty water leakage and mineral processing waste leakage respectively happened once in the gold business. The accidents have been already reported to the authorities in charge of environmental legislation. According to the result of detection, influence to the environment caused by the accidents is negligible.	–
Fire accidents	2	Trucks and equipment of the ore transport contractor in the gold business were on fire, which damaged the ore provision plan of the Company of that day.	–
Minor injuries	53	53 accidents such as slight electric shock, slight burns, finger cut and joint sprain occurred in the gold business without lost days.	–
	1	1 staff was slightly injured with the left ankle fractured due to careless operation in iron ore business.	90
Serious injuries	3	3 staffs were seriously injured in the gold business, who respectively inhaled too much smoke, sprained the left ankle and had a backache during the process of production. All of them were treated in time and sent to the hospital for treatment.	12
Deaths	1	A truck of the gold mining contractor encountered an overturn accident in Cornishman Gold Mine open mining area, which caused death of a staff of the contractor.	220

Note: The accident data in the table was calculated according to the standard of local government, and applied the applicable security test standard of Australia to the gold business.

The Group has adopted the following occupational health and safety measures as well as the relevant implementation and monitoring approaches, so as to maintain a healthy and safe working environment.



Dedicated organization and personnel

The health and safety working organizations at all levels of the Group from the Board to the production workshops at each mine are responsible for the implementation and monitoring of health and safety work, constituting a multi-level health and safety management system and organizational structure as well as a comprehensive fleet of competent personnel. Please refer to the organizational chart on page 9 of this report for details.

Systems and procedures

The Group has developed and strictly implemented several health and production safety management systems, position responsibility systems and operating procedures, so as to institutionalize health and safety management, standardize operating procedures and clarify responsibilities. In 2015, the Company further revised and perfected the original health and production safety management systems and operating procedures, so as to comply with the existing regulations and production practice.

The Group implements occupational health system by providing physical examination for employees every year, especially occupational diseases examination for those exposed to dust, toxic and hazardous materials, and monitoring the occupational health at workplace, so as to provide a scientific basis for the proper prevention and treatment of occupational diseases. Some mines have engaged on-site doctors, while mines without on-site doctors maintain constant touch with local hospitals to ensure timely treatment for injured or sick employees. The Group implements the “three simultaneous” system for occupational health in a construction project (i.e. the occupational diseases prevention facilities in a construction project must be designed, constructed and put into use simultaneously with the main project).

The Company implements “6S Management Provisions” by regularly cleaning and reorganizing offices, workshops and living areas, and prohibiting smoking and drinking liquor in the above areas, with an aim to maintain a clean, tidy, smoke-free, non-toxic, non-hazardous, healthy and safe working environment.

Awareness

In order to enhance the employees’ health and safety awareness, the Group organizes trainings every year, holds regular safety work meetings, reminds employees of safety before work every day, promotes safety activities month and safety lectures, organizes safety knowledge contests and operation skill competition of major jobs, and sets up safe and healthy work bulletin, safety warning signs, banners and slogans, etc. The employees are trained to be aware of “four do not hurt”: do not hurt others, do not hurt themselves, do not be hurt by others and protect others from being hurt.

Our rates of “three-levels” safety education training for newly-recruited employees and all employees, attendance with special operation certificate, implementation of safety instructions and rectification of accident risks have reached 100%.

For the gold business, the Group has conducted induction training and occupational safety training to the contractor’s employees as well as short-term contract employees.

In 2015, 1,465 employees have received safety education in iron ore business (internal training), and 108 safety managers and 69 employees for special operation were trained with corresponding courses. Among which, 4 and 9 safety managers in head office attended the initial and review session respectively; In Aoni Mine, 10 and 25 specialized operators attended the initial and review sessions respectively, 11 and 31 safety managers attended the initial and review sessions respectively; In Maogong Mine, there was 1 and 24 safety managers attended the initial and review sessions respectively, with 4 and 3 specialized operators taking the initial and review sessions respectively. In Fushun Shangma, there was 1 and 5 safety managers attended the initial and review sessions respectively, with 1 and 1 specialized operator taking the initial and review sessions respectively. In Benxi Mine, there were 14 and 11 specialized operators attended the initial and review sessions respectively and 5 and



Workplace Quality

5 safety managers attended the initial and review sessions respectively; and Xingzhou Mine provided safety management training to 12 employees. A safety knowledge training was held in the workshop of Aoniui Mine on 10 March 2015, and approximately 70 employees involved in management and construction of the contractor working in the project department of Aoniui Mine have participated in. Such trainings intensified the professional safety education and imbedded safety awareness into the mind of employees.

Technical measures

The Group protects the employees' health and safety through the adoption of effective technologies, measures, equipments and other means.

The Group provides labor protection appliances like safety helmet, safety shoes, reflective vest, protective goggles, earplugs, mask, gas mask, uniform for special purpose and acid-proof gloves, etc. to the staff, and appointed safety officer to supervise and check the using and wearing of such labor protection appliances. The Group also equips fire-fighting equipment in flammable sites, and constructs security fences along the roads for ore transportation to prevent accidents.

For the gold business, all vehicles in the gold ore mine have a first aid kit for emergency treatment in case of occurrence of accidents. In addition, all employees use wireless interphone in the whole mining area so as to avoid potential dangers.

For the iron ore business, 50 solar street lamps are set in the open mining area of the fifth mining area of Aoniui Mine, which have saved energy and further increased the safety of the roads in the mining area.

The "Six Major Systems" for underground operation safety and refuge in respect of the phase two underground mining project of Aoniui Mine, Benxi Mine and Shangma Mine have been developed and put into use. The "Six Major Systems" can monitor and supervise the underground mining environment, locate and communicate with underground personnel, and, in combination with other refuge and self-help systems, can assist underground personnel in safety, refuge and self-rescue issues, so as to protect their health and safety.



Standardized Enterprise to Implement the Construction of National Class A Production Safety in Subsidiaries

According to the requirements of the document [2014] No. 2 issued by Fushun County Safety Production Inspection and Management Bureau, the processing plant of Maogong Mine participated in implementing the Construction of National Class A Production Safety standardized Enterprise, at the same time, it has signed a class-A standardization consulting contract in September 2014. Later, in October of the same year, Maogong Mine commenced the preparation for class-A standardization.

Based on the standardization grade criterion, Maogong Mine conducted the preparation work from 11 aspects, including safe production guarantee, risk management, safety training, control on risk of procedure changing, mechanical and electrical safety management, on-site safety management, occupational health management, safety check, emergency management, accident investigation and analysis and performance assessment.

Currently, the processing plant of Maogong Mine has invested RMB50,000 for class-A standardization and has finished basic data collection work. In next step, the plant will apply the management system into workshop of the processing plant. It is estimated that the evaluation of class-A standardization of the processing plant will be completed in 2016.

Thematic Activities in the Month of Production Safety

The Group consciously implemented the activity of “Month of Production Safety” in June 2015 with a theme of “Strengthening Safety Rule of Laws and Ensuring Production Safety”. By placing display boards, posting up banners, organizing employees to watch related videos, holding safety training, safety knowledge contests and identifying hidden dangers, the Group has formed a dense safety cultural atmosphere inside.

On 22 May 2015, taking the opportunity of the Month of Safety and class-A safety standardization, the senior engineer of Beijing General Research Institute of Mining and Metallurgy was invited to provide training and new “Production Safety Law” lecture on the Work Safety for the staff representatives of Maogong Mine as regard to the class-A safety standardization, and over 100 employees participated in the training.



In order to improve safety awareness, safety knowledge and safety management level of all employees and so as to standardize the safety behaviors of employees, a safety knowledge contest of 2015 was held on 18 June 2015 by Aoni Mine, regarding the laws and regulations related to safety production, occupational safety and health management, regulations of safety operation and emergency rescue, etc.

On 31 July 2015, Aoni Mine held anti-terrorism and anti-riot for security personnel, and more than 30 security personnel of it participated in the training. After one hour of training and practice of anti-terrorism and anti-explosion knowledge, safety personnel have benefited a lot.



Workplace Quality



Supervision and Assessment

The Group develops and implements a number of supervision, inspection and assessment systems, conducts regular and unscheduled inspections and assessments, including quarterly, monthly, weekly, daily, occasional and mutual safety inspections, so as to timely detect and effectively rectify all kinds of safety risks. The Group keeps controlling major hazards such as explosives magazines, oil storage and tailing ponds, monitors safety information of all locations of mines (including mining yards, processing plants, workshops, sedimentation tanks, waste dumps, topsoil, etc.), and performs safety oversight over contractors. 1,820 safety inspections have been conducted regarding iron ore business throughout the year. Work safety department conduct inspection quarterly, production safety division conduct inspection

monthly and workshops conduct inspection for 4 times every month. 60 safety inspections have been conducted regarding nickel business throughout the year. As to gold business, such inspection is done once a month. In addition to self-examinations and checks, the Company actively cooperates with government authorities in health and safety inspections, and regularly reports to the government. All workshops actively ratified safety risks, which were subject to review by safety inspectors, achieving a rate of safety risk ratification and safety instruction implementation of 100%.

The Group continues to carry out strict safety production responsibility assessment. The Group has implemented the “one-vote veto safety system”. The effectiveness of safety production is linked to individual economic benefits, promotion and appraisals, and the Group strictly implements the provisions of reward and punishment. In 2015, the Group has paid RMB600,544 for the safety assessment reward (the rate of thousands injured was lowest in the history). A fine of RMB24,900 for the iron ore business imposed against behaviors violating the safety regulations, of which included a fine of RMB12,700 imposed on the contractors and a fine of AUD25,000 against behaviors violating the safety regulations for the gold business imposed on the contractors.

Fund Insurance

The Group ensures the fund investment in health and safety and sets aside safety measure fees exclusively for health and safety protection purpose. In 2015, the iron ore business use RMB27,565,228.67, the nickel business use IDR27,600,000, while the gold business use AUD5,000,000 for safety protection and environment protection.

Emergency response drill

In 2015, the Group organized emergency response drill in accordance with the relevant regulations. The gold business held two emergency response drills, and the iron ore business held seven emergency response drills.

On 29 September 2015, seven members in the day shift of the Gold Mine Processing Plant participated in the impact practice by light vehicles to the liquefied petroleum gas storage facilities.

On 10 July 2015, Nevoria Mine held the impact practice for underground loaders and light vehicles, with four ERT (Emergency Response and Rescue Training) members in the underground day shift attended.



On 2 June 2015, Aoni Mine practiced an emergency rescue for roof fall and rib spalling in the pit of Aoni Mine, with attendance of Fushun City Safety Production Inspection and Management Bureau (“**Fushun City Safety Supervision Bureau**”), Fushun County Party Committee, Fushun County Government and related departments. The accident of roof falling was assumed to be happened in the mining area 205, footrill 320 and transverse drift 132 at the underground workshop of Aoni Mine, causing 3 drillmen to get stuck. The practice was divided into 3 parts, namely accident reporting, emergency rescue and evaluation and conclusion. The practice has further improved the capability of employees working in the mine to deal with sudden accidents.

Working environment

Adhering to the philosophy of “human oriented”, the Group is committed to providing a favorable working environment for employees to protect their health and safety. The Company also encourages the employees to exert their creativity and potential and to align personal development with enterprise growth, so as to promote mutual development between individual employee and the enterprise.

Equal opportunity

The Group provides equal opportunities for employees in all aspects with a view to create a fair and non-discriminatory working environment. Female employees are equally entitled to any opportunities as male employees, and shall not lose their jobs or deserve a pay cut due to maternity. Nobody should be discriminated in term of recruitment and career development due to their religion and race. Furthermore, the Company has adopted a policy, whereby employees shall abstain from any matter relating to their family relatives, with an aim to create a fair competition environment and to avoid negative impacts of nepotism so as to maintain impartiality of management.

Diversity

With the diversified development of our business, the Group recruited employees with diversified backgrounds. The table below presents the distribution of our employees by nationality or region:

Distribution of our employees by nationality or region in 2015				
Nationality or region of employees	Number of employees	Percentage of total workforce	Loss of employees	Turnover rate
Mainland China	1,660	90.36%	133	6.90%
Hong Kong, China	1	0.05%	0	0%
Australia	112	6.10%	18	0.93%
Indonesia	62	3.38%	11	0.57%
Other countries or regions	2	0.11%	0	0%
Total	1,837	100%	162	8.40%

Note: turnover rate = loss of employees (i.e. the number of regular employees voluntarily resigned) ÷ annual average workforce of the Company (1,928)



Workplace Quality

Recruitment

The Group attracts talents in accordance with the principles of openness, equality, competition and competitive selection. As of 31 December 2015, the Group had a total of 1,837 employees, and all of the positions are assumed by “occupational and professional” persons.

Breakdown of employees of the Group in 2015 (by employment category)

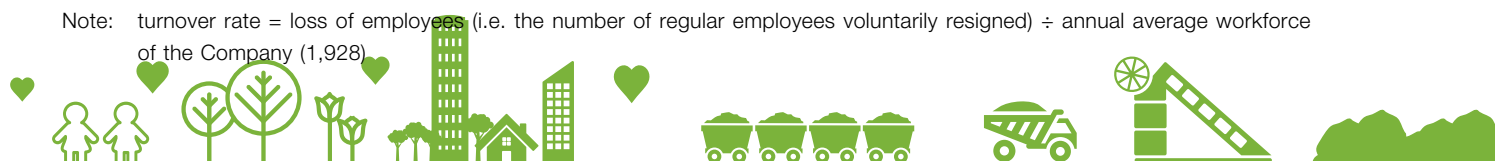
Employment category	Number of employees at the end of the year	Percentage of total workforce at the end of the year	Loss of employees	Turnover rate
Functional management	164	8.93%	32	1.66%
Mining production	380	20.69%	74	3.84%
Processing production	803	43.71%	10	0.52%
Smelting production	2	0.11%	1	0.05%
Others	488	26.57%	45	2.33%
Total	1,837	100%	162	8.40%

Note: turnover rate = loss of employees (i.e. the number of regular employees voluntarily resigned) ÷ annual average workforce of the Company (1,928)

Breakdown of employees of the Group by gender and age in 2015

Gender and age	Number of employees at the end of the year	Percentage of total workforce at the end of the year	Loss of employees	Turnover rate
Male				
30 and under	328	17.86%	36	1.87%
31-40	425	23.14%	40	2.07%
41-50	488	26.57%	41	2.13%
51 and above	369	20.09%	23	1.19%
Sub-total	1,610	87.64%	140	7.26%
Female				
30 and under	46	2.50%	6	0.31%
31-40	81	4.41%	5	0.26%
41-50	91	4.95%	10	0.52%
51 and above	9	0.49%	1	0.05%
Sub-total	227	12.36%	22	1.14%
Total	1,837	100%	162	8.40%

Note: turnover rate = loss of employees (i.e. the number of regular employees voluntarily resigned) ÷ annual average workforce of the Company (1,928)



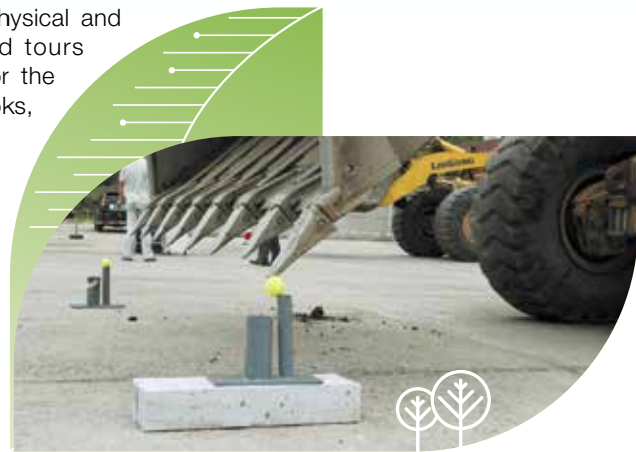


Remuneration and benefits

The remunerations of senior management in the gold business comprise basic salary and annual bonus while general staff receive fixed salary. The remunerations of employees in the iron ore business comprise expected post-based salary (basic salary and performance-linked salary) and reward (variable bonus and reward/punishment amounts); the remunerations of middle and top level employees in the nickel business comprise basic salary, monthly performance-linked salary and annual bonus while general staff receive fixed salary. The Company adjusts such remunerations in accordance with the operational results, the value of employee positions, individual capability and performance, the level of social development and other factors. The Company pays social insurances as well as providing food, accommodation (non-local employees), transportation and communication subsidies for the employees. In 2015, the total remuneration and benefit paid to the employees of the Group amounted to approximately RMB154,581,000.

In order to enrich the employees' leisure life and enhance their physical and mental health, the Group organizes physical examinations and tours every year and held various cultural, sports and social activities for the employees. The Company also has staff recreation rooms with books, entertainment and fitness facilities, etc.

In 2015, the Group continued to promote corporate culture with a view to enhance the employees' sense of the corporate mission and the acknowledgement of the operation philosophy of the Company. The Company enhanced internal communication by organizing various cultural and sports activities, advocating frontline training, developing micro-class and other innovative trainings. Meanwhile, the Company also held exchange activities among internal trainers ("**Internal Trainers**") and for Hanking Mining Online Education Institute, which enriched the cultural and sports life of the extensive employees, enhanced the cohesion effects of the Company to the employees and broadened the communication channels between management at different levels and front-line employees.



In October 2015, the six-month competition for the third "Hanking Cup" Workers Skill Competition was successfully concluded, with Wang Honggang (王洪剛), Liu Shuai (劉帥) and Wang Shuai (王帥) from Aoni Mine won the "Skill Master" title in the Electrician Competition, Forklift Competition (鏟車比賽) and Wheels Competition (小車比賽) respectively, and a number of employees from Aoni Mine, Maogong Mine and Shangma Mine was awarded the title of "Skill Expert" and "Outstanding Player". As compared with previous competitions, this skill competition is longer, bigger and has more participants. Through continuous holding of worker skill competition, employees are encouraged to constantly improve their theory knowledge and professional skills, which could further build the brand of Hanking Engineer.

Time	Contents	Organizer
April	Forklift Competition	Organized by Aoni Mine
May	Wheels Driver Competition	Organized by Aoni Mining
August	Electrician Competition	Organized by Aoni Mine
October	Big Dumper Driver Competition	Organized by Maogong Mine



Workplace Quality

Promotion and dismissal

The Group provides equal promotion opportunities for the employees. The Company has set up paths of promotion for all positions. Combined with the requirements of each position and capabilities of each employee, the Company offers a platform for the ambitious, competent and hardworking employees to demonstrate their talents and make their dreams come true.

The Company realizes the importance of talents to the development of an enterprise, and exerts every effort to retain core talents. The iron ore business arranged meetings between the president and the cadre employees on a regular basis, to discuss their career development and planning as well as problems at work, with an aim to prevent loss of the cadre employees.

In 2015, the turnover rate of our employees was 8.4%.

Working hours and holidays

The Group recognizes that a proper balance between work and rest helps employees to realize their full potential. The Company strictly complies with the provisions regarding working hours and holidays under the law of the places where each business operates. The administrative departments at the headquarters of the Company adopt a five-day week working pattern with eight working hours a day. The production departments at each mine work in shifts with consideration of the actual production conditions. The Company provides personal leave, sick leave, marriage leave, compassionate leave, maternity leave, work injury leave, home leave and paid annual leave for the convenience of the employees to balance their work and life.

IT application

Against the backdrop of internationalization and IT application, the Group is committed to realize office informatization through developing IT. The Company is equipped with its own information center, websites and information system. The Company provides the employees with computers and mobile devices, and installs information-based devices in major working premises, production process and equipment to achieve timely, accurate and effective management over production and operation and enhance work efficiency through the network.

In 2015, by refining its IT application strategy into developing standardized, digitized, process-based and systematic mines, the Group continued to strengthen the mine digitized construction and used modern software technology to improve three dimensional modeling of reserve trend, woodland and land management, pit condition and processing plant monitoring as well as integrating the monitoring system. Meanwhile, the Group further upgraded the internal network management information system for office operation so as to strengthen information sharing and circulation. Looking ahead, focusing on the established IT application strategy target, the Group will gradually build information and resources sharing platform within the Group with a view to enhancing the overall efficiency.

The Company uses office automation software Hanking OA, which is a system for daily operation and management provide to the management and employees. It is frequently used as an essential core application system. It enhanced the working efficiency and decreased the office expenditure, and also effectively built a paperless office mode.



Development and Training

The Company understands that the improvement of the overall quality and professional skills of all staff not only means the improvement of the staff's ability, but also the enhancement of the Group's overall competitiveness. The Group pays much attention to the employees' development and training, and has developed and implemented the training management system, training system and process in respect of its employees, with an aim to promote the improvement of both employees and the Company.

E-Learning system of Hanking Network College

In 2015, the employees of the Group could have access to the E-Learning system of Hanking Network College for appropriate training courses. Details on trainings received by the staff of the iron ore business through E-Learning system of Hanking Network College are set out in the table below:

Name/type of courses	Brief of course content	Cumulative training hours	Cumulative number of participants	Percentage of cumulative number of participants to total workforce
Compulsory courses	Technology, management and general type	171	35	2.06%

Hanking Mining Institute

"Hanking Mining Institute" was established on 10 November 2014 and welcomed its first course on 10 February 2015. Although "Hanking Mining Institute" is a virtual body, it has specific organization and functions. Staff with extensive experience in specific areas act as internal trainers, while other employees accept trainings as students, which not only helps the internal trainers in experience summing-up and self-learning, but also promotes the in-house exchange of knowledge and experience, thus driving company-wide learning. Though the trainers of "Hanking Mining Institute" are acted by our full-time employees, it is able to provide practical help in learning as those trainers have extensive practice.

The yearly progress and works of "Hanking Mining Institute" in 2015:

1. *The training contents of internal trainers:*

The Company has initiated the construction of an "internal trainer team" in order to support the implementation of the Company's strategies and human resources development plan, develop and utilize the in-house intellectual resources, pass on management and technical experience, disseminate the enterprise culture of Hanking Mining, create an atmosphere of knowledge sharing, further improve the training system, as well as provide staff with a platform to practice and develop. Iron ore business has developed internal trainers system and built a team of internal trainers. With 17 formal internal trainers and 4 candidates for internal trainers, the team can provide courses regarding management, technical skills, legal affairs and production at present. All internal trainers are selected from the Group's key employees and



Workplace Quality

divided into junior, intermediate, senior and honorary internal trainers based on their training capabilities. The Group conducts assessment, training and evaluation on the internal trainers to grant promotion and incentives, and encourages them to improve their capabilities and provide training.

No.	Training courses	Name of internal trainer	Level of internal trainer	Level of training	Training hours/class	Number of participants	Total training hours (hours)
1	"Three simultaneous" of safety and environmental protection and safety management of tailing ponds	Liao Bin	Junior	Level I	2	16	32
2	Beginning education for new employees	Zhao Dan	Junior	Level I	4	19	76
3	Training skills of internal trainer	Zhang Yu	Junior	Level II	3	14	42
4	Training for laboratory technicians	Quality Inspection Department	Junior	Level III	3	3	9
5	Training for processing techniques	Song Xiuquan	Junior	Level II	1	30	30
6	Daily behavior and etiquette	Zhao Dan	Junior	Level II	1	30	30
7	Underground mining technology	Li Zhaomin	Junior	Level II	2	10	20
8	Legal case analysis	Zhou Shijin	Junior	Level I	2	27	54
Total					18	149	293

2. Micro-class of Mining Institute

In order to develop training model, help students grasp related knowledge by using fragment time, display their talent, broaden their vision, and provide a stage for their anneal and growth, Hanking Mining Institute has organized six micro-classes in 2015 with total class hours of 3.58 hours, 73 admissions and 43.3 class hours.

No.	Class name	Date	Teacher	Class hour	Number of participants	Total training class hours
1	Skills for pen calligraphy	29 May	Kang Kai	0.5	9	4.5
2	Skills for playing badminton	18 June	Zhu Xinlong	0.58	10	5.8
3	VLOOKUP and classification and summarization	30 June	Deng Lili	0.5	10	5
4	Making wind chime	10 July	Cao Bing	0.5	14	7
5	Sinology class	13 August	Feng Yanzhe	1	12	12
6	Making Chinese knot	20 August	Zhao Jing	0.5	18	9
Total				3.58	73	43.3

In 2015, the Group provided its employees with a variety of targeted trainings.



Details on trainings provided to the employees at the headquarters of the Company are set out in the two tables below:

Trainings for employees at the headquarters of the Company in 2015 (by training content)							
Name/type of trainings	Training content	Internal/external trainings	Cumulative training hours	Cumulative number of trainings	Cumulative number of participants	Percentage of cumulative number of participants to the average of the total workforce	Whether or not subject to assessment and assessment results
Induction training	Beginning Education	Internal	76	1	19	10.56%	No
Professional safety education	"three-levels" safety education training and safe operation practices	Internal	32	1	16	8.89%	Yes
Professional skills	Operation skills for each type of worker	Internal	340	10	210	116.67%	No
General management	Financial and administrative management	Internal	576	9	250	138.89%	No
Overall quality	Behavior decencies management and 6S management	Internal	68	3	62	34.44%	No
Total			1,092	24	557	309.44%	

Note: the average of the total workforce at the headquarters was 180 in 2015.

Breakdown on trainings for employees at the headquarters of the Company in 2015 (by employee category)			
Employee category	Number of employees trained	Average training hours	Percentage of participants to the average of the total workforce
Senior management	5	2.0	2.78%
Middle management	33	3.58	18.83%
General staff	519	1.86	288.33%
Total	557	1.96	309.44%



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Details on trainings provided by the gold business of the Group are set out in the two tables below:

Trainings provided by the gold business in 2015 (by training content)					
Name/type of courses	Name/type of courses	Course content	Cumulative training hours	Cumulative number of participants	Percentage of cumulative of participants to the average of the total workforce
Induction training	Onsite induction	Safety Knowledge onsite	165	112	100%
Professional safety education	Emergency response	Underground mine rescue	416	20	17.86%
Induction training	First aid course	Emergency treatment given to someone injured until full medical treatment is available	792	112	100%
Professional safety education	Area induction	How to use dangerous chemical during the work; i.e. Cyanide	122	61	54.46%
Professional skills	Medical course	Medical treatment when there is an emergency	40	1	0.89%
Professional skills	Certificate iii: upgrade medical course	Medical treatment when there is an emergency	16	2	1.79%
Professional safety education	High voltage course	For electricians who needs to work with high voltage	40	1	0.89%
Professional safety education	Confined space course	For people who need to work with tanks, vessels, silos, storage bins, hoppers pits etc.	272	5	4.46%
Total			1,863	314	280.35%

Note: 1. induction trainings are also provided to employees of contractors and short-term contract workers;
2. the average number of employees for the gold business was 112 in 2015.

Breakdown on trainings provided by the gold business in 2015 (by employee category)			
Employee category	Number of employees trained	Average training hours	Percentage of participants to the average of the workforce
Senior management	2	3	1.79%
Middle management	8	5	7.14%
General staff	102	82	91.07%
Total	112	90	100%



Details on trainings provided by the iron ore business of the Group are set out in the two tables below:

Trainings provided by the iron ore business in 2015 (by training content)							
Name/type of trainings (exclude E-Learning training)	Training content	Internal/ external trainings	Cumulative training hours	Cumulative number of trainings	Cumulative number of participants	Percentage of cumulative number of participants to total workforce	Whether or not subject to assessment and assessment results
Induction training	Beginning education	Internal	25	7	22	1.43%	No
Professional safety education	"three-levels" safety education and safe operation practices	Internal	34	6	32	2.08%	Yes
Professional skills	Operation skills for each type of worker	Internal	1,256	28	446	29.0%	No
Professional skills	Open mining technology	Internal	80	4	76	4.94%	No
Total		Internal	1,395	45	576	37.45%	

Note: the average number of the employees for the iron ore business was 1,538 in 2015.

Breakdown on trainings provided by the iron ore business in 2015 (by employee category)			
Employee category	Number of employees trained	Average training hours	Percentage of participants
Senior management	6	1.33	0.39%
Middle management	101	0.47	6.57%
General staff	469	2.86	30.49%
Total	576	2.42	37.45%

Note: excluding trainings provided by E-learning system of Hanking Network College

In 2015, there is no human and business training for the nickel business.

Labor Standards

The Group strictly complies with the labor standards of the places where each business operates and prohibits the recruitment and use of child or forced labor, so as to protect the health and safety of our employees. The Group has never recruited or used child or forced labor.



Environmental Protection

Upholding the tenet of “green mines”, the Group takes the environmental protection and restoration measures and has made great efforts in reducing the impact of production and operations on the environment by recycling and conserving energy and reducing emissions, striving to build “environment-friendly” mines.

Environment and natural resources

The Group has made great efforts in promoting the construction of the mine environment, strives to build modernized ecological mines, and aims to achieve the targets of energy conservation and emission reduction as well as cleaner production and mitigate impacts of production activities on environment by ways of recycling and technology upgrade. Report on environmental impact assessment is prepared for each operating project which will not commence until such report is reviewed and passed by professional experts, so as to minimize the impact of the operating project on the environment.

To carry out mining activities, the Group needs to occupy part of the land, but after the mining is completed, the Group will restore the land and vegetation through land reclamation and revegetation measures. The Group’s mining activities also consume a lot of mineral resources. Therefore, the Group tries to reduce the consumption of mineral resources by improving the rates of resource utilization, extraction and recovery. Meanwhile, the Group keeps discovering new mineral resources through exploration activities, resulting in an increase of our mineral reserves.

The Group complies with all environmental protection laws and regulations of each location where the Group operates, takes necessary environmental protection measures, fulfills the responsibility of restoration of mine environment, and prepares and implements the plans for protecting, restoring and treating the mine environment. The restoration of the geological environment at the mine sites goes well. No major geological disasters have occurred in recent years.

Revegetation and reclamation

In order to mitigate the damage of stripping activities to land surface, the gold business clearly defines in which area the vegetation will be removed to prevent unnecessary removals, and takes necessary measures to reduce the impact on rare plants.

As required by the government, the iron ore business carries out the construction of “green mountain project”, all mines takes the measure of revegetation and planting trees around the area of plants. By the end of 2015, the area of forest land reclamation had reached approximately 297.02 mu. The mining methods of some mines were transformed from surface mining to underground mining, which reduced the waste rock, and significantly reduced the ecological harm like land occupation, environment pollution, water and soil erosion and plants destruction caused by tailing and waste rock piling. We restored some vegetation in big waste rock dump of Maogong Mine, and gradually restored the ecological environment of mining area, which is crucial to protecting the ecological environment of mining area. In 2015, Aoniu Mine completed land reclamation and revegetation with an area of approximately 21.8 mu, planted 4,105 locusts and 5,331 sea-buckthorns; Maogong Mine completed land reclamation and revegetation with an area of approximately 73.77 mu, planted 70,000 locusts and 6,000 pines; and Shangma Mine completed land reclamation and revegetation with an area of approximately 201.45 mu, planted 119,400 locusts.



The geological environment treatment project resolved the environmental and geological problems of the mines, improved and restored the ecological condition as well as recovered the use value of the land, which in turn improved the living environment for the local residents. Remedy was made to the damaged mine body through backfill and slope protection to ensure slope stability and eliminate potential geological hazard. Site preparation and reclamation were conducted to restore the basic function of the land. Revegetation was carried out to restore the ecological function of the mines, so as to improve the ecological condition of the mines.

Fushun Hanking Forest Farm Limited, a subsidiary of the Group, is responsible for the revegetation and reclamation of the iron ore business as well as the integrated development and utilization of idle forest and land. It has established nurseries and farms at the mine, nurtures seedlings for reclamation, plants green organic vegetables and breeds livestock.

In KKU camp of Nickel business, it has nurtured over 2,000 seedlings and more than 100 of which has been transplanted.

Environment monitoring, management, investigation, assessment and report

The Group regularly monitors the water quality, air quality and noises in mines, and strengthens the monitoring, investigation, assessment and reporting on the ecosystem of the production operation zones, in order to prevent any environmental accident.

1. Gold Business

In 2015, supervisory activities to water quality and air quality and noise controlling conducted under the requirement of local laws and regulations in the gold business are as follows:

- Treating each supervisory requirement as an inspection point, carrying out continuous inspection to the quality of underground water, discharge volume, the quality of discharged water and water level of processing plant. Professional institution was engaged to test the quality of the sampled water and record the result, the test results showed that it was completely compliant with regulations.
- An intermediary was engaged to inspect the operation as required by local laws and regulations, and who has finished the report and supplemental report of some occupations involving noise in June and September of 2015. The gold business will formulate resolutions for noise controlling according to the reports.
- Regular dust inspection to the production area was carried out in accordance with corresponding standard and practice of Australian. During the process of operation, the gold business regularly inspect the inhalable dust at processing plants and mining plants, and it took 480 samples in over 10 months to ensure the adequate inspection of air quality. In addition, sprinkling trucks and sprinklers are applied to control dust in mining plants and processing plants.

2. Iron Ore Business

In 2015, environmental protection authorities did several inspections to the quality of water in mines under production, and the results show that the quality is complied with the relevant laws and regulations. The iron ore business engaged external professional institution to do air and noise monitoring in mining plants and processing plants, and after the taking of corresponding measures, each indicator has been preserved to comply with the requirements of laws and regulations.



Environmental Protection

Emergency plans for unexpected environmental accidents

The Group has formulated emergency plans for unexpected environmental accidents. In case any environmental accident happens, immediate actions can be taken in accordance with the plans, and the Company can immediately report the nature of the accident, investigate and analyze the cause of accident, propose and implement remedial measures, and assess its effectiveness and impacts on the environment with an aim to prevent any environmental accident and the expansion of negative impact.

Use of resources

For mining companies, mineral resources are their foundation to survive and thrive. The Group values and encourages thrifty and efficient use of resources, while preventing waste of resources by enhancing its effort in recycling.

Use of mineral resources

Mining and processing of mineral resources are the Group's core businesses. The Group strives to improve the recovery rate and the extraction rate of useful metal contained in the ores to reduce consumption of mineral resources, while offsetting such consumption by increasing its mineral reserve.

Improvement of the extraction rate and recovery rate

The ore extraction rate of gold business is improved by increasing the density of drilling of high-grade ores and reducing the loss of ores. By using the methods of carbon-in-pulp (CIP) and gravity concentration, the processing recovery rate could reach above 90%, which would maximally realize efficient utilization of resources.

The iron ore business minimizes the mining loss rate and dilution rate and maximizes the processing recovery rate by optimizing its mining methods and processing techniques, strengthening the management of on-site operations, and establishing strict technical standards for mining and processing in light of the actual conditions of each mine. Especially, Aoni Mine and Maogong Mine adopted high-pressure grinding roll technique, which obviously improved the recovery rate of processing plants and also reduced power consumption.

1. *Breakthrough in improvement of innovative processing technologies*

Processing Plant of Benxi Mine and the Second Processing Plant of Aoni Mine are old plants of the Group, they are still using traditional technologies and equipment, among which the critical classifiers are outdated, and there are some reversed enrichment existing in classifying operation. It is difficult to realize distribution and adjustment of the load of ball grinding in the first and second section. By analyzing the investigation results of some procedures, we found that the ore granularity of each plant were relatively small, and there were some mechanical inclusions in concentrates, cycling load was too heavy and with low grinding efficiency, thus the processing plants still have much potential to develop. In April of 2015, taking into account of the actual condition of each plant and the result of processing test, and in combination with the current market condition, the Group made a improvement resolution, which replaced the old spiral classifier with undersize sieve and added column magnetic separator operation. We combined the new processing concept with the traditional process and equipment, and realized the reduction of processing cost, improving processing efficiency and increase the quantity and quality of concentrates. After the improvement, the production capability increased by 10% and concentrate grade reached 69%, with more flexible production.



2. Procedure optimization of the First Processing Plant of Aoni Mine

The workshops of the First Processing Plant of Aoni Mine adopted advanced processing procedures, equipped with reasonable equipments, and with high production efficiency, stable production indicator and high-quality concentrate. However, in the second section, the grade after sieving is relatively high, thus the magnetite separation column of the second section has redundant function. After the removing of magnetite separation column of the first section and undersized sieve of the second section, it improved the ore granularity, shortened the processing procedure, improved the efficiency, reduced investment and cost, while the producing capability of grinding system increased by 10% but unit grinding cost reduced by 10%.

3. Technology Improvement Project of the Processing Plant of Maogong Mine

In order to improve the concentrate grade and processing efficiency, reduce cost and increase production, Maogong Mine conducted technology improvement for processing plant during the period from January to June of 2015. By adopting the technological measures such as removing hydrocyclone, and adding selected wash mill (magnetite separation column), concentrated magnetic separator before ball milling and high frequency sieve, the production of iron ore concentrates increased to approximately 800,000 tons per year from 450,000 tons per year, and the grade improved to 69% from 67%, the concentrate granularity lowered by 20%, and the silicon dioxide is lower than 7%, while the tailings grade was dropped and the metal recovery rate was improved.

Increase of resources

Gold business increased 204,000 ounces of gold resource through integrating surrounding mining right and implementing geological exploration works, making the Group's gold resource which conforms to JORC standards increased to 3,034,000 ounces.

In 2015, the iron ore resources of our iron ore business had an increase of 18,865 thousand tons, while the annual output of iron ores amounted to 5,925 thousand tons. Therefore, the newly found iron ore reserve continued to exceed the consumption of resource. The nickel resources of our nickel business did not experience material change in 2015.

Use of other key resources

Besides mineral resources, other key resources used by the Group include water, electricity and diesel. Use of each of these resources and measures for more efficient use of them are summarized below.

Water

Water consumption for production by the Group in 2015				
Business segment	Water consumption (tons)			Total
	Underground water	Surface water	Municipal water supply	
Gold business	484,515	1,129,818	–	1,614,333
Iron ore business	–	3,629,003	–	3,629,003
Nickel business	–	Nil	–	Nil



Environmental Protection

Gold business has water recycling system, which pumps water in the tailing dam into the processing plant for recycling use with an aim to reduce production water use. In order to reduce daily water use, the wash basin in the office area is connected with recycled water and most toilets are half flushing.

Some mines of iron ore business adopt recycling water of high level water tanks or sediment water of open pit as production-use water of processing plant. Meanwhile, regular maintenance and large equipment maintenance are conducted by energy-saving transformer and electromotor and with the attendance of technicians, and continuously optimize technical parameters, thus to improve output of single machine. Aoniu Mine and Shangma Mine adopt high level water tank, which minimized the energy consumption by pumping up underground water for recycling use, and it is high efficient in energy and water saving. Aoniu Mine constructed a septic tank of 150m³ respectively at the office area and dormitory area, after processing can be directly used in agricultural fertilization without discharge of production and living waste water. Through strengthening inspection and maintenance of water pipeline and water reserve facilities, posting water saving labels, fostering water saving habit to avoid water leakage and waste. In order to reduce water consumption, the wash basins are connected to recycling water, and most toilets are half flushing.

Aoniu Mine and Maogong Mine use the tailing pulp concentration and overflow water recycling system to increase the concentration of tailing pulps from 8% to 30%, significantly reducing the tailing pulp throughput at the pump station and saving power costs of over RMB3 million every year.

Electricity

Power consumption for production by the Group in 2015	
Business segment	Power consumption (kWh)
Gold business	16,519,174
Iron ore business	120,140,990.59
Nickel business	Measured in terms of diesel instead of electricity as all electricity used is generated by diesel generator.
Total	136,660,164.59

The Group reduces its power consumption by using power-saving facilities, installing new lines of energy-saving transformers and motors, reasonably selecting large equipment, reducing the number of equipment, improving the output per equipment, increasing production capacity to reduce power consumption of iron ore concentrates per ton, developing power-saving projects, adopting power-saving technologies, and weeding out obsolete equipment. In 2015, the power consumption of per ton of iron ore concentrates reduced approximately 13.75kwh as compared to the same period of last year.

The Group requires its employees to turn off electric equipment unused for a long time in a timely manner, and raises the awareness of its employees to save electricity by posting promotional signage, so as to prevent unnecessary wastage. In 2015, the Company continuously promoted physical exercise and power saving, with all staff responding actively, and it will go on with the initiative of "Go out during lunch breaks, and switch off for one hour".



Diesel

Diesel consumption by the Group in 2015		
Business segment	Diesel consumption (Liters)	Remarks
Gold business	12,288,438	Fuel consumption of each vehicle is recorded in electronic way and tracking inspections in real time.
Iron ore business	6,432,577.01	Mainly consumed by the production equipment of the Company, not including the diesel oil consumed by the contractors.
Nickel business	225,318	Nickel business has not commenced production in 2015, and the diesel consumed for electricity production at the office area of the Company.
Total	18,946,333.01	

The Company reduces its diesel consumption by preferring diesel-saving equipment, using diesel-powered equipment reasonably, turning off equipment not running for a long time in a timely manner, and preventing spill when refueling. In the meantime, the Company has enhanced the management of diesel purchase, transport, storage and use, in order to prevent any waste, abuse and loss.

Each vehicle used by the gold business is equipped with an electronic control system, which can accurately measure the diesel consumed by every vehicle. Aoni Mine is also piloting an accurate measurement system on diesel consumption to enable the remote monitor and dynamic analysis of diesel consumption by installing consumption sensors on all production vehicles.

Iron ore business obsoleted relevant equipment and vehicles with high energy consumption and low production capacity by optimizing the equipment and facilities of processing plant and mining plant, which in turn reduced the consumption of diesel.

Nickel business advocates good habit of economic use of electricity, and strictly controls the use of vehicles by reducing the utilization rate. Vehicles are suggested to power off in a timely manner during the use process. Supply of power is limited, and the diesel power generators of each base (camp) are only put into gear for only 10 hours per day. Power saving facilities and equipment are used as frequently as possible, power-saving projects are developed to avoid oil spill over of vehicles and equipment when refueling.

Recycling of waste and used materials

The Group encourages the recycling of waste and used materials, with an aim to reduce waste of resources and turn waste into wealth. Dedicated mechanical maintenance department at each mine can revamp abandoned and worn-out equipment for reuse.

In 2015, metals such as steel scrap recycled by gold business were re-processed and utilized by St Fireball local inhabitants in Australia. Some useful parts of abandoned vehicles were used in other vehicles, abandoned tires recovered are processed and reused by repair department of ore vehicles.

The iron ore business had recycled 572.73 tons of steel scrap, 83.76 sets of used manganese steel, 626 used tires, 2 sets of used processing equipment, 33 used vehicles, 10 used bicycles and 18.5 used pump parts.

The nickel business had recycled 1,300 liters of used engine oil and 80 used tires.



Environmental Protection

Emissions

The Group has enhanced its management of emissions to reduce the generation and emission of waste by utilizing technologies and recycling. The Group has obtained required emission permit and its emission of industrial “three wastes” has reached the required standards, which are detailed below:

Emissions from the gold mine business

Types of emission: gold business of the Company made its first gold pour in February of 2015 and started commercial production in August, the major emission of which are separated soil and stone, noise and dust from mining plants, tailing sand from processing plants and household garbage.

Treatment and comprehensive utilization of emission: In 2015, gold business generated 427,023 tons of tailing sand in total, which were all discharged into the tailing dam of processing plant in accordance with the permission. 376,759 tons of waste water from the tailing dam and 647,667 tons of waste water generated from mining are used for the production of processing plants, which realized recycling use of water and reduced emission.

Management and comprehensive utilization of tailing sand: All tailing pulps from processing plant of gold business are piled in TSF Cell 2 and TSF Cell 2E of tailing ponds in accordance with corresponding permissions obtained based on laws and regulations of Australia. Tailing pulps contains cyanide compound, which, if leaked substantially, might cause environmental pollution, therefore, gold business continuously monitors water height and water quality with 12 monitoring points to monitor leakage of tailing ponds, meanwhile, measure underground water height and tailing dam height via pressure meter. All continued monitoring results indicate that the discharge of gold business conformed to the standards.

Dust prevention and removal measures: The processing plant of the gold business carried out technological upgrading with adequate equipment and management means for energy saving, emission reduction, dust prevention and noise reduction. For example, sprayers and closed hoods were used to remove dusts, and the quality of underground air was ensured by monitoring inhalable dusts on a weekly basis, keeping ventilation fans running and setting up maintenance plans for the ventilation system.

Emissions from the iron ore business

Types of emission: A physical magnetic separation process was adopted by the iron ore business to produce iron ore concentrates, so no toxic substances were emitted during production. The mining operation mainly generates separated soil and stone, while the processing operation mainly generates tailing pulps. Noises and dusts will be emitted during the mining and hauling operation at mine sites, as well as the crushing and machine operation at the processing plant. Off-gas will be emitted by running fuel-powered equipment. In addition, there are also domestic wastes.

In 2015, iron ore business separated about 9,083,399.72 tons of soil and stone in total, and discharged about 3,614,517.95 tons of tailing sands in total. Some open-pit mining is changing to underground mining, so that the soil and stone volume separated will be significantly reduced.

Management and comprehensive utilization of separated soil and stone: In the stripping operation, topsoil and waste rocks are stripped and piled at the waste dump separately. The Company manages and monitors, on a daily basis, the piles of waste rock and soil at the waste dump, in order to prevent flying dusts as well as water and soil erosion. Soil and stone separated may be used as filling materials for close of mine and reclamation. Stripped waste rocks may be filled into the bottom of mine pits, while stripped topsoil may be laid on the surface of mine pits, which is helpful for the growth of vegetation and environmental restoration.



Management and comprehensive utilization of tailing sand: Normally, tailing sand is discharged to the tailing pond along with tailing pulps and settles down at the bottom of the pond over time. The Company manages and monitors, on a daily basis, its tailing ponds, including the volume and height of tailing sand therein, to ensure that the height of tailing dam remains at a safe level.

Iron ore business has adopted two excellent solutions to comprehensively utilize tailing sand: 1. using tailing sand to produce non-burnt bricks for construction; 2. using advanced processing techniques to throw out tailing sand, which will be used as construction sand. The tailing sand from the processing plant is used in the production of non-burnt bricks for construction, and the comprehensive utilization rate of tailing sand is around 20%. In addition, the amount of ore to be processed has been reduced through technical transformation, which resulted in the decrease of tailing volume.

Dust prevention and removal measures: At the mining sites and on the roads to these sites, sprinkling trucks and pipelines are used to remove dusts by spraying water. In the grinding workshops at our processing plant, a wet grinding process has been adopted to prevent dusts. Bag filters have been installed across the crushing workshops, screening workshops, waste rock storehouse, main building and other areas of the processing plant, and high level emission has been adopted to eliminate dusts resulting from production, with the dust removal efficiency reaching 99%.

Noise reduction measures: The iron ore business optimizes blasting design, applies structural insulating materials, conducts technical process transformation, uses underground tailing pump stations and low noise equipment, makes interior disposition for high noise sources, installs shock pads on crushers, screening machines and ball grinders, and takes other effective measures to mitigate damages caused by noise, reducing noise from the previous 91 db to approximately 80 db which has met the requirements of "Emission Standard for Industrial Enterprises Noise at Boundary" (GB12348-90).

Recycling of wastewater with zero emission: Wastewater generated from the iron ore business production mainly comprises water carried by tailing pulps emitted from the processing plant. Tailing pulps are discharged into the tailing pond. After sedimentation and clarification, clean water will flow into the circulation pump station, then pumped back to the processing plant for reuse in processing. In this way, wastewater emitted during production at the processing plant is recycled and reused through the tailing pond as a closed cycle, without any external emission. At the same time, domestic wastewater treated in septic tanks emitted from the plants and rainwater are also discharged into the tailing pond for the processing plant to reuse after clarification, without emitting any domestic wastewater or rainwater.

Some mines adopt recycling water of high level water tanks or sediment water of open pit as production-use water of processing plant. Aoni Mine and Shangma Mine adopt high level water tanks, which recycling use the water pumping from underground.

Reduction of off-gas emissions: The Company selects and uses diesel-powered equipment compliant with national emission standards in a reasonable fashion, and switches off equipment not running for a long time in a timely manner, so as to reduce its off-gas emissions.

Treatment of domestic waste: Domestic waste emitted from the accommodation area will be buried after treatment in septic tanks if it is perishable, or removed to the refuse depot for disposition if it is non-perishable. The Company promotes waste sorting and forbids employees to throw away or burn domestic waste at will.

Emissions from the nickel business

In 2015, affected by the policy prohibiting raw ore export promulgated by the Indonesia government, the nickel business suspended its mining activity, thus the business has not generated any production emission.



Operating Practices

Supply chain management

The Group has developed and implemented the Material Procurement Management System to unify the purchase, storage and deployment of the materials required by each mine. On the basis of the material requirement plans developed by the production department and the categories of the materials, the Group generally purchases materials through three methods, namely bidding, price enquiry/comparison and sentinel procurement. Contracts shall be signed for all purchases and the Company strictly supervises and controls the performance of the contracts and the payment of the funds. The Company keeps a list of suppliers and makes regular assessment and update. The Company constantly analyses the inventory of the materials, purchased categories and material consumption. The Company also evaluates the environmental and social risks of the supply chain on a regular basis, so as to ensure the safety of the supply chain.

In 2015, the suppliers of the Group are mainly from China, Indonesia and Australia. Of which, about 390 suppliers are selected through bidding, about 30 suppliers are selected through price enquiry/comparison and about 138 suppliers (regional agents) are selected through sentinel procurement. The selection of suppliers of the Group shall be subject to the approval process and supervision procedure, and shall be supervised by the legal department and audit department of the Group, so as to ensure a fair selection procedure.

Product responsibility

The Group attaches importance to its product quality and reputation. The Group has developed and implemented measures on management of product quality and sales, and enhanced product quality inspections and sales management, so as to ensure that superior products are offered for customers.

Before leaving the production plants at the mines and upon delivery to the customers, the products sold to customers by the Group shall be subject to measurement and quality inspection. The data provided by the Group on the quantity and quality of the products shall be compared with those provided by the customer. If there is a considerable disparity between the results of both parties, the Group and the customer shall solve the dispute through negotiation. If no settlement is reached, the dispute shall be referred to a third-party authoritative organization for review and arbitration.

In order to strengthen quality management, stabilize and improve product quality, the iron ore business commenced to formulate new regulations governing acceptance system in 2015, and which is still under amendment up to 31 December 2015.





Anti-corruption

The Group and the employees have strictly complied with the relevant legal regulations and ethnic codes. No legal cases against the Group or our employees concerning corruption, bribery, extortion, fraud or money laundering were filed in 2015. The audit department of the Company received a report on corruption behaviors of employee, and which has seriously treated in accordance with the terms of disciplinary punishment set out in Handbook of the Company, and the involved employee has been dismissed.

The Group has developed and implemented the auditing and offence reporting system, and also has engaged independent auditors to conduct external audits on the Company, with an aim to prevent and control the fraud or wrongdoings within the Company through internal and external audit.

The Company undertakes to comply with the laws and regulations on business operation. The employees have the right to report alleged violations of state laws, regulations and policies, internal control problems of the Company, and other fraud or violation of Company's disciplines to the Company. Informants may provide detailed information to the audit committee of the Company through telephones, letters, e-mails, and interviews, etc. Informants can bring reports beyond the service scope of the audit committee of the Company to relevant departments and make necessary reflection. In case of major problems or emergencies, informants should report to the senior management or the board of directors of the Company. The Company keeps the information of informant employees strictly confidential to ensure that they won't be retaliated or discriminated illegally for the reporting.



Community Involvement

Community relationship

Adhering to the tenet of “harmonious mines”, the Group attaches importance to the establishment of a harmonious relationship with the local communities. The Company comes to understand their needs by actively participating in community activities, and takes concrete actions to ensure that interests of the communities are taken into consideration in the operations of the Group.

Reinforcing communication with the communities

Upholding the principle of “establishing harmonious relationship between villages and enterprises”, the Group reinforced communication with the local communities, so as to promote harmonious coexistence with the villages. In light of the actual situation, the Group has established a series of systems to understand demands from the local communities and to maintain the relationship between villages and enterprises, so as to ensure smooth communication and active coordination with the local communities. With the support of the local government and villages, the Group established the joint mediation mechanism to promote equal dialogue among the three parties, so as to provide equal coordination and maintain a harmonious and stable relationship between villages and enterprises.

Reception of the local communities and villagers by the iron ore business in 2015

No.	Date	Communities or villagers	Demands	Response by the Company	Description
1	March 2015	Aoni Villager	Watering the road	Agree	Contributed RMB30,000 and assigned seven staff to water the road for one year.
2	April 2015	Aoni Villager	Building anti-fire road at the tailing pond	Agree	Contributed RMB40,000 and assigned eight staff to build the way for one month.
3	July 2015	Aoni Villager	Building house for difficulties	Agree	Assigned vehicles and four employees to build the house with an expense of RMB1,000 for four days.

In September 2015, Mr. Li Zhilong, director of off-campus education department of juvenile of central communist youth league, accompanied by youth league committee of Liaoning province and Fushun city, visited Aoni Mine to investigate the work of the communist youth league. Mr. Li Zhilong expressed that, youth league organization of Aoni Mine has sound system with rich and diversified activities, and the efforts of serving youth made great achievements, and also wished that the youth league organization could constantly well collecting the youth with the management of enterprise.

Community construction

As we are part of the community, efforts to construct the community are to improve our living environment. The Group actively supported the community construction and tried to make contributions to the community.

In 2015, Aoni Mine invested RMB1,000 and assigned five staff to help Aoni village to participate in the Square Dance Competition of Houan town for two days.



Community environment

The Group actively involved in the environment construction of the local communities, and spared no efforts to raise their awareness towards environmental protection.

In March 2015, Aoniui Mine contributed RMB30,000 and assigned seven staff to water the road every day for one year.

In 2015, Aoniui Mine assigned 10 staff to clean roads of Aoniui village for seven days.

In 2015, nickel business helped Tambakua village rebuild road of about 2 kilometers; helped Sarimukti village rebuild one wood bridge, rebuild road of about 1.5 kilometers, constructed a plaza of about 2 hectares; helped Molore village to rebuild one civil wharf; helped Morobo village to construct a plaza of about 2 hectares; and helped Tobimeita village dredge waterway of about 1.2 kilometers.

Community care

The Group cares about the local people who are in need of help, and provided them with necessary support. On the eve of every Spring Festival, the iron ore business staff visit the low-income worker families and bring them rice, flour, oil and other necessities. The iron ore business also occasionally organizes some young employees of the Company to clean the houses for the villagers with mobility disabilities and provide assistance within their capacity.

In 2015, iron ore business contributed RMB5,000 and assigned 4 staff to present medical instruments and medicines to the elderly people in nursing home for one day.

In 2015, nickel business conducted social donation of RMB4,450 for villages and towns, of which RMB3,640 was donated for the Indonesia Independence Day, RMB680 was donated to buy diesel for Lameruru village and RMB130 was donated to buy gasoline for the mosque of Langgikima town.



Education

In 2015, Aoniui Mine assigned 5 staff and contributed RMB15,000 to participate in “Jinqiu Education (金秋助學)” project initiated by federation of trade union of Fushun county.

Labor demand

The candidates from the community where the Group runs business enjoy the priority to be recruited, which not only relieves the local employment pressure, increases villagers’ income, but also promotes good relationship between villages and enterprises.

The gold business provide job opportunities for 49 local residents, 20 of which working in Hanking and remaining 29 local residents working for other contractors as a result of SXO Gold Project production.



Community Involvement

The table below presents the employment of local villagers by each mine operated by the iron ore business in 2015:

Mines	Total number of employees	Number of local employees	Percentage of local employees to total workforce
Aoniu Mine	601	495	82.36%
Maogong Mine	415	372	89.64%
Benxi Mine	214	60	28.04%
Xingzhou Mine	260	36	13.85%
Shangma Mine	206	160	77.67%
Total	1,696	1,123	66.21%

The operating camps of the nickel business also employ many local Indonesian staff. In 2015, the distribution of employees at the operating camps of the nickel business by nationality is as follows:

Total workforce	Number of Chinese employees	Number of local employees	Percentage of local employees to total workforce
98	36	62	63.27%

Culture

The Group attached great importance to participating in the community cultural activities and carried out various forms of cultural exchange activities with the local communities.

Sports

The Group carried out a variety of sports activities with local villages, including basketball matches, mountain-climbing competitions and football games. These activities were not only conducive to the good health of the employees, but also promoted the harmonious relationship between the villages and our enterprises.

The gold business encouraged its employees to participate in the sport activities with local villagers, the employee Jack H teaches local residents Australian football twice a month.

Sport activities participated by the iron ore business in 2015				
Community sport activities	Number of participants	Time	Costs (RMB)	Description
Basketball match	12	3 days	1,000	Participating in the basketball match held at Houan town
Badminton match	31	1 day	1,000	Badminton match

