



紫金礦業集團股份有限公司

ZIJIN MINING GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code : 2899)



2016
ANNUAL REPORT

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Corporate Information

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

EXECUTIVE DIRECTORS

Chen Jinghe (*Chairman*)
 Lan Fusheng (*President*) (Appointed as President on 30 December 2016)
 Zou Laichang
 Lin Hongfu
 Fang Qixue
 Lin Hongying (Appointed on 30 December 2016)
 Wang Jianhua (Resigned as Director and President on 29 December 2016)
 Qiu Xiaohua (Resigned on 29 December 2016)

NON-EXECUTIVE DIRECTOR

Li Jian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lu Shihua
 Zhu Guang (Appointed on 20 June 2016)
 Sit Hoi Wah, Kenneth
 Cai Meifeng (Appointed on 30 December 2016)
 Ding Shida (Resigned on 29 December 2016)
 Qiu Guanzhou (Resigned on 20 June 2016)

AUDIT AND INTERNAL CONTROL COMMITTEE

Lu Shihua
 Lan Fusheng (Appointed on 30 December 2016)
 Li Jian
 Zhu Guang (Appointed on 20 June 2016)
 Sit Hoi Wah, Kenneth
 Cai Meifeng (Appointed on 30 December 2016)
 Wang Jianhua (Resigned on 29 December 2016)
 Qiu Xiaohua (Resigned on 29 December 2016)
 Ding Shida (Resigned on 29 December 2016)
 Qiu Guanzhou (Resigned on 20 June 2016)

AUTHORISED REPRESENTATIVE

Chen Jinghe
 Lan Fusheng

SUPERVISORS

Lin Shuiqing
 Xu Qiang
 Fan Wensheng
 Liu Wenhong
 Lan Liying (Appointed on 28 December 2016)
 Zhang Yumin (Resigned on 27 December 2016)

COMPANY SECRETARY

Fan Cheung Man

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 7503A, Level 75, International Commerce Centre
 1 Austin Road West, Kowloon, Hong Kong

LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1 Zijin Road, Shanghang County, Fujian Province, the PRC

LEGAL CONSULTANT OF THE COMPANY (HONG KONG LAWS)

Li & Partners

AUDITORS

PRC Auditors:
 Ernst & Young Hua Ming LLP

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.zjky.cn

STOCK CODE

Hong Kong Stock Exchange: 02899
 Shanghai Stock Exchange: 601899

Corporate Information *(continued)*

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DEFINITION

In this report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

A Share(s)	The domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange
A Shareholder(s)	Holder(s) of A Share(s)
Ashele Copper	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Bindi Potash	Lenghu Bindi Potash Co., Ltd.
BNL	Barrick (Niugini) Limited, a company under joint operation of the Company
Board, Board of Directors	The board of Directors of the Company
Chongli Zijin	Chongli Zijin Mining Company Limited, a subsidiary of the Company
CSRC	China Securities Regulatory Commission
Director(s)	The director(s) of the Company
DR Congo	The Democratic Republic of the Congo
Duobaoshan Copper	Heilongjiang Duobaoshan Copper Co., Ltd., a wholly-owned subsidiary of the Company
Guizhou Zijin	Guizhou Zijin Mining Company Limited, a subsidiary of the Company
H Share(s)	The overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange
H Shareholder(s)	Holder(s) of H Share(s)
Heilong Mining	Heilong Mining Group Company Limited, a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Longnan Zijin	Longnan Zijin Mining Company Limited, a subsidiary of the Company
Luoyang Kunyu	Luoyang Kunyu Mining Co., Ltd., a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
Russia Longxing	Russia Longxing Company Limited, a subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Ting River Hydropower	Fujian Shanghang Ting River Hydropower Co., Ltd., an associate of the Company
Tongshan Company	Heilongjiang Tongshan Mining Company Limited, a wholly-owned subsidiary of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Wuping Zijin	Wuping Zijin Mining Company Limited, a subsidiary of the Company
Xinjiang Zijin Zinc Industry	Xinjiang Zijin Zinc Industry Co., Ltd., a wholly-owned subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Zijin Finance	Zijin Mining Group Finance Co., Ltd., a subsidiary of the Company

Corporate Information *(continued)*

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GENERAL

Zijin Mining Group Company Limited* (the "Company") (formerly known as Fujian Zijin Mining Industry Company Limited*) was incorporated on 6 September 2000 with the approval of the People's Government of Fujian Province as a joint stock limited company in the People's Republic of China (the "PRC") by Minxi Xinghang State-owned Assets Investment Company Limited, Shanghang County Jinshan Trading Company Limited, Xinhua Industrial Group Company Limited, Fujian Xinhua Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited and Fujian Minxi Geologist as its promoters.

In December 2003, the Company was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company was the first Mainland gold production enterprise listed overseas. In 2004, 2005, 2006 and 2007, the Company continuously applied reserves to issue new shares four times, and in April 2008, the Company issued 1.4 billion of A Shares at RMB7.13 per share and was listed on the Shanghai Stock Exchange on 25 April 2008 at a nominal value of RMB0.1 each. Pursuant to a resolution in relation to the proposal of conversion of capital reserve into share capital passed at the 2010 annual general meeting, on the basis of 5 new shares for every 10 existing shares, additional 7,270,654,550 shares have been issued on the basis of total 14,541,309,100 shares in issue at the end of 2010. After the conversion, the total number of shares increased to 21,811,963,650 shares. The Company implemented repurchase of H shares from 21 August 2013 to 13 January 2016 and repurchased 271,220,000 H shares in total. The shares repurchased mentioned above were cancelled. The total number of shares of the Company decreased by 271,220,000, and the registered capital decreased by RMB27,122,000. After the deduction, the total number of shares of the Company was 21,540,743,650, and the registered capital was RMB2,154,074,365. As at 31 December 2016, the registered capital of the Company was RMB2,154,074,365 comprising 5,736,940,000 H Shares, representing about 26.63% of the total issued shares, and 15,803,803,650 A Shares, representing about 73.37% of the total issued shares.

The Company and its subsidiaries (the "Group") are a large-scale comprehensive mining group in the PRC primarily engaged in gold production, and specifically engaged in the exploration, mining, and sale of gold and other non-ferrous metals. The Group produced about 214,604kg of gold (including 42,551kg of mine-produced gold) in year 2016.

As at the end of 2016, the Group owned 202 exploration rights covering a total area of 2,768.05 square kilometers and 235 mining rights covering a total area of 771.27 square kilometers.

This report is published in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail over its English version.

Financial Highlights

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

In this annual report, unless otherwise stated, monetary units are denominated in Renminbi ("RMB").

2012 TO 2016 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS") AND THE RELATED LAWS AND REGULATIONS:

For the year ended 31 December

Unit: RMB

	2016	2015	2014	2013	2012
OPERATING INCOME	78,851,137,811	74,303,573,739	58,760,533,928	49,771,511,898	48,414,719,206
Less: Operating costs	69,782,246,837	68,007,729,583	50,881,767,555	40,846,480,113	36,374,864,074
Taxes and surcharges	907,955,846	809,662,007	838,416,174	719,196,040	541,098,426
Selling expenses	667,483,736	691,861,398	905,512,920	525,665,748	596,860,745
Administrative expenses	2,822,472,260	2,620,740,626	2,175,124,236	2,165,817,191	1,874,254,433
Financial expenses	581,525,541	945,668,268	767,954,016	733,059,904	803,965,178
Impairment losses on assets	560,842,460	470,685,123	362,952,805	792,141,366	270,720,072
Add: Gains/(Losses) on changes in fair value	756,641,718	(125,512,228)	(141,213,373)	18,736,057	12,986,146
Investment (losses)/income	(1,973,336,425)	1,312,774,399	772,566,108	13,767,646	639,884,580
Including: Share of profits/(losses) of associates and joint ventures	92,415,676	(44,237,294)	21,433,814	117,156,560	242,514,892
OPERATING PROFIT	2,311,916,424	1,944,488,905	3,460,158,957	4,021,655,239	8,605,827,004
Add: Non-operating income	262,363,612	419,019,949	236,741,221	223,486,351	220,898,413
Less: Non-operating expenses	448,228,330	277,336,663	372,762,188	410,440,020	270,666,100
Including: Losses on disposal of non-current assets	296,510,681	46,337,101	151,038,028	126,942,650	42,731,004
PROFIT BEFORE TAX	2,126,051,706	2,086,172,191	3,324,137,990	3,834,701,570	8,556,059,317
Less: Income tax expenses	438,783,804	743,484,427	688,695,999	973,432,498	2,402,806,003
NET PROFIT	1,687,267,902	1,342,687,764	2,635,441,991	2,861,269,072	6,153,253,314
Attributable to owners of the parent	1,839,798,820	1,655,671,617	2,345,062,669	2,125,353,823	5,211,208,977
Attributable to non-controlling shareholders	(152,530,918)	(312,983,853)	290,379,322	735,915,249	942,044,337
OTHER COMPREHENSIVE INCOME/(LOSS)	158,270,647	(411,333,512)	(7,344,471)	(91,457,539)	146,597,757
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,845,538,549	931,354,252	2,628,097,520	2,769,811,533	6,299,851,071
Attributable to:					
Owners of the parent	2,027,288,735	1,272,835,433	2,357,500,157	2,052,125,431	5,357,778,200
Non-controlling shareholders	(181,750,186)	(341,481,181)	270,597,363	717,686,102	942,072,871

Financial Highlights *(continued)*

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As at 31 December

	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	89,217,700	83,914,034	75,159,588	66,898,389	67,354,421
Total liabilities	58,101,192	51,985,779	41,490,665	33,812,937	33,771,455
Non-controlling interests	3,354,033	4,391,081	5,609,468	5,473,194	5,401,377
Equity attributable to owners of the parent	27,762,475	27,537,174	28,059,455	27,612,258	28,181,589

LIQUIDITY

	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	4,712,823	4,845,698	3,511,760	4,020,933	6,314,740
Current ratio (%)	71.3	69.1	83.5	89.8	106
Trade receivables turnover (days)	3.85	5.17	5.46	5.04	5.09

Chairman's Statement

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To all shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Zijin Mining Group Company Limited*. I am pleased to report herewith the operating results of the Group for the year ended 31 December 2016 as follows:

OVERVIEW OF THE COMPANY'S OPERATION

1. The Company's main businesses, operating model and conditions of the industry during the reporting period

(1) Business scope

The Group is mainly engaged in the exploration and mining of gold, copper, zinc and other mineral resources, supplemented by refining, processing and sales of related products. Exploitation of gold, copper and zinc mineral resources is the core component of the Group's business, and other metals, such as tungsten and iron, are developed as side products. The Company also covers refining and processing businesses to an optimal extent, as well as other mining-related businesses such as research and development, construction, trade and finance, etc. It has a diversity of mining project investments across 22 provinces and regions in China and 9 overseas countries.

(2) Operating model

Obtain mineral resources by exploration or acquisition. The Company prioritises mineral resources as the key strategy, and emphasises mineral resources as the foundation for corporate survival and further development. Its solid mineral surveying is qualified as grade A by authoritative institutions in the PRC. Over 60% of domestic resources are obtained from self-operated exploration, which ensures low cost and sustainability of mineral reserves. Resource acquisitions proceeded amid adverse industrial cycles to maintain the Company's low-cost advantage against subdued market trends.

Obtain mineral resources by development of mines. The Company always focuses on mineral resources development and utilisation as its key business, with gold, copper and zinc being the most advantageous products, and strives to take full advantage of its technological and managerial strength. Aiming to develop mines in a low-cost, high-tech and efficient manner, the Company insists on a 100% ownership or dominating controlling interests in mines and introduces new technology and innovative management concepts into the operation. As at 2016, the number of large-scale productive mines within and outside the PRC held by the Company under controlling holdings or through associates were 13 and 5 respectively.

Achieve value enhancement by refining and processing. To achieve greater synergy and properly branch out its business, the Company also carries on refining and processing business of gold, copper and zinc in an optimal scale to supplement its mining business. Steps were taken to perfect the industrial chain and expand business scale, in order to realise extra income by value creation, maintain higher security for the business, and benefit from the protection offered by a combination of incomes from mineral products and refining products at different stages.

Combine mining with finance and trade. The Company makes the best use of its finance companies and capital investment companies to improve management and operation of capital. It also proactively explores the pathway to a successful combination between mining and finance, strives to reduce financing costs for the corporation, and enhances the platform for selling, trading and marketing gold and other metal products.

Technological research and development and construction business. The Company has an optimal research and development system, which specialises in geology, mining, processing, metallurgy, and environmental protection application. It also owns grade A designing entities and a strong construction capacity for mines.

(3) Position in the industry

In 2016, the Company ranked the 1,175th place in "Forbes Global 2000 Leading Companies", the 9th place in global metal mining companies, the 3rd place in global gold corporations, and the 13th place in PwC's "40 Largest Mining Companies in the World". It was also honoured as the "Best Mining Company in Asia" by a league of authoritative global mining magazines in April 2016.

The Company's mineral products possess preeminent standing and clear competitive edge in the domestic gold, copper and zinc industries, its profitability also leads the peers. It is at the forefront of the industry in the aspects of geological exploration, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, and large-scale engineering development. Apart from a higher gold production volume than other listed domestic gold corporations, the Company's production volume in mine-produced copper and mine-produced zinc are also growing rapidly, making the Company one of the most important producers of mine-produced copper and mine-produced zinc in China.

Chairman's Statement *(continued)*

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	The Group (in 2016)	Total volume of mines in the PRC	Proportion to the total volume of mines in PRC
Retained gold resources reserve (tonnes)	1,347	11,563.5	11.65%
Volume of mine-produced gold (tonnes)	42.6 (including 18.3 tonnes from overseas mines)	394.9	10.79%
Retained copper resources reserve (million tonnes)	30.06	99.102	30.33%
Volume of mine-produced copper (tonnes)	155,000	1,850,000	8.38%
Retained zinc resources reserve (million tonnes)	8.01	149.852	5.35%
Volume of mine-produced zinc (tonnes)	250,000	4,630,000	5.40%

Note: China's total resources reserve volume of gold, copper and zinc are extracted from the "2016 China Mineral Resources Report" issued by the Ministry of Land and Resources of the PRC. China's total production volume of mine-produced gold is extracted from the statistical report of China Gold Association, and China's total production volume of mine-produced copper and mine-produced zinc are extracted from the non-ferrous metal production data of 2016 released by the Ministry of Industry and Information Technology of the PRC.

2. Significant changes in the major assets of the Company during the reporting period

The total assets of the Company as at 31 December 2016 was RMB89.218 billion, representing a 6.32% growth compared with the end of last year. In which, overseas assets amounted to RMB21.130 billion, representing 23.68% of the total assets.

In 2016, the Company achieved a 100% ownership in Heilongjiang Duobaoshan Copper Company Limited after acquiring an additional 49% equity interest from the company's other shareholders. Orebodies nos. 1, 2, 4 of the Duobaoshan copper mine and the interest in the Tongshan copper mine were also acquired. These allow the Company to realise full acquisition of the Duobaoshan copper mine and its surrounding resources on top of the Duobaoshan copper mine main orebody no. 3 which it already owns. Phase 2 construction of the copper mine is currently underway, and an ancillary refinery project in Qiqihar is planned.

Kamoa Holding Limited, a joint venture between the Company and Ivanhoe Mines Ltd. of Canada, completed the transfer of 15% interest of Kamoa Copper SA to the government of the DR Congo; the Kakula Deposit at the Kamoa copper mine discovered high grade, thick orebodies, with copper resources volume reaching 9.39 million tonnes. Accordingly it increased the copper resources volume of the Kamoa copper mine from 23.95 million tonnes to 33.34 million tonnes and further raised the value of the mine. The Company currently holds 9.9% shares in Ivanhoe Mines Ltd. and 39.6% interest in Kamoa Copper SA.

For details of the changes in the assets of the Company, please refer to "Discussion and Analysis on Operation".

3. Analysis on core competitiveness during the reporting period

Innovation is the core competitive strength of the Company

The Company's belief of innovation is to properly apply general scientific theories to the actual conditions, seek for the type of innovation that best suits corporate needs, and relentlessly challenge the achievement of oneself for more innovative breakthroughs.

The Company possesses core competitive technology in the industry in the aspects of geological exploration and survey, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on. It also has other apparent competitive edges in the industry, which are:

Advantages in system and structure

Being a mixed ownership enterprise, the Company has full confidence and support from shareholders, benefit of a separation of ownership and management, and a variety of other advantages, which align the operation and compliance of the Company with modern corporate standard.

Advantage of a professional management team

The Company has a dedicated, professional and loyal management team. Many of them are experts in their own fields.

Chairman's Statement *(continued)*

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Advantage in strategic planning and execution

The Company follows a right strategic direction, clear goals and precise positioning. Corporate strategies are executed in a persistent and firm manner. Market opportunities are rightly grasped with minimal deviation.

Advantage in technological innovation

The Company owns several high-level research and development platforms and design entities for scientific research including the exclusive State Key Laboratory in gold industry, the national enterprise technology centre, workstations for academicians' scientific research, workstations for post-doctors' scientific research, design and research institutes of mining and metallurgy, technology companies and design companies, etc. The specific technologies researched and developed by the Company dedicated to its own mines are highly applicable and effective. A technological innovation system with Zijin characteristics and a batch of independent intellectual property rights and scientific research achievements has been formed. **A remarkable development was that in 2016**, the first ever hot-pressure pre-oxidation facility in China was developed by Guizhou Zijin and achieved mass industrial production, which successfully changed the long-standing monopoly of hot-pressure pre-oxidation technology by foreign companies. The technical bottleneck presented by a massive amount of refractory gold ores in China is thereby tackled, the technology has been recognised by authoritative experts as reaching "internationally advanced standard". A new breakthrough in the Company's core competitive strength is realised.

Advantage in cost control

Owing to the possession of premium mineral resources and operative production capacity, the Company's productive mines, mines under construction and refineries for copper and zinc are matured and well-developed. As a result, costs of the Company's key mineral products are lower than the average of the industry, gross profit margins of the mineral products are comparatively high, bringing good operating cash flow and financial credibility to the Company.

Advantage in the integration of business and finance

Good access to the capital market and a positive market image encourage a more dynamic use of the Company's capital, promoting a favourable interaction with the Company's excellent operating results.

Advantage in supervision

The Company has established a relatively independent and effective supervisory system. This ensures a compliant and orderly operation of the Company in the course of high-speed development.

Advantage in corporate culture

A corporate culture centered on innovation is fostered. Moreover, the level of innovation in technology and management is high, and a collaborative, harmonious and multi-lateral development belief has earned broad recognition and support from the society.

DISCUSSION AND ANALYSIS ON OPERATION

Market overview during the reporting period

In 2016, momentum of global economic recovery was still weak, with an economic growth rate of 2.2%, the lowest since 2009. On the other hand, China emphatically proceeded with supply-side structural reform and introduced a series of measures to drive economic growth, such as the policy of "cutting excessive industrial capacity, de-stocking, de-leveraging, lowering corporate costs and improving weak links", successfully maintained stability of the economy in the pursuit of growth. This also stimulated the bottom-out of bulk commodity prices.

Gold was one of the best performing assets in 2016. Owing to the recovery of the US economy, continued strengthening of the US dollar and the US Federal Reserve ushering in interest rate hike cycle, gold being a commodity settled in US dollar came under pressure. On the other hand, greater uncertainty as a result of Brexit, Donald Trump becoming the US president and more intense geopolitical conflicts, etc., lent strong support to gold price. Throughout the year, gold price remained volatile in a broad range but sustained an upward trend in general. Gold price in London began to escalate from US\$1,061/ounce at the beginning of 2016, reached the highest point at US\$1,375/ounce or equivalent to an 8.92% cumulative increase, and averaged US\$1,246/ounce throughout the year, representing a 7.78% growth from the average price of US\$1,156/ounce in 2015.

In 2016, substantial increase in prices was recorded across the base metals on London Metal Exchange (LME). Copper price in London kept hovering and consolidating from US\$4,716/tonne at the beginning of the year, but saw a considerable rebound in November, and reached the highest point at US\$6,046/tonne, representing an increase of 17% in aggregate. The average price throughout the year was US\$4,867/tonne, still 11.51% lower year-on-year.

Chairman's Statement *(continued)*

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In 2016, zinc outperformed other non-ferrous metals. Zinc price in London followed a continuous rise from US\$1,610/tonne at the beginning of the year, to an almost 8-year high at US\$2,985/tonne in late November, representing a cumulative increase of 60%. The average price throughout the year was US\$2,094/tonne, representing an 8.64% increase year-on-year.

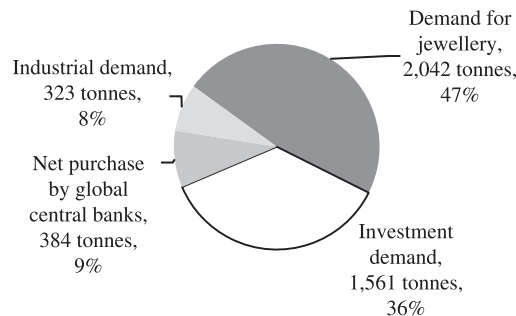
Condition of the industry

Gold

In 2016, the uptick of gold price prompted a steady increase in the output of gold corporations. Frequent occurrence of "black swan" events, such as Donald Trump being elected as the US president, Brexit and the currency ban in India, etc., stirred up investment sentiment for safe haven and contributed to a surging demand for gold investment. There was a net purchase of gold for 7 consecutive years by global central banks.

According to the statistics of World Gold Council, in 2016, global gold production was 3,236 tonnes, basically flat over the same period last year. Aggregate global demand for gold was 4,309 tonnes, representing an increase of 2% compared with the same period last year.

**Breakdown of gold demand in 2016
(from World Gold Council)**



China took up the biggest share in the world's gold market. According to the latest statistics of China Gold Association, in 2016, the national gold production was 454 tonnes (among which 394.9 tonnes were mine-produced and 58.6 tonnes were non-ferrous by-product), representing a slight increase of 0.76% compared with the same period last year. Gold consumption was 975 tonnes, representing a decrease of 6.74% compared with same period last year. China has been the largest gold producing country and gold consuming country for a succession of 10 years and 4 years respectively. Since July 2015, the People's Bank of China has been increasing its gold reserves, having reached 1,843 tonnes at the year-end of 2016.

In 2016, total transaction volume for all varieties of gold products reached 48,700 tonnes on the Shanghai Gold Exchange, making it the world's largest physical gold exchange market offering floor trading. Total transaction volume of gold futures reached 69,500 tonnes on the Shanghai Futures Exchange, ranking 3rd in the world. In April 2016, the Shanghai Gold Exchange launched the "Shanghai Gold" fixing to offer to the global investors a Renminbi denominated, new instrument for gold transaction, which is also a new type of safe haven for gold investors. These developments further improved the pricing mechanism of Renminbi gold market and accelerated the internationalisation of China's gold market.

Copper, zinc and other non-ferrous metals

According to the statistics of International Copper Study Group ("ICSG"), the global mine-produced copper was 20.16 million tonnes in 2016, representing an increase of 5.27% compared with the same period last year; the global production of refined copper was 23.41 million tonnes in 2016, representing an increase of 2.33% compared with the same period last year; the global consumption of refined copper was 23.46 million tonnes in 2016, representing an increase of 1.85% compared with the same period last year.

According to the statistics of International Lead and Zinc Study Group ("ILZSG"), the global mine-produced zinc was 13.225 million tonnes in 2016, representing an increase of 0.17% compared with the same period last year; the global production of refined zinc was 13.663 million tonnes in 2016, representing an increase of 0.09% compared with the same period last year; the global consumption of refined zinc was 13.949 million tonnes in 2016, representing an increase of 3.62% compared with the same period last year.

According to the statistics of the Ministry of Industry and Information Technology, in 2016, the national production volumes of refined copper, copper concentrates, refined zinc and zinc concentrates were 8.44 million tonnes, 1.85 million tonnes, 6.27 million tonnes and 4.63 million tonnes respectively, representing an increase of 6%, 10.9%, 2% and 1.1% compared with the same period last year respectively. In 2016, China's non-ferrous metal industry realised operating income of RMB6 trillion, representing an increase of 5.6% compared with the same period last year; its realised profit was RMB243 billion, representing an increase of 34.8% compared with the same period last year; the aggregate import and export value of key mineral products in China reached US\$117.14 billion, representing a decrease of 10.4% compared with the same period last year.

Chairman's Statement *(continued)*

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Business overview

During the reporting period, the Company closely followed the “clinging to reforms, maintaining growth and boosting development” main focus of work, to implement extensive reforms to the Company's management system, and carry out a series of effective measures to expand production scale and volume, enhance efficiency, lower costs and raise profit. Key highlights are:

The 3 main types of mineral products, namely gold, copper and zinc, achieved considerable growth in production volume. Among which, mine-produced gold reached 42.55 tonnes, representing an increase of 14.50% over the same period last year; mine-produced copper reached 155,000 tonnes, representing an increase of 3.09% compared with the same period last year; and mine-produced zinc reached 250,000 tonnes, representing an increase of 26.17% compared with the same period last year. Zijinshan copper mine's 25,000 tonnes/day flotation processing plant commenced production, realising an additional copper production of 30,000 tonnes/year and signifying the beginning of large-scale copper exploitation; an additional 21% interest in the Kolwezi copper mine in the DR Congo was acquired by the Company to achieve 72% ownership of the project, production is expected to commence in 2017; an additional 49% interest in the Duobaoshan copper mine was acquired to achieve 100% ownership of the project, and 100% interest of the adjacent Tongshan copper mine was also acquired, which overcame the difficult issues constraining further development of Duobaoshan Copper and enabled the beginning of large-scale construction and development of the project; the recovery of zinc price was rightly captured to significantly expand the production capacity of Wulagen zinc mine in Xinjiang and Kyzyl-Tash Turk zinc and multi-metals mine in Tuva, Russia, and commenced the initial preparatory work for technological innovation and productivity expansion; earnings of the Company's refining segment reached record high, and the operation and management of overseas projects achieved promising results; the approach of “capturing the big targets and foregoing the small operations” was adhered to whereby merger, acquisition and reorganisation of certain subsidiaries were carried out, and a couple of projects or mining rights which are of minimal contribution were disposed of.

During the reporting period, the Group realised operating income of RMB78.851 billion, representing an increase of 6.12% when compared with the same period last year (2015: RMB74.304 billion); net profit attributable to owners of the parent was RMB1.840 billion, representing an increase of 11.12% when compared with the same period last year (2015: RMB1.656 billion). As at the end of 2016, the Group's total assets was RMB89.218 billion, representing an increase of 6.32% compared with the beginning of the year (beginning of the year: RMB83.914 billion); net assets was RMB31.117 billion, in which the net assets attributable to owners of the parent was RMB27.762 billion, representing an increase of 0.82% compared with the beginning of the year (beginning of the year: RMB27.537 billion).

During the reporting period, net profit attributable to the parent was comparatively moderate despite increase in the price and production volume of mineral products. This was mainly because that, for the purposes of maintaining sound and stable operation, the unsettled hedging contracts in 2015 were carried forward till the first half of 2016 to hedge the majority of the annual production volume of mineral products, hence the Company's earnings did not match with the increase in gold price and other metal prices. In the second half of 2016, the proportion of hedging was substantially reduced, and most of the positions have been settled as at the year-end (excluding the hedging for purchased raw materials attributable to refining and processing entities).

Table comparing the production volume of the Company's major mineral products for 2014-2016

	Mine-produced gold (tonnes)	Mine-produced copper ('000 tonnes)	Mine-produced zinc ('000 tonnes)
2014	33.73	138.5	96.3
2015	37.16	150.3	198.2
2016	42.55	155.0	250.0

GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 214,604kg (6,899,674 ounces) of gold, representing a decrease of 13.24% compared with the same period last year (2015: 247,365kg).

Among which, 42,551kg (1,368,045 ounces) was mine-produced gold, representing an increase of 14.50% compared with same period last year (2015: 37,162kg).

Chairman's Statement *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Production volume of major mines (kg)	BNL	7,474
	Zijinshan gold mine	7,278
	Norton in Australia	6,169
	ZGC	3,301
	Longnan Zijin	2,927
	Hunchun Zijin	2,511
	Guizhou Shuiyindong gold mine	2,017
	Luoyang Kunyu	1,782
	Chongli Zijin	1,613
Total production volume of other gold producing entities of the Group (kg)		7,479

172,053kg (5,531,628 ounces) of refinery, processed and trading gold was produced, representing a decrease of 18.15% when compared with same period last year (2015: 210,203kg).

Sales income from the gold business represented about 59.99% (after elimination) of the total operating income during the reporting period. Gross profit of the gold business represented about 39.28% of the gross profit of the Group.

(1 troy ounce = 31.1035g)

COPPER MINE BUSINESS

During the reporting period, the Group produced a total of 561,270 tonnes of copper, representing an increase of 35.44% compared with the same period last year (2015: 414,393 tonnes).

Among which, 154,958 tonnes of copper was produced from mines (including 25,671 tonnes of mine-produced copper cathodes), representing an increase of 3.09% compared with the same period last year (2015: 150,307 tonnes).

Production volume of major mines (tonnes)	Zijinshan copper mine	56,276	Including 25,261 tonnes of copper cathode
	Ashele copper mine	40,149	
	Duobaoshan copper mine	24,826	Including 410 tonnes of copper cathode
	Qinghai Deerni copper mine	14,900	Concentrates containing copper
	Hunchun Zijin	11,780	Concentrates containing copper
Total production volume of other mines (tonnes)		7,027	

406,312 tonnes of copper was produced from refineries, representing an increase of 53.86% compared with the same period last year (2015: 264,086 tonnes).

Sales income from the copper business represented about 19.11% (after elimination) of the total operating income during the reporting period. Gross profit of the copper business represented about 25.29% of the gross profit of the Group.

LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 464,537 tonnes, representing an increase of 11.42% compared with the same period last year (2015: 416,938 tonnes).

In which, the Group produced zinc concentrates containing zinc of 250,013 tonnes from mines, representing an increase of 26.17% compared with same period last year (2015: 198,156 tonnes).

Production volume of major mines (tonnes)	Xinjiang Zijin Zinc Industry	90,048
	Wulatehouqi Zijin	74,191
	Russia Longxing	73,731
	Ashele copper mine	9,675
Total production volume of other mines (tonnes)		2,368

214,524 tonnes of zinc bullion was produced from refineries, representing a decrease of 1.95% compared with the same period last year (2015: 218,782 tonnes).

Chairman's Statement *(continued)*

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During the reporting period, the Group produced lead concentrates containing lead of 35,944 tonnes, representing an increase of 49.11% compared with the same period last year (2015: 24,105 tonnes).

Sales income from lead and zinc mine business represented about 6.48% (after elimination) of total operating income during the reporting period. Gross profit of the lead and zinc mine business represented about 16.61% of the gross profit of the Group.

SILVER, IRON MINE AND OTHER BUSINESS

During the reporting period, the Group produced silver of 588,689kg, representing an increase of 45.94% compared with the same period last year (2015: 403,380kg), of which 368,606kg of silver was produced from refinery as by-product, representing an increase of 91.65% compared with the same period last year (2015: 192,335kg); 220,083kg of silver was produced from mines, representing an increase of 4.28% compared with the same period last year (2015: 211,045kg).

During the reporting period, the Group produced iron concentrates of 0.63 million tonnes, representing a decrease of 68.02% compared with the same period last year (2015: 1.97 million tonnes).

Sales income from silver and other products represented about 14.42% (after elimination) of total operating income during the reporting period, and the gross profit represented about 18.82% of the gross profit of the Group.

Geological exploration and status of resources reserves

During the reporting period, the Group obtained fruitful results in mineral resources exploration and merger and acquisition of projects, enhancing the sustainability advantages of the Company.

In 2016, the Company and its controlling entities invested RMB205 million in geological exploration in aggregate, completed 208,900 meters of drilling, 2,300 meters of tunnel exploration, and 15,000 cubic meters of trench exploration. The aggregate volume of resources reserve of mineral resources (grade 333 or above, partially unreviewed) newly added from exploration were 50.72 tonnes of gold, 4.2064 million tonnes of copper, 30.15 tonnes of silver and 9,800 tonnes of lead and zinc. Among all, the overseas projects including Kakula Deposit of the Kamo copper mine in the DR Congo, the Kolwezi copper and cobalt mine, Paddington of Norton in Australia, the Porgera gold mine in Papua New Guinea, etc. achieved magnificent results in mineral resource prospecting. Domestic projects including the Fanshi Yixingzhai - Yilian gold mine in Shanxi Province, the Liba - Dujiagou gold mine in Li County, Gansu Province, etc. also achieved significant breakthroughs in mineral resource prospecting.

As at the end of 2016, the Group owned 202 exploration rights covering a total area of 2,768.05 square kilometers and 235 mining rights covering a total area of 771.27 square kilometers.

The table below sets out the predicted retained resources reserve volume under complete equity method (reviewed) of the Group's major mines at the end of 2016.

Summary of retained resources reserve volume of the Group's major mines in 2016

Type of mineral	Resources reserve volume (grade 333 or above)		Growth rate compared with same period last year (%)
	End of 2016	End of 2015	
Gold (t)	1,183.25	1,170.00	1.13
Gold associated with other metals (t)	164.17	91.28	79.85
Sub-total of gold (t)	1,347.41	1,261.28	6.83
Copper (Mt)	30.0638	23.4640	28.13
Silver (t)	934.06	1,110.42	-15.88
Molybdenum (Mt)	0.6797	0.5746	18.29
Zinc (Mt)	8.0087	8.3968	-4.62
Lead (Mt)	1.4955	1.5415	-2.98
Tungsten (t)	80,000	80,300	-0.37
Tin (Mt)	0.1397	0.1397	0
Iron (Mt)	209	212	-1.42
Coal (Mt)	457	489	-6.54

Note: Since 2015, the Company's resources reserve data was compiled under complete equity method, i.e. the resources reserve for all projects/mines attributable to the Group was calculated according to the actual percentage of ownership of the Group.

Chairman's Statement *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Key measures taken during the reporting period:

Extensively promoted reform of the Company's management system and achieved promising results

During the reporting period, the Company completed the transition to a new term of the Board, supervisory committee, and management. The transition was carried out smoothly and the Board and management became more diligent and efficient in discharging their duties. After the reform, regional companies were removed from the structure, and replaced by a structure based on business functions, whereby three business divisions, namely the overseas division, mining division and refining division were established. This resulted in a shift from regional control to business-focused control, and a professional management. Moreover, a financial data sharing platform and procurement and sales centre were set up to strengthen capital and asset management, and take full advantage of bulk bargaining. Reforms were also carried out on the six major systems comprising human resources, construction, technology, geological exploration, administration and back-office support, and supervision, for a full consolidation and optimisation of internal resources. Additionally, management was strengthened from the base level, policies and systems were amended and improved, a better management over financial budgeting, capital and tax planning was introduced, and more emphasis was placed on the application of modern information technology. As a result, the management reform achieved promising outcome in cost reduction and efficiency enhancement.

Overseas projects operated smoothly, contributing to the acceleration of internationalisation progress

During the reporting period, the Company's overseas projects operated smoothly. The gold output attributable to the parent of the Porgera gold mine in Papua New Guinea, which reached 7.47 tonnes in 2016, has become the key contributor to the Company's profit and gold output from mines; phase 1 of the Tuva zinc and multi-metals mine project is getting on track and is planning to begin phase 2 expansion; other production projects were in good operating condition; construction of the Kolwezi copper mine in the DR Congo is in smooth progress and production is expected to commence in 2017; major breakthrough was achieved in the resource exploration of the Kamao copper mine in the DR Congo, the resources reserve of copper metal in the mining area increased to 33.34 million tonnes, and the Kakula exploration area discovered a high-grading copper mine (3.21%), making Kamao copper mine the largest copper mine discovered in Africa; the market value of the Company's shareholding in Ivanhoe Mines Ltd. tripled and increased by approximately RMB780 million.

In 2016, the Company's overseas projects produced 18.32 tonnes of gold from mines, representing approximately 43.06% of the Company's total mine-produced gold output; 73,700 tonnes of zinc was produced from overseas mines, representing approximately 29.49% of the Company's total mine-produced zinc output; the gold, copper, lead and zinc resources reserve of overseas projects were 706.42 tonnes, 18.7261 million tonnes and 925,200 tonnes respectively, representing 52.43%, 62.29% and 9.73% of the Company's total resources reserve respectively. In the meanwhile, the Company is actively assessing multiple opportunities of overseas merger and acquisition to speed up its internationalisation progress.

Achieved material breakthroughs in technological innovation, with the hot-pressure pre-oxidation project securing a critical vantage point in the industry

During the reporting period, the Company received 5 provincial-level and municipal-level awards for technological achievement, 13 authorised patents (in which 9 were invention patents), applied 29 patents (in which 27 were invention patents), and drafted or participated in the drafting of more than 50 state-level or industrial technological standards. The Company's subsidiary, Guizhou Zijin, achieved a material breakthrough for having successfully invented and developed hot-pressure pre-oxidation of refractory gold-arsenic carbonaceous ores, which is the first of its kind in China. With the help of the technique, toxic substances can be effectively separated, hence significantly boosting the recovery rate of gold and the effectiveness of comprehensive recovery and reuse of low-grade refractory gold resources. If the technique can be applied industry-wide in future, significant advancements will be realised in the environmental and ecological protection of domestic mining industry, also in the technological standard of the entire gold production industry and that of the related equipment manufacturing industry.

Strived to enhance safety and environmental protection and actively discharged social responsibility

Safety, environmental protection and discharge of social responsibility are the duties of the Company. In 2016, the Company endeavoured to enhance safety and environmental protection by adhering to targets such as "zero work casualty, zero environmental incident", eco-mining, energy conservation and emission reduction, etc. It also made much efforts to serve and help develop local communities, support poverty alleviation and carry out charity work. Please refer to the "2016 Social Responsibility Report of Zijin Mining Group Co., Ltd.*" for more details.

Chairman's Statement *(continued)*

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DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(1) Landscape and development trend in the industry

Gold is a time-proof, irreplaceable global strategic asset. Being a pillar of asset in the financial reserves of various countries, gold has an indispensable function for maintaining national financial stability and economic security. As the world economy is cloaked in greater uncertainty, with an increasing outbreaks of "black swan" events, higher risks of international geopolitical conflicts and subdued performance of major economies, the sentiment for safe haven is on the rise, the need for value preservation of assets is getting keener, and the international gold market continues to see a strong demand. These will only accentuate the monetary characteristics of gold and lead to effective support to gold price. Nevertheless, following a new period of interest rate hike in the United States, the strong US dollar position would create greater pressure on gold price.

In 2017, the US economy will see more dynamics owing to a series of initiatives, such as a US\$1 trillion infrastructure improvement plan, extensive tax reduction and a push for return of the American manufacturing industry. In China, the central government is targeting about 6.5% GDP growth for 2017, to be achieved by focusing on "achieving progress while ensuring stability", continuing proactivity in fiscal policy and stability in monetary policy, and adhering to the implementation of a series of measures for supply-side reform. Favourable developments such as squeezing out of excess production capacity and large-scale infrastructure constructions are anticipated, which will be positive to the performance of bulk commodities, and thus anticipated to continuously benefit the prices of copper, zinc and other metal products in 2017. However, it is also noticeable that certain copper producers may come under pressure to slash or cease production, as a result of the trade barrier between copper producing countries, constraints imposed by local communities and trade unions, etc. These could significantly impact on the supply and price of copper. According to the statistics of International Copper Study Group ("ICSG"), the annual growth rate of global copper output from mines stood at 4% in the last 5 years, the pace is likely to slow down, with an overall oversupply of copper going forward.

Under a global supply shortage, the reduced production of zinc mines has resulted in a tight supply for zinc concentrates. In the next 2 years, it is likely that there will be more upside and limited downside for zinc metal price and a susceptibility to drastic volatility. A constraint for excessive rise in zinc price is the high inventory level of zinc at present.

Implementation of technological upgrade, deep integration of informatisation and industrialisation and enhancement of technological innovation have become the inevitable trend for the development of mining corporations. The giant mining companies, mostly from the developed countries, have secured a predominant position in the control of global mineral resources and production technology. Premium quality and larger quantity of gold, copper, zinc and other non-ferrous metal resources are usually found overseas, their production scales also tend to be larger. Domestically, the competitiveness of mining companies are usually constrained by resource quality, production technology, profitability, etc. They are also confronted with issues such as low industrial concentration and irrational industrial structure.

The Company will implement its international strategy through merger, acquisition and reorganisation. It will also echo the state policies such as "One Belt, One Road" to help improve industrial structure, enhance industrial concentration and competitiveness, all being the essential criteria for the ongoing development of mining industry. A capable mining company should insist on the "going out" strategy to enhance its overall competitiveness through overseas development.

(2) Development strategies of the Company

The Board considers that the Company accomplished the second step of its strategic goal to "achieve a leading position in domestic metal mining industry" in 2013, and now possesses strong competitive strength and capabilities to advance the next target of becoming one of the top international mining companies. The Company has begun a new round of business development characterised by internationalisation, project upsizing and asset securitisation, with the ultimate goals of ascending to the league of top international miners by year 2030, and becoming an "extra-large scale international mining group with high technology and efficiency".

In this regard, the Board is of the view that the Company ought to have strong faith in its strategic goals, capability and corporate culture, unflinchingly take its own path for innovation and development, continue to promote innovation in technology and management, strengthen core competitiveness, and relentlessly seek breakthrough; on strategic positioning, the Company ought to adhere to a combination of: its core business, being gold and copper, with other types of metal mineral businesses; the integration of mining, finance and trade; priority to resources with structural optimisation; proactivity with rigour in risk control; marketisation reform with scientific management; innovation and development with compliant operation; human-orientation with value creation; and Zijin corporate culture with international norms and projects' local actual conditions.

Chairman's Statement *(continued)*

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(3) Business plans

Business environment

The Company continues to be optimistic about its business outlook in 2017. Gold price is anticipated to remain volatile with slight increase, given the functions of gold both as a financial tool and a safe haven; copper and zinc prices bottomed and consolidated before 2016, an upward trend is anticipated to carry on and a strong momentum is likely to sustain in the broad market environment; favourable prices of tungsten, iron, etc. will also contribute to the Company's performance.

In 2017, the price trends of gold and base metals will be deeply influenced by macro policies, the economic condition, geopolitical factors and so on. The Company's operating environment is likely to be impacted by tighter control of China over mineral resources and environment, rising labour cost, and a series of challenges to be faced by overseas enterprises including political risks, resources barriers, conflicts in local communities, etc.

Business plans

The planned production volumes of major mineral products of the Company for year 2017 are: mine-produced gold of 41 tonnes, mine-produced copper of 200,000 tonnes, mine-produced lead and zinc of 300,000 tonnes.

The above plan was made in light of the current economic condition, market situation and the existing conditions of the Company. The Board may revise the production plan from time to time in accordance with the prevailing circumstances.

Specific business strategies for 2017

Under the leadership of a new term of the Board and management, the Company will continue to focus on "clinging to reforms, maintaining growth and boosting development", deepen economic accountability and appraisal, strengthen management over net operating cash flow in addition to the pursuit of better volume, cost and profit, improve assessment of sustainability indicators, and fully accomplish the operating and production targets for 2017.

1. Carry on thorough reform of management, stimulate corporate vitality for further development

The Company will follow market standards and focus on value creation principle to carry on and improve the reform of management, and stimulate corporate vitality for further development. It will also keep modifying corporate governance structure, fully motivate the enthusiasm and creativity of all members, constantly improve management system to ensure scientific decision-making, strong execution, efficacious supervision and effective regulation, promote the value creation ability of construction and logistic management, thoroughly incorporate informatisation and automation to the operation and management of mining business, enhance the quality of operation and management, and raise the efficiency of production and operation.

2. Fully implement all the measures for maintaining growth, ensure achievement of operational and production targets for the year

Mining entities: endeavor to achieve the production and efficiency targets and standards for a number of projects, namely the Zijinshan copper mine 25,000 tonnes flotation processing plant, Wulatehouqi Zijin 10,000 tonnes processing plant, Duobaoshan Copper, Guizhou Zijin hot pressure pre-oxidation, etc., accelerate the phase 2 expansion of Duobaoshan copper mine and new technological innovation project for comprehensive utilisation of low-grade resources at Wulagen lead and zinc mine. Each and every mining entities will strive to achieve the targets pragmatically to tap and raise efficiency, strengthen the awareness of better planning and development according to life cycle of mines, strike good balance between short-term benefits and long-term goals, and carry out mining development and construction in accordance with a holistic, scientific and high-level roadmap.

Refining and processing entities: benchmark against best practices, advance technological upgrade and intelligent transformation, enhance management at the base level, and seek efficiency from the management of details; control inventory level by the strictest standards, tighten capital and liquidity management and reduce financing costs; make good use of financial instruments to secure profits.

Overseas entities: operating entities such as the Porgera gold mine in Papua New Guinea, ZGC gold mine in Tajikistan, Zuoan gold mine in Kyrgyzstan and zinc multi-metals mine in Tuva, Russia should strive to achieve year-on-year growth in production volume; the Kolwezi copper mine in the DR Congo should ensure smooth commencement of production; and Norton should endeavour to achieve material breakthroughs in the processing of low-grade gold resources. Overseas projects will continue to make profound contributions to the Company's "maintaining growth" target.

Chairman's Statement *(continued)*

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Other types of entities: further optimise management structure, allocate resources by market standard and enhance management efficiency; entities that meet the marketisation conditions should realise self-reliance.

3. Actively advance and accelerate internationalisation, lay a solid foundation in resources for further development

The Company will enhance the operation and management of overseas entities in all aspects. When it comes to merger and acquisition, consideration will be first given to projects of enormous resources volume, which have real production, promising profitability and low P/E ratios. Those capable of making immediate contribution to the Company's operating results and enhancing its stock value are preferred. Moreover, to ensure good value of investment, the Company will also put more effort to seek for new deposits through the presently owned mines, and carry out supplementary surveys on the developable areas in the deep border and outer ring of those mines.

4. Enhance finance management, asset management and asset securitisation, improve capital efficiency

The Company will continue to uphold the management concept of "making financial management the core of corporate management, and making capital management the core of financial management". It will also fully improve asset management by following market criteria in measuring asset efficiency and profitability, maintain tight control on inventory level, and revive obsolete assets. Moreover, asset structure will be constantly improved by focusing on the big targets and forgoing the small operations, and maintaining flexibility in accelerating the disposal of minor projects, especially the small-size non-mining projects which fail to meet the Company's development needs. By eliminating projects that are unable to create value for the Company firmly, efficiency of assets can be improved. Additionally, more efforts will be made to enhance asset securitisation and motivate the deep integration of mining, finance and capital.

5. Adhere to innovation and development belief, improve technology and management abilities

The Company will unswervingly pursue its course of innovation and development. Technological innovation should be achieved by seeking breakthroughs in key technology and extensive application of successful outcomes. Perfection and innovation of engineering projects should follow and comply with rules of science. Infrastructure for innovation will be provided both in policy and application aspects, an innovative atmosphere will be encouraged, and the idea of sharing outcomes with the value creators will be promoted. Moreover, staff engaged in innovation development will be protected with exemption from liability. If their work involves innovation of immense value, trial and error will be encouraged. The focus of work assessment will depend on the extent of efficiency enhancement by technological innovation and managerial innovation, and value creation.

6. Emphasise safety and environmental protection, and ensure compliance in operation

Achievement of "zero work casualty, zero environmental incident", and ensuring the meeting of intrinsic safety and environmental protection standards are the basic requirements which the Company reinforces and cautiously carries out to ensure safety and environmental protection. Accordingly, multiple steps will be taken by the Company, which include extension of the production safety score-based system to all employees, continuing to standardise the requirements for safety, occupational health and safety management system, advancing eco-mining, and incorporating maintenance of environmental orderliness as part of the Company's ordinary function. Outsourcing contractors are also included in the Company's safety management system, their safety track record will become one of the Company's key considerations when seeking cooperation, and their performance is measured according to stipulations in economic contracts. Overall, the Company will strengthen the discharge of obligations, emphasise appraisal, rewards and penalties, and ensure performance align with the Company's economic responsibility system. Application of licences and completion of formalities will be closely monitored, and compliance in operation will be the key criterion for assessing management performance in various entities.

POSSIBLE RISKS

The Group's major sources of risks are mainly from the following three aspects:

Metals price risks

The fluctuation in prices of gold, copper and zinc has direct and substantial effects on the Company's operating results. Gold is an industrial material which also has monetary characteristics. Its price generally has a negative correlation with the US dollar. Attention should be paid closely to geopolitics, demand on investment and the reserve volumes of different countries. The prices of copper and zinc are mainly affected by supply and demand, and are also closely related to the macroeconomic situation of the world and China. Investment in national infrastructure and real estate industry has important influences on prices of base metals.

Chairman's Statement *(continued)*

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In view of the aforesaid risks, the Company will closely monitor the trend of the US dollar, supply and demand imbalance, changes in the global macroeconomic policies, and strengthen the analysis and research on policies and factors which affect gold and base metals; the Company will also continuously carry out innovation in technology and management, enhance efficiency, boost volume and profit, reduce costs and increase efficiency, further minimise controllable expenses, and maintain a highly efficient operation with low costs. At the same time, the Company will use derivative financial instruments to avoid price fluctuation, foreign currency risk and interest rate risk.

Safety and environmental protection risks

Being a traditional production industry, mining has relatively higher safety and environmental protection risks. The Company has a significant number of mines. Some of them have a long history and their intrinsic safety level is not very high. They have certain hidden safety dangers. Most of the mines are situated at remote regions. Upgrade and improvement of their environmental protection facilities are subject to the changes in policies, especially the amendments made to the "Environmental Law of the PRC", which contains material changes regarding the standards of mining enterprises' emission of pollutants and definition of dangerous solid wastes. It increases the costs of production and raises difficulties in management of enterprises.

In order to deal with the above risks, the Company will uphold the "life comes first" safety principle and advance the building of a management system for standardised work safety practice and occupational health and safety, include outsource contractors in the Company's safety management system, put the most stringent safety production responsibility into practice, constantly raise the safety awareness and increase the inherent safety; implement the basic mindset of "priority for the environment" as a bottom line to fulfill the responsibilities of environmental protection and ecological rehabilitation throughout the development of the mines, strengthen the construction of green and civilised mines, combine the treatments for wastewater, exhaust gas and solid waste, reinforce the recovery and utilisation of valuable metals and develop eco-mining business.

Policy and community risks

The current mining policies in the PRC were mostly formulated at the peak of the mining industry. There are many barriers for the establishment and transfer of mining rights. The level of difficulties in land leasing and resettlement is very high, which adversely affects the merger and acquisition and development of the mining industry. For the Company's overseas mining enterprises, more talents with global exposure are required. The laws and policies of some of the countries are not well-established. Non-tax administrative expenses rise, and some anti-mining communities oppose to mine development. Certain country and community risks may exist.

In order to deal with the above risks, the Company will proactively study the state policies and advocate amendments to those current policies which hinder the development of the mining industry through industry associations; strengthen the communication with local governments to create a better condition for the development and construction of projects; actively implement the strategy of recruiting global talents, combine the policies of "internationalisation of Zijin talents" and "'Zijinisation" of talents", elevate the operation and management standards of overseas projects; strengthen the study of laws and policies of the countries where the projects are situated, proactively seek solutions to problems and difficulties which hinder the development of overseas enterprises through diplomatic means at the state level, and minimise the risks in community development through fulfillment of social responsibilities.

OTHERS

Capital requirement for sustaining existing business and completing investment projects / projects under construction

In accordance with the Company's preliminary plan, it is expected that in 2017, the Company will invest approximately RMB4.345 billion in project construction (including technological innovation, the allocation of investment is, RMB2.636 billion will be in the PRC and RMB1.709 billion will be in foreign countries); approximately RMB10.97 billion will be invested in merger and acquisition (in which, RMB1.45 billion will be in the PRC and RMB9.52 billion will be in foreign countries); and RMB354 million will be invested in geological exploration (in which, RMB152 million will be in the PRC and RMB202 million will be in foreign countries). All the capital expenditures mentioned above will be financed by the Group's internal funds, direct financing from the capital market, bank borrowings, issuance of bonds and notes and other feasible financing methods.

By order of the Board of Directors

Chen Jinghe

Chairman

Shanghang, Fujian, the PRC
24 March 2017

Management Discussion and Analysis

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The management of the Group hereby reports the discussion and analysis on 2016 operating results.

STATUS OF MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period, the Group recorded operating income of RMB78.851 billion, representing an increase of 6.12% as compared with the same period last year (2015: RMB74.304 billion); consolidated net profit was RMB1.687 billion, representing an increase of 25.66% as compared with the same period last year (2015: RMB1.343 billion), in which, net profit attributable to owners of the parent was RMB1.840 billion, representing an increase of 11.12% as compared with the same period last year (2015: RMB1.656 billion).

Analysis of main business

1. Operating results

The table below sets out the sales by products for the two years ended 31 December 2016 and 2015:

Item	2016 (Jan – Dec)			2015 (Jan – Dec)			% increase/ decrease in unit price
	Unit price (tax excluded) (RMB)	Sales volume	Amount (RMB'000)	Unit price (tax excluded) (RMB)	Sales volume	Amount (RMB'000)	
Mine-produced gold	234.53/g	41,624kg	9,762,130	214.95/g	35,633kg	7,659,090	9.11%
Refinery and processed gold	264.46/g	173,080kg	45,772,090	234.62/g	210,158kg	49,306,530	12.72%
Mine-produced silver	2.38/g	216,383kg	513,940	2.16/g	212,047kg	457,410	10.19%
Mine-produced copper	26,656/t	151,236t	4,031,380	29,052/t	151,161t	4,391,480	-8.25%
Refinery copper	32,567/t	405,931t	13,220,030	34,874/t	258,600t	9,018,410	-6.62%
Mine-produced zinc	8,079/t	244,407t	1,974,460	7,186/t	177,230t	1,273,570	12.43%
Refinery zinc	14,081/t	216,358t	3,046,630	13,002/t	217,537t	2,828,450	8.30%
Iron concentrates	368/t	1.7180Mt	632,280	419/t	0.9040Mt	379,010	-12.17%
Others (Note 1)			15,746,680			6,323,540	
Less: Internal sales			-15,848,480			-7,333,920	
Total			78,851,140			74,303,570	

Note 1: During the reporting period, other sales income mainly included: RMB7.031 billion from copper metal trading, RMB1.534 billion from other trading, RMB1.184 billion from refinery and processed silver, RMB572 million from copper pipe, RMB559 million from copperplate, RMB440 million from gold manufacturing products, RMB315 million from lead concentrates, RMB184 million from tungsten concentrates, RMB155 million from vitriol, RMB3.773 billion from other products, intermediate services and other services.

In 2016, the production and sales volumes of the Group's mineral products increased substantially. The unit price of mine-produced zinc increased significantly compared with the same period last year. Increase in operating income this year was mainly due to the increase in sales volumes of the Group's refinery copper and mine-produced zinc and the increase in copper trading income as compared with the same period last year.

2. Analysis on costs and gross profit margin

The Group is mainly engaged in mine development and refinery and processing. The Group's costs of sales of products mainly includes mining, processing, refining, mineral products and concentrates procurement costs, ore transportation costs, raw materials consumption, energy, salaries and depreciation of fixed assets, etc.

Management Discussion and Analysis *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The table below sets out the details of the unit cost of sales and gross profit margin by product for the two years ended 31 December 2015 and 2016. (Note 1)

Item	Unit cost of sales (RMB)				Gross profit margin (%)	
	2016 (Jan - Dec)	2015 (Jan - Dec)	Unit	Compared with same period last year (%)	2016 (Jan - Dec)	2015 (Jan - Dec)
Mine-produced gold (Note 2)	154.91	135.62	/g	14.23	33.95	36.91
Refinery and processed gold	262.26	234.26	/g	11.95	0.83	0.15
Mine-produced silver	1.31	1.51	/g	-13.40	44.83	29.86
Mine-produced copper	16,563	17,504	/t	-5.38	37.86	39.75
Refinery copper	30,470	34,238	/t	-11.01	6.44	1.82
Mine-produced zinc	3,946	3,800	/t	3.85	51.15	47.12
Refinery zinc	12,268	12,584	/t	-2.51	12.87	3.22
Iron concentrates	165.26	173.42	/t	-4.70	55.10	58.64
Overall					11.50	8.47
Overall (refinery and processing enterprises excluded)					37.95	38.03

Note 1: The gross profit margins by products were calculated based on the figures before eliminating internal sales, the overall gross profit margins were calculated after eliminating internal sales.

Note 2: Among the mine-produced products, the unit cost of sales of mine-produced gold and mine-produced zinc slightly increased compared with the same period last year, while the unit cost of sales of mine-produced copper decreased compared with the same period last year.

Note 3: Affected by the unit cost of sales, gross profit margin of mine-produced gold decreased by 2.96 percentage points compared with the same period last year.

The Group's overall gross profit margin was 11.50%, representing an increase of 3.03 percentage points compared with the same period last year. The overall gross profit margin of mineral products (excluding refined and processed products) was 37.95%, representing a decrease of 0.08 percentage point compared with the same period last year, which was mainly due to lower contribution from certain low-cost mines to total production volume.

3. Table of analysis on changes in the relevant items in statement of profit or loss and statement of cash flows

Unit: RMB

Item	Amount for the current period	Amount for the same period last year	Changes (%)
Operating income	78,851,137,811	74,303,573,739	6.12
Operating costs	69,782,246,837	68,007,729,583	2.61
Selling expenses	667,483,736	691,861,398	-3.52
Administrative expenses	2,822,472,260	2,620,740,626	7.70
Financial expenses	581,525,541	945,668,268	-38.51
Net cash flow from operating activities	8,601,671,878	10,269,413,955	-16.24
Net cash flow used in investing activities	-8,478,855,949	-8,693,155,627	N/A
Net cash flow used in financing activities	-507,890,305	-273,017,707	N/A
Research and development expenditure	437,940,000	358,340,800	22.21
Investment (losses)/income	-1,973,336,425	1,312,774,399	-250.32
Share of profits/(losses) of associates and joint ventures	92,415,676	-44,237,294	N/A
Non-operating income	262,363,612	419,019,949	-37.39
Gains on disposal of non-current assets	10,747,371	8,862,317	21.27
Losses on disposal of non-current assets	296,510,681	46,337,101	539.90
Net losses attributable to non-controlling shareholders	-152,530,918	-312,983,853	N/A
Changes in fair value of available-for-sale investments	236,688,217	-37,135,047	N/A
Exchange differences arising from translation of financial statements denominated in foreign currencies	119,025,748	-345,701,137	N/A

Management Discussion and Analysis *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Explanations:

- (1) Operating income/operating costs: Due to the increase in sales volume of products;
- (2) Selling expenses: Please refer to the analysis in "Expenses";
- (3) Administrative expenses: Please refer to the analysis in "Expenses";
- (4) Financial expenses: Please refer to the analysis in "Expenses";
- (5) Net cash flow from operating activities: Please refer to the analysis in "Cash Flows";
- (6) Net cash flow used in investing activities: Please refer to the analysis in "Cash Flows";
- (7) Net cash flow used in financing activities: Please refer to the analysis in "Cash Flows";
- (8) Research and development expenditure: Mainly due to the increased investment in research and development for utilisation of refractory ores by Guizhou Zijin;
- (9) Investment (losses)/income: Please refer to the analysis in "Expenses";
- (10) Share of profits/(losses) of associates and joint ventures: The increase in profitability of investees resulted in a growth in the investment income attributable to the Group compared with the same period last year;
- (11) Non-operating income: Mainly due to the swap of debt for equity of Bindi Potash during the same period last year;
- (12) Gains/(Losses) on disposal of non-current assets: Mainly due to the increase in disposals of idle and obsolete assets compared with the same period last year;
- (13) Net losses attributable to non-controlling shareholders: Mainly due to the increase in profitability of the non-wholly owned subsidiaries compared with the same period last year;
- (14) Changes in fair value of available-for-sale investments: Mainly due to rising prices of stock investments;
- (15) Exchange differences arising from translation of financial statements denominated in foreign currencies: Due to the fluctuation of exchange rate of Renminbi.

4. Analysis on sales and costs

The Company mainly engages in the production of mineral products or refining products of gold, copper, lead and zinc and other metals, and earns income from sale of these products.

(1) Status of the main business by industry, product and region

Unit: RMB'000

By product	Status of main business by product			Changes in operating income compared with last year (%)	Changes in operating costs compared with last year (%)	Changes in gross profit margin compared with last year (percentage point)
	Operating income	Operating costs	Gross profit margin (%)			
Mine-produced gold	9,762,130	6,448,140	33.95	27.46	33.43	Decreased by 2.96 percentage points
Refinery, processed and trading gold	45,772,090	45,392,250	0.83	-7.17	7.80	Increased by 0.68 percentage point
Mine-produced silver	513,940	283,520	44.83	12.36	-11.63	Increased by 14.97 percentage points
Mine-produced copper	4,031,380	2,504,920	37.86	-8.20	-5.33	Decreased by 1.89 percentage points
Refinery copper	13,220,030	12,368,680	6.44	46.59	39.70	Increased by 4.62 percentage points
Mine-produced zinc	1,974,460	964,510	51.15	55.03	43.21	Increased by 4.03 percentage points
Refinery zinc	3,046,630	2,654,390	12.87	7.71	-3.04	Increased by 9.65 percentage points
Iron concentrates	632,280	283,920	55.10	66.82	81.11	Decreased by 3.54 percentage points
Others	15,746,680	14,395,820	8.58	149.02	165.15	
Less: Internal sales	-15,848,480	-15,513,900				
Total	78,851,140	69,782,250	11.50	6.12	2.61	Increased by 3.03 percentage points

Management Discussion and Analysis *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Unit: RMB'000

By region	Status of main business by region			Changes in operating income compared with last year (%)	Changes in operating costs compared with last year (%)	Changes in gross profit margin compared with last year (percentage point)
	Operating income	Operating costs	Gross profit margin (%)			
Mainland China	89,391,140	81,781,750	8.51	13.15	11.82	Increased by 1.09 percentage points
Outside Mainland China	5,308,480	3,514,400	33.80	101.26	101.44	Decreased by 0.05 percentage point
Less: Internal sales	-15,848,480	-15,513,900				
Total	78,851,140	69,782,250	11.50	6.12	2.61	Increased by 3.03 percentage points

Explanations on status of the main business by industry, product and region

Approximately 92% of the Company's operating income originated from customers in Mainland China, of which 52% was from the Shanghai Gold Exchange. Therefore, the Company was unable to sort customers in Mainland China by region.

(2) Table of analysis on production and sales volume

Major product	Production volume	Sales volume	Inventory volume	Changes in production volume compared with last year (%)	Changes in sales volume compared with last year (%)	Changes in inventory volume compared with last year (%)
Mine-produced gold (kg)	42,551	41,624	3,689	14.50	16.81	26.92
Refinery, processed and trading gold (kg)	172,052	173,080	240	-18.15	-17.64	-81.22
Mine-produced silver (kg)	220,083	216,383	4,165	4.28	2.04	796.04
Mine-produced copper (tonne)	154,958	151,236	5,149	3.09	0.05	260.74
Refinery copper (tonne)	406,312	405,931	6,070	53.86	56.97	6.10
Mine-produced zinc (tonne)	250,013	244,407	15,979	26.17	37.90	54.04
Refinery zinc (tonne)	214,524	216,358	1,472	-1.95	-0.54	-55.47
Iron concentrates (million tonnes)	0.6290	1.7180	0.2308	-68.09	90.04	-82.51

Explanation on the status of production and sales volume:

Except refinery and processed gold, refinery zinc and iron concentrates, the production and sales volumes of other products increased by various extents over the same period last year. It was mainly due to the Group's measures of unleashing potentials and expanding capacity during the reporting period.

Management Discussion and Analysis *(continued)*

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(3) Table of cost analysis

The table below sets out the breakdown of direct costs for the two years ended 31 December 2015 and 2016

Unit: RMB'000

Product	Cost structure	Breakdown by product				Changes in amount for the current period compared with the same period last year (%)	Explanation
		Amount for the current period	Proportion to total cost during the current period (%)	Amount for the same period last year	Proportion to total cost during the same period last year (%)		
Mine-produced gold	Raw materials	2,411,640	37.40	2,219,410	45.93	8.66	
	Salary	927,670	14.39	503,880	10.43	84.11	
	Depreciation	1,212,990	18.81	753,360	15.59	61.01	
	Energy consumption	547,250	8.49	485,590	10.05	12.70	
	Others	1,348,590	20.91	870,260	18.00	54.96	
Mine-produced silver	Raw materials	132,420	46.71	162,320	50.60	-18.42	
	Salary	33,610	11.86	37,650	11.73	-10.73	
	Depreciation	60,480	21.33	50,570	15.76	19.60	
	Energy consumption	32,170	11.35	36,420	11.35	-11.67	
	Others	24,840	8.75	33,860	10.56	-26.64	
Mine-produced copper	Raw materials	743,290	29.67	1,159,090	43.81	-35.87	
	Salary	473,540	18.90	205,400	7.76	130.55	
	Depreciation	431,310	17.22	396,870	15.00	8.68	
	Energy consumption	332,680	13.28	363,300	13.73	-8.43	
	Others	524,100	20.93	521,270	19.70	0.54	
Mine-produced zinc	Raw materials	440,090	45.63	354,580	52.65	24.12	
	Salary	73,960	7.67	45,280	6.72	63.34	
	Depreciation	268,130	27.80	110,010	16.34	143.73	
	Energy consumption	99,310	10.30	78,000	11.58	27.32	
	Others	83,020	8.60	85,600	12.71	-3.01	
Iron concentrates	Raw materials	147,740	52.03	149,650	95.46	Not comparable	Not comparable
	Salary	41,970	14.78	900	0.58	Not comparable	with the current
	Depreciation	34,530	12.16	2,450	1.56	Not comparable	operating period
	Energy consumption	36,850	12.98	2,440	1.56	Not comparable	as production
	Others	22,830	8.05	1,320	0.84	Not comparable	was suspended in 2015
Refinery copper	Raw materials	11,687,540	94.49	6,914,020	78.09	69.04	
	Salary	95,790	0.77	247,040	2.79	-61.22	
	Depreciation	244,800	1.98	366,380	4.14	-33.18	
	Energy consumption	242,540	1.96	1,182,560	13.36	-79.49	
	Others	98,010	0.80	144,040	1.62	-31.96	
Refinery zinc	Raw materials	1,986,220	74.83	1,632,180	59.62	21.69	
	Salary	76,680	2.89	151,980	5.55	-49.55	
	Depreciation	112,350	4.23	326,290	11.92	-65.57	
	Energy consumption	422,760	15.93	237,780	8.69	77.79	
	Others	56,380	2.12	389,250	14.22	-85.52	

Other explanations on the analysis of costs:

- Note: 1. In the cost structure, raw materials include the costs of purchasing raw and auxiliary materials and outsourcing, and the major energy consumed was coal, electricity and petroleum.
2. Most mining corporations of the Group adopted outsourcing of mining works. Such outsourcing cost was included in raw materials.

Management Discussion and Analysis *(continued)*

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(4) Information on major suppliers and customers

The sales income from the top five customers amounted to RMB46.140 billion, representing 58.52% of the total sales income of the year, in which the sales amount from related parties among the top five customers was RMB0, representing 0% of the total sales income of the year. The sales income from the top customer represented 52.06% of the total sales income of the year.

The procurement amount from the top five suppliers amounted to RMB17.966 billion, representing 25.74% of the total procurement amount of the year, in which the procurement amount from related parties among the top five suppliers was RMB0, representing 0% of the total procurement amount of the year. The procurement amount from the top supplier represented 14.17% of the total procurement amount of the year.

Other information

The Group's major customers included Shanghai Gold Exchange, the Australian Mint, Shanghai Huiao Non-ferrous Metals Company Limited, Fujian Shanghang Taiyang Copper Company Limited, etc.; the major suppliers included Shanghai Gold Exchange, Louis Dreyfus Commodities Metals Trading Co., Ltd., Glencore International AG, MRI Trading AG, etc.

5. Expenses

Selling expenses

During the reporting period, the Group's selling expenses was RMB667.48 million, representing a decrease of 3.52% compared with the same period last year (2015: RMB691.86 million). The decrease in selling expenses was mainly due to the decrease in transportation expenses in 2016 compared with the same period last year.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2.82247 billion, representing an increase of 7.70% compared with the same period last year (2015: RMB2.62074 billion). It was mainly because the Group increased the investment in exploration in 2016 which led to increase in exploration expenses, and the increase in depreciation and amortisation of assets due to the commencement of production of some enterprises.

Financial expenses

During the reporting period, the Group's financial expenses was RMB581.53 million, representing a decrease of 38.51% compared with the same period last year (2015: RMB945.67 million). It was mainly due to the increase in exchange gains during the current period.

Impairment losses on assets

During the reporting period, the Group's impairment losses on assets was RMB560.84 million, representing an increase of 19.15% compared with the same period last year (2015: RMB470.69 million). The details of the provision for impairment on assets in 2016 are as follows: bad debt provision of RMB33.28 million, provision on decline in the value of inventories of RMB73.42 million, impairment on available-for-sale investments of RMB3.89 million, impairment on fixed assets of RMB334.19 million, impairment on construction in progress of RMB22.63 million, impairment on intangible assets of RMB52.15 million, impairment on goodwill of RMB33.16 million, impairment on other current assets of RMB5.53 million and impairment on other non-current assets of RMB2.6 million.

Investment (losses)/income

During the reporting period, the investment losses of the Group was RMB1.97334 billion, the income decreased by RMB3.28611 billion as compared with the same period last year (2015: gain of RMB1.31277 billion). It was mainly due to the losses from hedging of products during 2016.

Gains/(Losses) on changes in fair value

As at 31 December 2016, the Group's unrealised gains from stocks, funds, futures contracts, gold leasing spot and gold leasing hedging contracts was RMB756.64 million (2015: unrealised losses of RMB125.51 million).

Management Discussion and Analysis *(continued)*

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6. Research and development expenditure

Table of research and development expenditure

Unit: RMB million

Expensed research and development expenditure for the year	195.23
Capitalised research and development expenditure for the year	242.71
Total research and development expenditure	437.94
Percentage of total research and development expenditure to operating income (%)	0.56
Number of research and development staff	292
Number of research and development staff to total number of staff of the Company (%)	1.67
Percentage of capitalised research and development expenditure (%)	29.41

7. Cash flows

As at 31 December 2016, the Group's cash and cash equivalents was RMB4.713 billion, representing a decrease of RMB133 million or 2.74% as compared with the same period last year.

During the reporting period, the total net cash inflow from the Group's operating activities was RMB8.602 billion, representing a decrease of RMB1.667 billion as compared with the same period last year, in which, the cash inflow from operating activities was RMB8.956 billion, representing an increase of RMB3.927 billion as compared with the same period last year; cash outflow used in operating activities was RMB77.354 billion, representing an increase of RMB5.595 billion compared with the same period last year. The decrease in net cash flow from the Group's operating activities was mainly due to increase in inventories.

During the reporting period, net cash outflow used in the Group's investing activities was RMB8.479 billion, representing a decrease of RMB214 million as compared with the same period last year. The main investing expenditures in 2016 included: (1) cash payment of RMB5.521 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) net cash outflow of RMB1.624 billion for acquisition and disposal and recovery of investments.

During the reporting period, net cash outflow used in the Group's financing activities was RMB508 million, while the net cash outflow during the same period last year was RMB273 million. It was mainly due to decrease in the amount of new borrowings for the year.

As at 31 December 2016, the Group's total borrowings amounted to RMB42.979 billion (31 December 2015: RMB36.410 billion). Among which, the amount repayable within one year was approximately RMB20.101 billion, the amount repayable within one to two years was approximately RMB4.476 billion, the amount repayable within two to five years was approximately RMB14.998 billion, and the amount repayable more than five years was approximately RMB3.404 billion. The interest rates of all borrowings ranged from 0.40% to 4.9% per annum (2015: ranged from 0.65% to 6.15% per annum).

The Group's daily capital requirements and capital expenditures of maintenance nature can be financed from its operating cash flow. The Group also has loan facilities with no usage restriction of approximately RMB138.5 billion provided by banks.

Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2016, the Group's consolidated total liabilities was RMB58,101,192,073 (RMB51,985,778,403 as at 31 December 2015), and the Group's consolidated total equity was RMB31,116,508,186 (RMB31,928,255,252 as at 31 December 2015). As at 31 December 2016, the Group's gearing ratio was 1.867 (1.628 as at 31 December 2015).

Non-recurring profit or loss items and their amounts

Management Discussion and Analysis *(continued)*

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	Amount for 2016 (RMB)	Note (If applicable)	Amount for 2015 (RMB)
Non-recurring profit or loss items			
Losses on disposal of non-current assets	-285,763,310		-37,474,784
Government grants recognised in the statement of profit or loss for the current period, except for government grants which are closely related to the Company's normal business operations, and in line with the country's policies, calculated according to certain standards or continuously granted in fixed amount	169,989,699		184,276,134
Capital utilisation fee received from non-financial enterprises recognised in profit or loss for the current period	168,380,526		—
Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date	53,053,260		66,814,497
Gains or losses on changes in fair value from held for trading financial assets and financial liabilities, investment gains on disposal of held for trading financial assets and financial liabilities and available-for-sale investments except for the effective portion of hedge closely related to the Company's normal operations	869,141,461	Including the gains on changes in fair value of investment including trading stocks, funds and currency swaps, etc. amounted to RMB793,390,793 and gains on disposal of stocks, funds and currency swaps amounted to RMB75,750,668.	-399,707,750
Non-operating income and expenses other than the aforesaid items	-123,144,367		-189,038,961
Impairment losses on available-for-sale investments	-3,888,677		-740,039
Gains on debt for equity swap of Bindi Potash	—		117,106,400
Impact on the non-controlling interests	-21,775,878		13,839,467
Impact on income tax	23,731,593		35,413,711
Total	849,724,307		-209,511,325

Items measured at fair value

Management Discussion and Analysis *(continued)*

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Unit: RMB

Item	Balance at the beginning of the year	Balance at the end of the year	Changes during the year	Impact on the profit for the current year
Financial assets at fair value through profit or loss (excluding derivative financial assets)	405,084,290	1,173,290,127	768,205,837	899,498,634
Derivative financial assets	143,268,440	78,489,803	-64,778,637	-24,804,363
Available-for-sale investments	425,110,763	533,450,722	108,339,959	—
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-6,411,589,909	-20,178,616	6,391,411,293	-974,014,082
Derivative financial liabilities	-393,282,945	-72,961,871	320,321,074	-1,117,374,896
Total	-5,831,409,361	1,692,090,165	7,523,499,526	-1,216,694,707

ANALYSIS OF ASSETS AND LIABILITIES

Status of assets and liabilities

Unit: RMB

Item	Amount at the end of 2016	Proportion to total assets as at the end of 2016 (%)	Amount at the end of 2015	Proportion to total assets as at the end of 2015 (%)	Percentage change in the amount at the end of 2016 compared with the amount at the end of 2015 (%)	Reasons for the change
Financial assets at fair value through profit or loss	1,251,779,930	1.40	548,352,730	0.65	128.28	Change in fair value of stocks
Bills receivable	875,760,717	0.98	264,373,037	0.32	231.26	Certain subsidiaries increased the use of bills for sales settlement
Other current assets	1,970,998,795	2.21	1,151,678,678	1.37	71.14	Purchase of wealth management products
Construction in progress	3,984,843,811	4.46	6,160,763,924	7.34	-35.32	Attained usable status and transferred to fixed assets
Short-term borrowings	12,350,040,250	13.82	5,394,474,750	6.43	128.94	Gold leasing business was reclassified to short-term borrowings
Financial liabilities at fair value through profit or loss	93,140,487	0.10	6,804,872,854	8.11	-98.63	Gold leasing business was reclassified to short-term borrowings
Dividends payable	27,165,124	0.03	119,000,981	0.14	-77.17	Payment of dividends
Current portion of non-current liabilities	4,218,609,112	4.72	6,053,652,249	7.21	-30.31	Repayment of due payables
Other current liabilities	5,000,000,000	5.60	1,004,821,498	1.20	397.60	Increase in issuance of ultra short-term financing bonds
Long-term borrowings	5,775,423,277	6.46	9,251,188,420	11.02	-37.57	Repayment of due borrowings
Bonds payable	16,270,310,335	18.21	8,300,000,000	9.89	96.03	Increase in issuance of corporate bonds
Long-term payables	397,617,073	0.44	1,171,224,739	1.40	-66.05	Repayment of long-term payables and reclassification to current portion of long-term payables

Brief Biography of Directors, Supervisors and Senior Management

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EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 60, graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree from Xiamen University. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the tenth, eleventh, and twelfth National People's Congress of Fujian Province, the vice-president of the China Gold Association and the chairman of chairmen group of China Mining Association. He has been serving as the chairman of the Board since 2000. From August 2006 to November 2009, he also served as the president of the Company. He also serves as the head of the Company's State Key Gold Laboratory. He was the discoverer and main exploration organiser of Zijinshan gold and copper mine, and is the founder and core leader of the Company.

Mr. Lan Fusheng, aged 53, graduated from Fuzhou University with a bachelor's degree in geology and obtained an MBA degree. He joined the Company in 1994. From August 2000 to August 2006, he was appointed as a director and standing deputy general manager of the Company. He served as a vice-chairman of the Company from August 2006 to December 2016. He currently serves as the vice-chairman and president of the Company.

Mr. Zou Laichang, aged 49, graduated from Fujian Agriculture and Forestry University Forestry College with a bachelor's degree of engineering in chemistry for forestry and obtained an MBA degree. He is a senior engineer. He joined the Company in March 1996, served as a director and senior vice-president from August 2006 to November 2009 and served as a director and standing vice-president from November 2009 to October 2013. He has been serving as a director and vice-president of the Company since October 2013.

Mr. Lin Hongfu, aged 43, graduated from Chongqing Steel College majoring in steel and iron alloy smelting, and obtained an EMBA degree from Tsinghua University. In August 1997, he joined the Company and has held the positions of plant manager of gold refinery plant, deputy chief of Zijinshan gold mine, general manager and chairman of the board of directors of Bayannaer Zijin Non-ferrous Metals Company Limited, etc. He served as a vice-president of the Company from August 2006 to October 2013. He has been serving as a director and vice-president of the Company since October 2013.

Mr. George Fang Qixue, aged 55, graduated from Wuhan University of Science and Technology with a bachelor's degree in mineral processing engineering profession and obtained a Ph.D. from the Central South University. He is a professor grade senior metallurgist, and a license holder authorised by the Securities and Futures Commission of Hong Kong. He has been with Beijing General Research Institute of Mining and Metallurgy (the "BGRIMM") and served as a professor grade senior metallurgist, director of the Ore Processing Research Office; deputy general manager of China United Copper Co., Ltd., director and general manager of Minmetals JCCL Mining Investment Co., Ltd., chief technology officer of China Minmetals Non-ferrous Metals Co., Ltd. and general manager of its investment department. Mr. Fang has been serving at the Standard Bank (its Headquarters are located at Johannesburg, South Africa) as head of Mining and Metals/Investment Banking/China; vice chairman, head of Mining and Metals Coverage Asia of Standard Bank Plc, Hong Kong Branch; the vice chairman and head of Mining and Metals Coverage Asia of Standard Advisory Asia Limited. He has been serving as a director, vice-president and concurrently, the chief engineer of the Company since May 2015. Mr. Fang Qixue has been serving as the chairman of a listed company in Australia, Nkwe Platinum Limited (stock code: NKP, which is a subsidiary of the Company).

Ms. Lin Hongying, aged 49, tertiary educated, is a senior accountant. She joined the Company in 1993 and held the positions of chief accountant, deputy manager and manager of finance department and assistant financial controller, etc. She served as the financial controller of the Company from November 2009 to December 2016. She has been serving as a director, vice-president and concurrently, the financial controller of the Company since December 2016.

Mr. Wang Jianhua, aged 61, received tertiary education from the Central Communist Party School, obtained an EMBA degree, is a senior economist and senior accountant. He has served as the chairman of Guangtong Group, manager of Shandong Silk Import & Export Corporation, general manager of Shandong Provincial Silk Corporation, and the chairman and secretary of Communist Party Committee of Shandong Gold Group Co., Ltd. He retired in February 2013. He served as the president of the Company from June 2013 to October 2013 and as a director and the president of the Company since October 2013, and resigned on 29 December 2016.

Mr. Qiu Xiaohua, aged 59, graduated from the Department of Economics of Xiamen University, and received his Ph.D. from Beijing Normal University. He is a senior statistician. He has held several positions including secretary of the Communist Party Committee and chief of National Bureau of Statistics of China, senior researcher for China National Offshore Oil Corporation, part-time professor of Xinhua Business School and the chief economist of Minsheng Securities. He served as a director and vice-chairman of the Company since May 2012, and resigned on 29 December 2016.

Brief Biography of Directors, Supervisors and Senior Management *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

NON-EXECUTIVE DIRECTOR

Mr. Li Jian, aged 41, graduated from Yang-En University majoring in international finance. He has served as manager, marketing director, deputy general manager of Longyan operation branch and general manager of Shanghang operation branch of Industrial Securities Co., Ltd. He has been appointed as general manager of Minxi Xinghang State-owned Assets Investment Company Limited since January 2013. He has been serving as a non-executive director of the Company since October 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Shihua, aged 66, graduated from Central Communist Party School majoring in economic management specialisation by correspondence, is a non-practising registered accountant. He has held the positions of president of the Fujian Budget and Accounting Research Society, inspector (deputy departmental head grade) of the Fujian Finance Department. He retired in May 2011. He has been serving as an independent non-executive director of the Company since October 2013.

Mr. Zhu Guang, aged 60, graduated from the University of International Business and Economics and obtained a master degree in International Economy; he was also granted a Doctoral degree in Economics by the Central University of Finance and Economics. He currently serves as the vice-chairman of HOPU Jinghua (Beijing) Investment Consultancy Co., Ltd. ("HOPU Investment"). At the same time, he is a visiting professor of the Central South University and the Central University of Finance and Economics. He was previously the general manager of Minmetals Trading Co., Ltd., the general manager of Minmetals International Non-ferrous Metals Co., Ltd., and the senior vice-president and Party Member of China Minmetals Corporation. From 2009 to the present, he has been with HOPU Investment and has been serving as the president of Longming iron mine on behalf of HOPU Investment. Mr. Zhu has also held a number of other positions namely the vice-chairman of Xiamen Tungsten Co., Ltd., vice-president of China Tungsten Industry Association, chairman of International Tungsten Industry Association, and the chairman of Jiangxi Tungsten Industry Group Co., Ltd., China United Copper Co., Ltd., Minmetals Aluminium Company Limited and Sherwin Alumina L.P. of the United States, respectively, and vice-chairman of Guangxi Huayin Aluminium Co., Ltd., etc. He has been serving as an independent non-executive director of the Company since June 2016.

Mr. Sit Hoi Wah, Kenneth, aged 58, graduated from the University of Hong Kong, is a practising solicitor in Hong Kong. He was admitted as a solicitor in Hong Kong, a solicitor in England and Wales, a solicitor and barrister in Australia, a solicitor in Singapore, a notary public, a member of the Chartered Institute of Arbitrators and a fellow member of the Hong Kong Institute of Arbitrators. He is a partner of Messrs. Kenneth Sit, Solicitors of Hong Kong. He has been serving as an independent non-executive director of the Company since October 2013.

Mr. Cai Meifeng, aged 74, graduated from Shanghai Jiao Tong University, and obtained his PhD in Mine Geotechnical Engineering from the University of New South Wales. Mr. Cai is a member of Chinese Academy of Engineering, also a specialist in geotechnical engineering and mining engineering. Being one of the pioneers in crustal stress measurement of domestic mines, he was the first person to develop the measurement technique of crustal stress, which owns an independent intellectual property right in the PRC, and he has also introduced a system of techniques for optimisation of mining design based upon crustal stress theory, safe mining techniques of high efficiency, and techniques for forecast, prevention and control of mine dynamic disasters. At present, he is a professor of the University of Science and Technology Beijing, and the convener of the assessment division for mining engineering discipline of the State Council Academic Degrees Committee. He was the former director of the School of Civil and Environmental Engineering of the University of Science and Technology Beijing, and chairman of Commission on Education of International Society for Rock Mechanics. He obtained 4 State Scientific and Technological Progress Second Class Awards, 1 Third Class Award, 1 State Technological Invention Third Class Award, and has published 4 treatises and more than 150 academic theses. More than 20 post-doctors, more than 90 PhDs and more than 50 M.A.s have been instructed by him. He was the editor-in-chief for one of the "Tenth Five-year Plan" state-planned teaching materials, and obtained 1 National Teaching Achievement Second Class Award. Mr. Cai is concurrently serving as an independent director of Sichuan Yahua Industrial Group Co., Ltd. (stock code at Shenzhen Stock Exchange: 002497). He has been serving as an independent non-executive director of the Company since December 2016.

Mr. Ding Shida, aged 69, a postgraduate graduated from Economic Research Institute of Xiamen University majoring in business administration, received a doctoral degree in management from the Graduate School of Chinese Academy of Social Sciences, is a senior economist. He has served as the general manager and secretary of Communist Party Committee of Fujian Construction Materials Industry Corporation. At the same time, he has also served as the chairman of Fujian Cement Inc. He has also served as the secretary of Communist Party Committee and general manager of Fujian Investment Corporation Group Company, and the chairman of Min Xin Holdings Limited (listed company in Hong Kong), the chairman of Min Xin Insurance Co., Ltd., vice-chairman of Luso International Banking Ltd., and the vice-chairman and chairman of Xiamen International Bank. He retired in July 2010. He served as an independent non-executive director of the Company since October 2013, and resigned on 29 December 2016.

Brief Biography of Directors, Supervisors and Senior Management *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Mr. Qiu Guanzhou, aged 67, graduated from Central South University of Technology majoring in mineral processing engineering and received a doctoral degree. He has previously served as the vice-president of Central South University of Technology and Central South University, and currently serves as a professor and tutor of doctoral students in Central South University. He was elected as an academician of Chinese Academy of Engineering in December 2011. Mr. Qiu has dedicated himself to the research of processing and utilising low-grade, complex and refractory metallic mineral resources in China for a long time, and has obtained significant achievements in flotation separation of fine and sulphide minerals and direct reduction of iron ore, especially the outstanding contributions made in the aspect of biohydrometallurgy in low-grade sulphuric ores. He was awarded as a national science and technology expert with outstanding contributions. He served as an independent non-executive director of the Company since 23 October 2014, and resigned on 20 June 2016 for personal work reason.

SUPERVISORS OF SUPERVISORY COMMITTEE

Mr. Lin Shuiqing, aged 53, was tertiary educated. He has been a deputy secretary, head of town and secretary of Zhongdu Town of Shanghang County Communist Party Committee, a director of Shanghang County Communist Party Committee Office, a standing member of the Shanghang County Communist Party Committee, director of Shanghang County Tongzhanbu and secretary of Shanghang County Non State-owned Economic Working Committee. He has been serving as the chairman of the supervisory committee of the Company since November 2009.

Mr. Xu Qiang, aged 65, was tertiary educated. He is a senior accountant, registered CPA, and registered valuer. He has been the deputy director of Fujian Huaxing Certified Public Accountants and the director of Fujian Asset Valuation Centre. He has been appointed as a supervisor of the Company since August 2000. He has been serving as the vice-chairman of the supervisory committee of the Company since August 2006.

Mr. Fan Wensheng, aged 49, was tertiary educated. He has held positions including secretary to and vice-director of the Agricultural and Economic Commission of Standing Committee of Shanghang County People's Congress, vice-director, chief staff, committee member and party member of office of the Standing Committee of the Shanghang County People's Congress, vice-secretary of Gutian Communist Party Committee and town chief of Gutian town, Communist Party Committee secretary of Taibaxiang, Shanghang County, township cadre of Economic and Trading Bureau and the director of the Shanghang Copper Bureau. He has been serving as a supervisor of the Company since October 2013.

Mr. Liu Wenhong, aged 47, tertiary educated, is an engineer. Mr. Liu joined the Company in 1989, and he held several positions including the office director, assistant to general manager, standing deputy chief of Zijinshan gold and copper mine, chairman of Zijin Mining Group (Xiamen) Investment Co., Ltd., and general manager of key project and social responsibility department of the Company, etc. He is currently serving as the chairman of the labour union and the supervisor representing workers and staff of the Company. He has been serving as a supervisor of the Company since October 2013.

Ms. Lan Liying, aged 51, tertiary educated, is an accountant and registered non-practising CPA. She joined the Company since December 1994, having served as the deputy manager of finance department, officer of the supervisory and audit office, general manager of marketing and operation department and production and operation department. She has been serving as the supervisor representing workers and staff of the Company since December 2016.

Mr. Zhang Yumin, aged 66, secondary educated. He joined the Company in 2000 and previously held several positions including assistant finance manager and officer of assets department, etc. He is currently serving as an officer of the supervisory and audit department. He served as a supervisor representing workers and staff of the Company since August 2006, and resigned on 27 December 2016.

SENIOR MANAGEMENT

Mr. Xie Xionghui, aged 43, graduated from Huainan Industrial Institute majoring in geology and mineral resources exploration. He is a lawyer and geological engineer. He joined the Company in 2001 and served as geological technician, secretary to the chairman, deputy director of the board of director's office and concurrently the legal advisor of the Company; deputy general manager of Hunchun Zijin Mining Co., Ltd.; general manager (concurrent) of Inner Mongolia Bulongtu Phosphorite Mining Co., Ltd. and general manager of Chongli Zijin Mining Co., Ltd.; standing deputy general manager of Heilongjiang Zijin Longxing Mining Co., Ltd.; chairman (concurrent) of Russia Longxing Co., Ltd.; general manager of Zijin Mining Group Northwest Company Limited; chairman of Zijin Mining Group Southern Co., Ltd.; general manager of mine administrative department of the Company. He currently serves as a vice-president of the Company.

Brief Biography of Directors, Supervisors and Senior Management *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Ms. Liu Qiang, aged 52, graduated from Beijing Second Foreign Language Institute majoring in English literature, obtained a Master's degree in Literature and is a deputy senior translator. She is the representative of the fifteenth People's Congress in Haidian District of Beijing, and is a member of the National Economy, Social Development and Planning, Finance and Budgeting Audit Committee of the fifteenth People's Congress of Haidian District. She has studied finance at the University of International Business and Economics in Beijing and got a post-graduate diploma. She has received trainings on finance and financial management in Hong Kong, served in the finance department of Oriental Metals (Holdings) Company Limited in Hong Kong and served as the manager of the finance department of an Australian subsidiary of China National Nonferrous Metals Import and Export Corporation, manager of the aluminum department of China National Nonferrous Metals Import and Export Corporation; a senior analyst for the aluminum industry and market in China National Nonferrous Metals Trading Group and China National Metals and Minerals Import and Export Corporation as well as the deputy manager of the Import and Export Division of China Aluminum International Trading Corporation Limited. She served as the secretary to the board of directors and company secretary of Aluminum Corporation of China Ltd. from October 2003 to May 2013. She has been serving as the secretary to the board of directors of the Company since October 2013.

Mr. Fan Cheung Man, aged 56, obtained a Master's degree in business administration from the University of New England, Australia. He is an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of The Association of Chartered Certified Accountants, UK. He has been a deputy general manager of Hungtai Electronic Factory and financial controller of Vigers HK Limited. Mr. Fan has been serving as the company secretary (HK) for the Company since December 2004.

Mr. Huang Xiaodong, aged 62, graduated from Hefei University of Technology majoring in computing, and obtained an EMBA degree. He joined the Company in 2005 and served as the chief economist of the Company and standing deputy chief and chief of Zijinshan gold and copper mine. He served as a director and senior vice-president of the Company from August 2006 to November 2009. He served as a director and vice-president of the Company from November 2009 to October 2013. He served as a vice-president of the Company from October 2013, and resigned on 29 December 2016.

POSITION HELD IN SHAREHOLDER'S COMPANY AND OTHER COMPANIES BY CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Position held in shareholder's company

Name	Name of shareholder's company	Position	Date of appointment	Date of end term
Li Jian	Minxi Xinghang State-owned Assets Investment Co., Ltd.	General manager	January 2013	January 2017
Fan Wensheng	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Supervisor	October 2013	October 2016

2. Position held in other companies

Name	Name of company	Position	Date of appointment	Date of end term
Chen Jinghe	BNL	Director	September 2015	
Fang Qixue	BNL	Director	September 2015	
Fang Qixue	Xiamen Zijin Tongguan Investment Development Co., Ltd.	Chairman	October 2016	
Zhu Guang	HOPU Jinghua (Beijing) Investment Consultancy Co., Ltd.	Vice-chairman		
Sit Hoi Wah, Kenneth	Messrs. Kenneth Sit, Solicitors of Hong Kong	Partner		
Sit Hoi Wah, Kenneth	Pokfulam Development Company Limited	Independent non-executive director	April 2015	March 2018
Cai Meifeng	Sichuan Yahua Industrial Group Co., Ltd.	Independent director		
Xu Qiang	Fujian Newland Computer Co., Ltd.	Independent director		
Xu Qiang	Hollyland (China) Electronics Technology Corporation Limited	Independent director	March 2013	March 2016

Brief Biography of Directors, Supervisors and Senior Management *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Name	Name of company	Position	Date of appointment	Date of end term
Qiu Xiaohua	Minsheng Securities	Chief economist	September 2015	August 2018
Qiu Xiaohua	Oceanwide Holdings Co., Ltd.	Director	March 2015	
Qiu Xiaohua	Fujian Newchoice Pipe Technology Co., Ltd.	Independent director	February 2015	
Qiu Xiaohua	Daqing Dairy Holdings Limited	Independent non-executive director	24 January 2014	19 February 2016
Qiu Guanzhou	Jiangxi Copper Company Limited	Independent non-executive director	11 June 2014	18 July 2016
Huang Xiaodong	Gold Eagle Mining Investment Limited	Director	April 2012	

Report of the Directors

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The directors of the Company (the “Directors”) hereby submit the Report of the Directors and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources, and is a large-scale and comprehensive mining group primarily engaged in the production of gold and non-ferrous metals. The Company mainly produces gold bullion of 99.99% and 99.95% purity under the “ZIJIN” brand, copper cathode and zinc bullion, etc. In 2016, the sales of gold products represented 59.99% (after elimination) of the total operating income, and the gross profit of the gold business represented about 39.28% of the total consolidated gross profit of the Group. There were no significant changes in the nature of the Group’s principal activities during the reporting period.

Details regarding the key businesses of the Group’s subsidiaries and associates are set out in Notes VII.1 and VII.2 to the financial statements, respectively.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2016 are set out in the financial statements on pages 85 to 240.

ANALYSIS ON INVESTMENT STATUS

Overall analysis on external equity investment

During the reporting period, the Group continued to carry out the development strategy of “internationalisation, project upsizing, asset securitisation”, with main focus on gold, copper and zinc mineral resources, and completed the acquisition of equity interest in Heilong Mining. For the purpose of pushing forward the constructions of Duobaoshan copper (molybdenum) mine phase 2 and refinery project, the Company completed the capital enlargement of Duobaoshan Copper and established Heilongjiang Zijin Copper Company Limited. The Company further acquired 21% equity interest in the Kolwezi copper mine in the DR Congo and sped up the projects’ construction progress. At the same time, the Company continued to pay attention to and keep track of a batch of important mining projects in preparation for increasing the future reserve, production volume and value of the Group.

(1) Key equity investments

The Company entered into a share transfer agreement (the “Agreement”) with the other 3 shareholders of Heilong Mining Group Company Limited (“Heilong Mining”), namely Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited (collectively the “Transferors”), and Hangzhou Nabel Group Company Limited, as the guarantor, on 3 June 2016. The Company acquired 100% equity interest in Heilong Mining (after detaching certain assets pursuant to the Agreement) held by the Transferors with cash consideration of RMB1.56122 billion. Heilong Mining held 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited (“Duobaoshan Copper”), 100% equity interest in Heilongjiang Tongshan Mining Company Limited (“Tongshan Company”), 100% equity interest in Heilongjiang Baoshan Mining Company Limited (“Baoshan Company”), 100% equity interest in Nenjiang County Survey and Mapping and Mineral Products Company Limited (“Survey and Mapping Company”) and 100% equity interest in Heilongjiang Heilong Resources Investment Company Limited (“Resources Company”) respectively. Pursuant to the Agreement, Heilong Mining detached the 100% equity interests it held in Baoshan Company, Survey and Mapping Company and Resources Company respectively. The Company originally held 51% equity interest in Duobaoshan Copper. After completion of the transaction, the Company held 100% equity interest in Duobaoshan Copper, Tongshan Company and Heilong Mining respectively. The major assets of the above 3 companies include the headquarters building of Heilong Mining, 11 exploration rights and 3 mining rights, etc. As at the end of the reporting period, the aforesaid transactions were all completed.

The seventh extraordinary meeting in 2016 of the fifth term of the Board of the Company considered and approved “Proposal in relation to the Enlargement in the Registered Capital of Duobaoshan Copper”. Pursuant to the resolution, the Company enlarged the capital of its wholly-owned subsidiary, Duobaoshan Copper, from registered capital of RMB800 million to RMB2 billion.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The seventh extraordinary meeting in 2016 of the fifth term of the Board of the Company considered and approved "Proposal in relation to the Investment and Establishment of Heilongjiang Zijin Copper Company Limited". Pursuant to the resolution, the Company's wholly-owned subsidiary, Duobaoshan Copper, established a wholly-owned subsidiary, Heilongjiang Zijin Copper Company Limited, with registered capital of RMB800 million during the reporting period. Heilongjiang Zijin Copper Company Limited is mainly responsible for the construction of copper refinery project which supports the large-scale development of the Duobaoshan copper (molybdenum) mine.

On 8 July 2016, the Company and Jin Cheng Mining Limited ("Jin Cheng Mining"), a wholly-owned subsidiary of the Company, jointly entered into a share acquisition agreement with Zhejiang Huayou Cobalt Co., Ltd. ("Huayou Cobalt"). Jin Cheng Mining acquired 21% equity interest in La Compagnie Minière de Musonoie Global SAS of the DR Congo ("Musonoie") held by Huayou Cobalt with a consideration of US\$34 million. After completion of the acquisition, the Company held 72% equity interest in Musonoie through Jin Cheng Mining. Musonoie owns the Kolwezi copper mine project in the DR Congo. The construction of the project is speeding up and proposed to commence production in 2017. The planned production capacity is 58,000 tonnes of copper per year.

(2) Key non-equity investments

Project name	Amount (RMB billion)	Progress	Investment during the reporting period (RMB billion)	Actual accumulated investment (RMB billion)	Project return status
Longnan Zijin (Gansu Yate) Li County gold mine project	1.4	Feasibility study reports of phase 2 of the 8,000 tonnes/day processing project and biological preoxidation were completed. Internal approval has been obtained and external approval is proceeding smoothly; stripping of mining infrastructure is in progress.	0.088	0.583	Planned to produce about 6 tonnes of mine-produced gold a year after completion of the two phases of the project and upon reaching the designated production capacity.
The Kolwezi copper mine project in the DR Congo	3.529	The construction of the project is speeding up. Major equipment such as crushing and grinding system and flotation processing system were completed and put into trial operation in one production line; the stripping of infrastructure proceeded in an orderly manner; the first-stage mining area for high-grade ores has been determined.	0.985	1.11	Annual production capacity planned to reach 7,212 tonnes of sulphuric copper concentrates (containing 60% copper), 43,616 tonnes of crude copper (containing 90% copper) and 8,203 tonnes of copper cathode.

Report of the Directors (continued)

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Project name	Amount (RMB billion)	Progress	Investment during the reporting period (RMB billion)	Actual accumulated investment (RMB billion)	Project return status
40,000 tonnes (25,000 tonnes for flotation processing, 15,000 tonnes for heap leaching) processing plant at the Zijinshan gold and copper mine	0.875	Put into trial production in October 2016.	0.316	0.531	Upon completion of the project, the annual production capacity is expected to reach 30,000 tonnes of copper concentrates containing copper, 1 tonne of gold associated with other metals and 26 tonnes of silver.
Phase 2 construction of Duobaoshan copper mine	2.477	The project construction is under preliminary preparation, approval for land use right is in progress.	0.184	0.184	Upon completion of construction of phase 2 and technological innovation of phase 1, the annual production capacity is expected to increase to 80,000 tonnes of copper.
Heilongjiang Zijin Copper refinery project	1.788	First draft of copper refinery project technical study is completed, construction is expected to commence during mid-2017.	0.006	0.006	Annual processing capacity of 450,000 tonnes of copper concentrates, annual production capacity of 100,000 tonnes of copper cathode with high purity.

ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

Analysis on operating status and results of major subsidiaries/associates

Unit: RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Barrick (Niugini) Limited (Note 1)	Gold	AUD443,320,000	3,171,760	1,039,770	496,540
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	3,105,400	1,537,860	397,570
Zijin Copper Company Limited	Copper cathode	2,116,300	7,540,500	2,100,480	293,370
Hunchun Zijin Mining Company Limited	Copper concentrates	150,000	5,124,260	1,860,750	243,320
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	2,133,700	777,420	147,580
Longnan Zijin Mining Company Limited	Gold	242,220	975,890	406,930	135,840
Xinjiang Zijin Zinc Industry Co., Ltd.	Zinc concentrates	346,500	1,060,770	555,140	107,020
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	1,255,870	634,280	91,610

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Unit: RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,168,720	899,430	46,730
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,352,760	1,246,870	32,800
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	2,000,000	2,880,740	1,090,030	31,360
Wenshan Malipo Zijin Tungsten Group Company Limited	Tungsten products	1,000,000	1,948,520	1,094,720	-52,430
Xinjiang Aletai Jinhao Iron Company Limited	Spheroidal graphite iron	810,000	1,873,420	-210,090	-130,850

Operating status and results of subsidiaries/associates affecting the Company's net profit for over 10%

Unit: RMB'000

Company name	Total assets	Net assets	Operating income	Operating profit	Net profit
Jin Heng Mining Company Limited (Note 2)	1,003,060	465,940	—	734,890	734,890
Barrick (Niugini) Limited	3,171,760	1,039,770	2,011,650	544,570	496,540
Gold Mountains (H.K.) International Mining Co., Ltd. (Note 3)	17,732,050	1,140,520	750,820	440,390	459,810
Xinjiang Ashele Copper Company Limited	3,105,400	1,537,860	1,237,680	501,430	397,570
Zijin Copper Company Limited	7,540,500	2,100,480	19,076,660	378,260	293,370
Hunchun Zijin Mining Company Limited	5,124,260	1,860,750	5,083,390	333,920	243,320

Note 1: Data listed are based on the 50% shareholding proportion of the Company;

Note 2: Net profit was mainly from gains on changes in fair value of the shares of Ivanhoe Mines Ltd. held;

Note 3: Net profit was mainly from exchange gains arising from RMB borrowings.

Performance of undertakings

Undertakings by the actual controller, shareholders, related parties, acquirers of the Company and the Company which were made during the reporting period or remained to be valid within the reporting period

Background of the undertaking	Type of the undertaking	Undertaking parties	Contents of the undertaking	Time of undertaking and its validity period	Whether there is validity period	Whether the undertaking has been strictly complied with
Undertaking related to the initial public offering	Avoidance of competition within the same industry	Minxi Xinghang State-owned Assets Investment Co., Ltd.	During the period of being the substantial shareholder of the Company, Minxi Xinghang and its wholly-owned or controlling enterprises will not engage in any business that is in competition with or constitutes a competitive threat to the Company's main business or main products within or outside the PRC, including investing, acquiring, merging or entrusting to operate and manage locally or globally a company, business or other economic association which main business or product is the same with or similar to that of the Company. If the Company develops any new business segment in the future, the Company will have the priority to enter that business industry while Minxi Xinghang and its other wholly-owned or controlling enterprises will not develop the same business segment.	The undertaking was made by Minxi Xinghang in 2008 when the A Shares of the Company were listed. The undertaking is valid so long as Minxi Xinghang is the substantial shareholder of the Company	Yes	Yes

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Background of the undertaking	Type of the undertaking	Undertaking parties	Contents of the undertaking	Time of undertaking and its validity period	Whether there is validity period	Whether the undertaking has been strictly complied with
Undertaking related to re-financing	Restriction on selling of shares	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held from the date of undertaking to six months after the completion of non-public issuance of A Shares in 2016 of the Company	From 28 October 2016 to six months after the completion of non-public issuance of A Shares in 2016 of the Company	Yes	Yes
	Restriction on selling of shares	Certain Directors, Supervisors and senior management of the Company intending to participate in phase 1 of the Employee Stock Ownership Scheme of the Company	Not to reduce the number of shares of the Company held from the date of undertaking to six months after the completion of non-public issuance of A Shares in 2016 of the Company	From 28 October 2016 to six months after the completion of non-public issuance of A Shares in 2016 of the Company	Yes	Yes
Other undertaking made to minority shareholders of the Company	Restriction on selling of shares	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	From 11 July 2015 to 10 January 2016	Yes	Yes
	Restriction on selling of shares	The Directors, Supervisors and senior management of the Company	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	From 11 July 2015 to 10 January 2016	Yes	Yes
	Restriction on selling of shares	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held from the date of the undertaking to 31 December 2016	From 8 January 2016 to 31 December 2016	Yes	Yes

Major litigation and arbitration

(1) Litigation, arbitration which have been published in provisional announcements and without further progress

Summary and type of event

On 21 September 2010, the collapse of Yinyan Tin Mine Gaoqiling tailing pool dam of Xinyi Zijin Mining Company Limited ("Xinyi Zijin") and the collapse of the dam of Shihuadi hydropower station in Qianpai Town, Xinyi City were affected by the extreme weather brought by typhoon "Fanapi", resulting in casualties and property damage downstream. The local government and the victims sued Xinyi Zijin and other defendants in the People's Court of Xinyi City. Most of the litigations arising from this incident were settled by way of mediation in 2011 and 2012.

6 hydropower plants (including Shihuadi in Xinyi City) and a water treatment plant sued the defendants (including Xinyi Zijin) for liability of damages due to collapse of structures. On 31 December 2015, Xinyi Zijin received the first instance judgment from the People's Court of Xinyi City, which imposed a compensation of RMB27.519 million in total on Xinyi Zijin for the property loss of the plaintiffs in 7 cases. Fujian Jinma Construction Engineering Company Limited was jointly liable for 50% of the abovementioned compensation while the Company bore a supplementary liability for the compensation. Xinyi Zijin and the Company objected to the first instance judgment and made an appeal to the Intermediate People's Court in Maoming City. The Intermediate People's Court in Maoming City conducted a hearing on 14 June 2016, and the second instance judgment has yet to be made.

For the proceeding initiated by Xinyi Zijin against defendants including Shihuadi hydropower station for recovery of damages (the court determined the cause was a dispute on the liability of damages due to collapse of structures), the People's Court of Xinyi City conducted a hearing in September 2014, Xinyi Zijin made an aggregate claim of RMB49.9 million against all the defendants. A judgment has yet to be handed down in the aforementioned case.

Index for details

For details, please refer to the Company's announcements disclosed on HKEXnews website (<http://www.hkexnews.hk>) dated 9 March 2012 and 13 September 2012.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

(2) Litigation, arbitration which have not been published in provisional announcements or without further progress

Unit: RMB'000

During the reporting period:

Plaintiff(s)/ Applicant(s)	Defendant(s)/ Respondent(s)	Jointly liable parties	Type of proceedings/ arbitration	Basic information of the proceedings/ arbitration	Amount involved in the proceedings/ arbitration	Whether provisions are made for the proceedings/ arbitration	Progress of the proceedings/ arbitration	Hearing results and impacts of the proceedings/ arbitration	Enforcement progress of judgment of the proceedings/ arbitration
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	Wang Yan, Wang Shaoyan, Northeast Tiger Pharma- ceutical Company Limited	Civil	On 28 April 2010, the plaintiff entered into a Share Transfer Framework Agreement with the defendant. Since the defendant failed to refund the deposit on time, the plaintiff filed the claims.	45,000	Fully provided in year 2012	The second instance judgment ordered the defendant to refund RMB45 million to the plaintiff and bear the relevant interest costs and legal fee.	Judgment was for the Company and the Company has applied to enforce the court order. Both parties have entered into an agreement for enforcing settlement, pursuant to which all the amount owed to the Company shall be paid off by 30 April 2017.	In progress

Material connected transactions

Connected transactions related to ordinary business operation

Matters which have been published in provisional announcements and without progress or changes in subsequent implementation

Summary of event

The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), entered into a copper concentrates supply contract and a supplemental agreement to the copper concentrates supply contract with Xinjiang Non-ferrous Metals Industrial Materials (Group) Co., Ltd., which is a wholly-owned subsidiary of Xinjiang Ashele's substantial shareholder, Xinjiang Non-ferrous Metals Industry (Group) Company Limited, on 20 June 2016 and 8 September 2016 respectively. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contracts were entered into under normal commercial terms, which reflects the principles of fairness and reasonableness. During the reporting period, the total amount of the transaction was RMB503 million.

Index for details

For details, please refer to the Company's announcements disclosed on HKEXnews website (<http://www.hkexnews.hk>) dated 21 June 2016 and 8 September 2016.

Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is a subsidiary of Minxi Xinghang, the Company's substantial shareholder, and an associate of Zijin Finance, the Company's subsidiary. Zijin Finance provided financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB7.50 million to Ting River Hydropower.

For details, please refer to the Company's announcement disclosed on HKEXnews website (<http://www.hkexnews.hk>) dated 9 January 2014.

Save the continuing connected transactions as disclosed above, the related party transactions disclosed in the auditor's report were not the connected transactions defined by Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

More details of the related party transactions undertaken by the Group in the ordinary course of business are set out in Note X.6 to the financial statements.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Accordingly, it is confirmed by the Directors that:

- (a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for auditors' inspection of the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.
- (b) The Company has undertaken to the Stock Exchange that if it is aware or has reasons to believe that the independent non-executive Directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions that the Company must immediately notify the Stock Exchange. The Company may have to comply with the relevant requirements of the Listing Rules to disclose and obtain independent shareholders' approval, or make corrections based on the instructions of the Listing Division of the Stock Exchange.
- (c) Independent non-executive Directors of the Group have reviewed and confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2016 were:
 1. entered into in the ordinary and normal course of business of the Company or its subsidiaries;
 2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;
 3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior to those available from or to independent third parties.
- (d) The Group's auditors have reviewed the transactions (details of which are set out in Note X to the financial statements), and confirmed to the Board that:
 1. the transactions have been approved by the Board;
 2. terms of the agreement of the relevant transactions are attached to the connected transactions;
 3. the aggregated amounts of the transactions have not exceeded the respective announced annual caps.

In addition, no Director has any interests in the material contracts.

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

Save for the connected transactions/related party transactions as disclosed in this report, there were no transactions, arrangements or contracts of significance between the listed issuer or its subsidiaries and the controlling shareholder or any of its subsidiaries.

Save as disclosed above, please refer to the Note X to the financial statements for the details of commodity sales and purchase, rendering of services and other related party transactions. In respect of each related party transaction disclosed in Note X.6 to the financial statements prepared in accordance with CAS, the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A to the Listing Rules and other relevant requirements under the Listing Rules (if applicable).

STAFF OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

(1) STAFF

The number of current staff of the Company	2,573
The number of current staff of the major subsidiaries	14,872
Total number of current staff (including staff of domestic enterprises and Chinese staff of overseas enterprises)	17,445
The number of retired employees that the Company and the major subsidiaries are responsible for the retirement expenses	325

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Profession structure

Classification	Number of staff
Production	8,586
Sales	250
Technical	4,259
Finance	456
Administration	3,894
Total	17,445

Education

Classification	Number of staff
Bachelor's degree or above	3,004
Tertiary education	3,338
Secondary school or below	11,103
Total	17,445

(2) REMUNERATION POLICY

According to the Company's strategy and the actual development, the Company established an overall salary structure in combination of the basic salary as the main body, supplemented by performance bonuses, allowances and welfares. The Company's remuneration management adopts the strategy of "high pay for elites", which is to provide basic salary with market competitiveness, and at the same time to continuously improve the competence of staff; while implementing performance bonus assessment management system based on improvement in efficiency and management, the Company fully stimulates the potential of staff at all levels. Also, in addition to the payment of social insurance and housing fund for employees in accordance with the law, the Company provides employees with welfares such as supplementary medical insurance, paid annual leaves, festival allowances, etc. In order to maintain a stable workforce and retain the Company's core and key talents, the Company also implements mid-to-long-term incentive policy.

(3) TRAINING PROGRAMMES

According to the annual training plan, the Group organised various training programmes, namely mining technique challenge and innovation seminars, orientations for new employees, English trainings for departments at headquarters, etc. Meanwhile, the Group's headquarters and its subsidiaries carried out trainings on the aspects of logistics EPR system, etiquette, archive management, use of business trip platform, environmental protection management knowledge, basic software engineering skills, training for finance managers, information safety and internal control of information technology, new functions of PMS for management of construction project, etc., further promoted the implementation of excellent management experience and advanced technology and methods in the Group's companies, and improved the vocational skills and comprehensive competence of staff.

(4) OUTSOURCING STATUS

Total working hours of outsourcing services	Measured by quantity in mining and striping production
Total outsourcing payment	RMB2,264,673,683

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 31 December 2016, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, Supervisors and chief executive are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange are as follows:

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Shareholdings of the Directors, Supervisors and chief executive of the Company as at 31 December 2016:

Director	Class of shares	Number of shares held	Nature of interest	Long/Short positions	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the registered capital
Chen Jinghe	Domestic shares	102,000,000	Personal	Long	0.65%	0.47%
	H Shares	8,000,000	Personal	Long	0.14%	0.04%
	Total	110,000,000	Personal	Long		0.51%
Lan Fusheng	Domestic shares	7,530,510	Personal	Long	0.05%	0.03%
Zou Laichang	Domestic shares	1,430,000	Personal	Long	0.01%	0.01%
Lin Hongfu	Domestic shares	862,500	Personal	Long	0.01%	0.01%
Fang Qixue	Domestic shares	301,000	Personal	Long	0.01%	0.01%
Lin Hongying	Domestic shares	200,000	Personal	Long	0.01%	0.01%

Supervisor	Class of shares	Number of shares held	Nature of interest	Long/Short positions	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the registered capital
Lin Shuiqing	Domestic shares	300,000	Personal	Long	0.01%	0.01%
Liu Wenhong	Domestic shares	24,450	Personal	Long	0.01%	0.01%
	H Shares	10,000	Personal	Long	0.01%	0.01%
	Total	34,450	Personal	Long		0.01%

Save as disclosed above, none of the Directors, Supervisors and chief executive or their associates have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in the SFO) during the reporting period. None of the Directors, Supervisors and chief executive or their spouse or children under the age of 18 years is holding any option to subscribe shares, underlying shares or debentures of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries during any time in the reporting period, which will allow the Directors, Supervisors and chief executive of the Company to be benefited by acquiring the shares, underlying shares or debentures of the Company or other body corporates.

SHARE CAPITAL AND SHAREHOLDERS

CHANGE OF ISSUED SHARES

For the year of 2016, the Company repurchased 2,500,000 H Shares in aggregate at the Hong Kong Stock Exchange. Details as follow:

At the 2014 annual general meeting, the first A Shareholders' class meeting in 2015 and the first H Shareholders' class meeting in 2015 convened by the Company on 11 May 2015, a resolution in relation to the proposal of granting a general mandate to the Board to repurchase H Shares was approved. The effective period of the resolution was from the date of the shareholders' general meeting passing the resolution to the date of 2015 annual general meeting convened in 2016. According to the authorisation, the Company continued to implement repurchases of H Shares in the first half of 2016 and repurchased 2,500,000 H Shares in aggregate with the total amount paid of HK\$4,845,000 (excluding commission and other expenses). Up to the present, the cancellation of the H Shares repurchased by the Company in the first half of 2016 was completed at Computershare Hong Kong Investor Services Limited, and the change of business registration in the PRC for the cancellation of the repurchased H Shares was also completed.

The Board considered that the repurchase of H Shares would be beneficial to and in the best interests of all the shareholders and the Company. It can strengthen the investors' confidence and promote a positive effect and maintain the Company's image in the capital market.

Details of the Company's issued ordinary shares (with par value of RMB0.1 each) as at 31 December 2016 are set out in Note V.38 to the financial statements.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

SHAREHOLDING STRUCTURE

As at 31 December 2016, the Company has a total of 918,639 shareholders, of which 968 are H Shareholders and 917,671 are holders of domestic shares. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders are as follows:

			Approximate percentage of shareholding in the registered capital*
Name of shareholders	Class of shares	Number of shares held	
1. HKSCC Nominees Limited (Note 1)	H Shares	5,708,668,229	26.50%
2. Minxi Xinghang State-owned Assets Investment Co., Ltd. (Notes 2 & 3)	Domestic shares	5,671,353,180	26.33%
3. Xinhua Industrial Group Company Limited	Domestic shares	735,184,681	3.41%
4. China Securities Finance Corporation Limited	Domestic shares	521,398,894	2.42%
5. National Social Security Fund 108	Domestic shares	309,999,672	1.44%
6. Central Huijin Asset Management Ltd.	Domestic shares	191,694,700	0.89%
7. Shanghang County Jinshan Trading Co., Ltd.	Domestic shares	110,905,000	0.51%
8. Chen Jinghe	Domestic shares	102,000,000	0.47%
	H Shares	8,000,000	0.04%
	Total	110,000,000	0.51%
9. Hong Kong Securities Clearing Company Limited (Note 4)	Domestic shares	70,818,491	0.33%
10. Industrial and Commercial Bank of China-Guangfa Large-cap Growth Mixed Securities Investment Fund	Domestic shares	49,001,500	0.23%

Notes:

- * Percentage calculation based on 21,540,743,650 shares.
- HKSCC Nominees Limited is holding 5,708,668,229 H Shares in the Company as a nominee, representing approximately 26.50% in aggregate of the Company's shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and custodian business for customers.
 - 208,484,145 domestic shares of the Company held by Minxi Xinghang State-owned Assets Investment Co., Ltd. has to be transferred to National Council for Social Security Fund, PRC, that part of the stock is frozen.
 - Minxi Xinghang State-owned Assets Investment Co., Ltd. pledged 1,070,000,000 domestic shares of the Company.
 - Hong Kong Securities Clearing Company Limited is holding 70,818,491 domestic shares in the Company as a nominee, representing approximately 0.33% in aggregate of the Company's shares in issue. Hong Kong Securities Clearing Company Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and custodian business for customers.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

SUBSTANTIAL SHAREHOLDERS

So far as the Directors, Supervisors and chief executive of the Company are aware, as at 31 December 2016, the interests and long/short positions of shareholders (except the Directors, Supervisors and chief executive of the Company) in the shares or underlying shares of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of shareholders	Class of shares	Number of shares held	Approximate percentage in the total number of issued shares*	Approximate percentage of shareholding in the total number of issued domestic shares	Approximate percentage of shareholding in the total number of issued H Shares**	Long/Short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic shares	5,671,353,180	26.33%	35.89%	—	Long
The Bank of New York Mellon Corporation	H Shares	369,771,779 (Note 1)	1.72%	—	6.45%	Long
The Bank of New York Mellon Corporation	H Shares	360,582,309 (Note 1)	1.67%	—	6.29%	Lending pool
BlackRock, Inc.	H Shares	342,483,734 (Note 2)	1.59%	—	5.97%	Long
BlackRock, Inc.	H Shares	830,000 (Note 2)	0.01%	—	0.01%	Short
Market Vectors ETF - Market Vectors Gold Miners ETF	H Shares	331,672,000 (Note 3)	1.54%	—	5.78%	Long
Van Eck Associates Corporation	H Shares	331,672,000 (Note 4)	1.54%	—	5.78%	Long

Notes:

* Percentage calculation based on 21,540,743,650 shares.

** Percentage calculation based on 5,736,940,000 shares of H Share.

- (1) The Bank of New York Mellon Corporation holds 369,771,779 H Shares (long position) of the Company (representing approximately 6.45% of the 5,736,940,000 total issued H Shares of the Company) and 360,582,309 H Shares (lending pool) of the Company (representing approximately 6.29% of the 5,736,940,000 total issued H Shares of the Company).

According to the disclosure form filed by The Bank of New York Mellon Corporation on 21 December 2016, the following interests in shares were held by The Bank of New York Mellon Corporation in the following capacity:

Capacity	Number of shares
Corporation controlled by The Bank of New York Mellon Corporation	369,771,779 (Long position) 360,582,309 (Lending pool)

These shares were held by The Bank of New York Mellon Corporation through its controlled corporation, the details of which is as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
The Bank of New York Mellon	225 Liberty Street New York, NY 10286 USA USA (New York)	The Bank of New York Mellon Corporation	100.00	Y Long position	369,771,779

- (2) BlackRock, Inc. holds 342,483,734 H Shares (long position) of the Company (representing approximately 5.97% of the 5,736,940,000 total issued H Shares of the Company) and 830,000 H Shares (short position) of the Company (representing approximately 0.01% of the 5,736,940,000 total issued H Shares of the Company).

Report of the Directors *(continued)*

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According to the disclosure form filed by BlackRock, Inc. on 22 December 2016, the following interests in shares were held by BlackRock, Inc. in the following capacity:

Capacity	Number of shares
Corporations controlled by BlackRock, Inc.	342,483,734 (Long position) 830,000 (Short position)

These shares were held by BlackRock, Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
Trident Merger, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock, Inc.	100.00	N	Long position	2,466,250
BlackRock Investment Management, LLC	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	Trident Merger, LLC	100.00	Y	Long position	2,466,250
BlackRock Holdco 2, Inc.	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock, Inc.	100.00	N	Long position Short position	340,017,484 830,000
BlackRock Financial Management, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 2, Inc.	100.00	N	Long position Short position	337,251,484 830,000
BlackRock Financial Management, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 2, Inc.	100.00	Y	Long position	2,766,000
BlackRock Holdco 4, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock Financial Management, Inc.	100.00	N	Long position Short position	176,194,587 206,000
BlackRock Holdco 6, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock Holdco 4, LLC	100.00	N	Long position Short position	176,194,587 206,000
BlackRock Delaware Holdings Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Holdco 6, LLC	100.00	N	Long position Short position	176,194,587 206,000
BlackRock Institutional Trust Company, National Association	1225 17th Street, Suite 300, Denver, CO 80202 (Colorado, USA)	BlackRock Delaware Holdings Inc.	100.00	Y	Long position Short position	82,106,587 206,000
BlackRock Fund Advisors	400 Howard Street San Francisco, CA 94105, United States (California, USA)	BlackRock Delaware Holdings Inc.	100.00	Y	Long position	94,088,000
BlackRock Capital Holdings, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Financial Management, Inc.	100.00	N	Long position	3,430,000
BlackRock Advisors, LLC	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Capital Holdings, Inc.	100.00	Y	Long position	3,430,000
BlackRock International Holdings, Inc.	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States (Delaware, USA)	BlackRock Financial Management, Inc.	100.00	N	Long position Short position	157,626,897 624,000

Report of the Directors *(continued)**(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
BR Jersey International Holdings L.P.	13 Castle Street, St. Helier, Jersey, Channel Islands JE4 5UT (Jersey)	BlackRock International Holdings, Inc.	86.00	N	Long position Short position	157,626,897 624,000
BlackRock Cayco Limited	c/o Walkers SPV Limited, P.O. Box 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands (Cayman Islands)	BlackRock HK Holdco Limited	100.00	N	Long position	6,148,000
BlackRock Trident Holding Company Limited	Taney Hall, Eglinton Terrace, Dundrum, Dublin 14, Ireland (Ireland)	BlackRock Cayco Limited	100.00	N	Long position	6,148,000
BlackRock Japan Holdings GK	Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217 (Japan)	BlackRock Trident Holding Company Limited	100.00	N	Long position	6,148,000
BlackRock Japan Co., Ltd.	Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217 (Japan)	BlackRock Japan Holdings GK	100.00	Y	Long position	6,148,000
BlackRock Canada Holdings LP	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada (Ontario, Canada)	BR Jersey International Holdings L.P.	99.90	N	Long position	584,000
BlackRock Canada Holdings ULC	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada (Ontario, Canada)	BlackRock Canada Holdings LP	100.00	N	Long position	584,000
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada (Ontario, Canada)	BlackRock Canada Holdings ULC	100.00	Y	Long position	584,000
BlackRock Australia Holdco Pty. Ltd.	Level 26, 101 Collins Street Melbourne VIC 3000 Australia (Victoria, Australia)	BR Jersey International Holdings L.P.	100.00	N	Long position	858,000
BlackRock Investment Management (Australia) Limited	Level 26, 101 Collins Street Melbourne VIC 3000 Australia (Victoria, Australia)	BlackRock Australia Holdco Pty. Ltd.	100.00	Y	Long position	858,000
BlackRock (Singapore) Holdco Pte. Ltd.	20 Anson Road #18-01 079912 Singapore (Singapore)	BR Jersey International Holdings L.P.	100.00	N	Long position	9,345,377
BlackRock Asia-Pac Holdco, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	N	Long position	9,165,377
BlackRock HK Holdco Limited	13th Floor, One Pacific Place, 88 Queensway, Hong Kong (Hong Kong)	BlackRock Asia-Pac Holdco, LLC	100.00	N	Long position	9,165,377
BlackRock Asset Management North Asia Limited	15/F, 16/F, 17/F Champion Tower & 17/F ICBC Tower, 3 Garden Road, Central, Hong Kong	BlackRock HK Holdco Limited	100.00	Y	Long position	3,017,377
BlackRock Group Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BR Jersey International Holdings L.P.	90.00	N	Long position Short position	146,839,520 624,000
BlackRock (Netherlands) B.V.	Rembrandt Tower, 17th floor, Amstelplein, Amsterdam Netherlands (Amsterdam, Netherlands)	BlackRock Group Limited	100.00	Y	Long position	1,328,000
BlackRock Advisors (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	59,087,500

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
BlackRock International Limited	Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL, United Kingdom (Scotland, United Kingdom)	BlackRock Group Limited	100.00	N	Long position	136,000
BlackRock International Limited	Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL, United Kingdom (Scotland, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	2,084,000
BlackRock Luxembourg Holdco S.à r.l.	35 A, avenue J.F. Kennedy L-1855 Luxembourg	BlackRock Group Limited	100.00	N	Long position Short position	53,148,341 124,000
BlackRock Investment Management Ireland Holdings Limited	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland (Ireland)	BlackRock Luxembourg Holdco S.à r.l.	100.00	N	Long position	43,590,341
BlackRock Asset Management Ireland Limited	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland (Ireland)	BlackRock Investment Management Ireland Holdings Limited	100.00	Y	Long position	43,590,341
BLACKROCK (Luxembourg) S.A.	35 A, avenue J.F. Kennedy L-1855 Luxembourg	BlackRock Luxembourg Holdco S.à r.l.	100.00	Y	Long position Short position	9,530,000 124,000
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	N	Long position Short position	2,148,250 500,000
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	28,907,429
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Investment Management (UK) Limited	100.00	Y	Long position Short position	2,148,250 500,000
BlackRock Life Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock International Limited	100.00	Y	Long position	136,000
BlackRock (Singapore) Limited	20 Anson Road #18-01 079912 Singapore (Singapore)	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	Y	Long position	180,000
BlackRock UK Holdco Limited	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Luxembourg Holdco S.à r.l.	100.00	N	Long position	28,000
BlackRock Asset Management (Schweiz) AG	Bahnhofstrasse 39 8001 Zurich, Switzerland (Switzerland)	BlackRock UK Holdco Limited	100.00	Y	Long position	28,000

Further information in respect of derivative interests:

Cash settled (Unlisted derivatives)	Long position	712,000
	Short position	124,000

- (3) Market Vectors ETF - Market Vectors Gold Miners ETF holds 331,672,000 H Shares (long position) of the Company (representing approximately 5.78% of the 5,736,940,000 total issued H Shares of the Company).
- (4) Market Vectors ETF - Market Vectors Gold Miners ETF is managed by Van Eck Associates Corporation. Van Eck Associates Corporation is deemed to have interest in the 331,672,000 H Shares (long position) of the Company (representing approximately 5.78% of the 5,736,940,000 total issued H Shares of the Company).

Save as disclosed above and so far as the Directors are aware, as at 31 December 2016, no other person (other than the Directors, Supervisors, chief executive or members of senior management of the Company) had an interest or short position in the Company's shares, underlying shares or debentures (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Based on register of members and other published information, the Directors consider that the Company has complied with the Listing Rules in relation to the requirement of minimum public shareholding.

PROFIT DISTRIBUTION PROPOSAL OR THE PLAN FOR CONVERTING CAPITAL RESERVE INTO SHARE CAPITAL

Formulation, execution or adjustment of cash dividend distribution policy

According to the "Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies" (Zheng Jian Fa [2012] No. 37) and "Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies" (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission (the "CSRC") and the requirements of other laws, regulations and regulatory documents and the articles of association of the Company, in order to improve the decision making of the Company's profit distribution and supervisory mechanism, while taking into consideration of the Company's production, operation and sustainable development and maintaining a reasonable return to investors of the Company, the Company formulated the "Profit Distribution and Return Plan for the Next Three Years (Year 2015-2017)" (the "Profit Distribution and Return Plan"). The Profit Distribution and Return Plan clearly defines the principle, format, cash dividend conditions of the Company's profit distribution policy, and the procedures for forming profit distribution policy, procedures for amending profit distribution policy, etc. Unless there is a special circumstance, the Company's cumulative profit distribution by way of cash for the latest three years shall not be less than 60% of the average annual distributable profits realised for the latest three years. In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realised distributable profits for the year (excluding the accumulated undistributed profits of last year). The abovementioned Profit Distribution and Return Plan was considered and approved at the first extraordinary shareholders' general meeting in 2015.

The 2015 annual general meeting of the Company considered and approved the profit distribution plan of the Company for 2015. Based on the total number of 21,540,743,650 shares of the Company (after deduction of the repurchased H Shares), a dividend of RMB0.6 (tax included) per every 10 shares (a total of RMB1,292,444,619 in cash) was distributed, and the undistributed profit was retained for future distribution. The above profit distribution was completed on 22 July 2016. The profit distribution plan of the Company for 2015 complied with the relevant provisions in the articles of association of the Company and the Profit Distribution and Return Plan.

The Company's profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan for the latest three years (including the reporting period)

Unit: RMB

Year of profit distribution	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax included)	Capital conversion for every 10 shares (share)	Amount of cash dividend (tax included)	Net profit attributable to ordinary shareholders of listed company on consolidated financial statement for the dividend distribution year	Percentage of dividends to net profit attributable to ordinary shareholders of the listed company accounted for in the consolidated financial statements (%)
2016	—	0	—	0	1,839,798,820	0
2015	—	0.6	—	1,292,444,619	1,655,671,617	78.06
2014	—	0.8	—	1,725,825,092	2,345,062,669	73.59

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

In the event that a company generated profits during the reporting period and the profits of the parent company distributable to ordinary shareholders is positive but cash profit distribution for ordinary shares is not proposed, the company should disclose the reasons in detail and the use and plan for use of the undistributed profits

Reasons for not proposing cash profit distribution plan for ordinary shares despite of the fact that the parent company generated profits during the reporting period and the profits of the parent distributable to ordinary shareholders is positive

The Company's application for non-public issuance of A Shares was reviewed and approved by the Issuance Review Committee of the CSRC on 7 December 2016, but currently the CSRC's written approval documents have not yet been obtained. According to Article 18 of the "Administrative Measures on Securities Issuance and Underwriting" of the CSRC, if listed companies with a plan for issuance of securities have any profit distribution proposal or conversion of capital reserve into securities capital proposal which has not yet been submitted to shareholders' general meeting for voting, or when such proposal has been approved by the shareholders' general meeting but has not been implemented yet, the issuance of securities can only be proceeded after such proposal has been implemented. **As the Company is currently carrying out the issuance of A Shares, in order to speed up the progress, the Board proposed that: no profit distribution will be carried out for the year of 2016 and there will be no conversion of capital reserve into share capital.**

The use and plan for use of the undistributed profits

The Board proposes an interim profit distribution for 2017, for which the corresponding approval procedure shall be carried out in compliance with the articles of association of the Company and the relevant laws and regulations. The profit distribution proposal will be proposed to the 2016 annual general meeting for consideration. The independent Directors of the Company have expressed independent opinion on the above matters.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year of 2016, the Company repurchased 2,500,000 H Shares in aggregate. Details are as follow:

At the 2014 annual general meeting, the first A Shareholders' class meeting in 2015 and the first H Shareholders' class meeting in 2015 convened by the Company on 11 May 2015, a resolution in relation to the proposal of granting a general mandate to the Board to repurchase H Shares was approved. The effective period of the resolution was from the date of the shareholders' general meeting passing the resolution to the date of 2015 annual general meeting convened in 2016. According to the authorisation, the Company continued to implement repurchases of H Shares in the first half of 2016 and repurchased 2,500,000 H Shares in aggregate with the total amount paid of HK\$4,845,000 (excluding commission and other expenses). Up to the present, the cancellation of the H Shares repurchased in the first half of 2016 was completed at Computershare Hong Kong Investor Services Limited, and the change of business registration in the PRC for the cancellation of the repurchased H Shares was also completed.

Save as disclosed above, for the year ended 31 December 2016, the Board confirmed that neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities.

More details of the H Shares repurchase of the Company are set out in Note V.38 to the financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which provide that the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise, the Company appointed four independent non-executive Directors and one of them possesses accounting and related financial management expertise. Brief biography of the independent non-executive Directors have been provided in the Company's 2016 annual report.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Changes in the Company's Directors, Supervisors and senior management

Name	Position	Change	Reasons for the change
Wang Jianhua	Director	Resignation	Resigned from the position of Director due to change of term
Wang Jianhua	President	Resignation	Resigned from the position of president due to change of term
Lan Fusheng	Vice-chairman	Election	Appointed to the position of vice-chairman due to change of term
Lan Fusheng	President	Appointment	Appointed to the position of president due to change of term
Qiu Xiaohua	Vice-chairman	Resignation	Resigned from the position of vice-chairman due to change of term
Lin Hongying	Director	Election	Appointed to the position of Director due to change of term
Lin Hongying	Vice-president, financial controller (concurrent)	Appointment	Appointed to the position of vice-president and financial controller due to change of term
Qiu Guanzhou	Independent Director	Resignation	Resigned from the position of independent Director due to personal work reasons
Zhu Guang	Independent Director	Election	Appointed to the position of independent Director at the election in the 2015 annual general meeting, re-appointed to the position of independent Director due to change of term
Cai Meifeng	Independent Director	Election	Appointed to the position of independent Director due to change of term
Ding Shida	Independent Director	Resignation	Resigned from the position of independent Director due to change of term
Zhang Yumin	Supervisor representing workers and staff	Resignation	Resigned from the position of Supervisor representing workers and staff due to change of term
Lan Liying	Supervisor representing workers and staff	Election	Appointed to the position of Supervisor representing workers and staff due to change of term
Huang Xiaodong	Vice-president	Resignation	Resigned from the position of vice-president due to change of term
Xie Xionghui	Vice-president	Appointment	Appointed to the position of vice-president due to change of term

Resigned Directors Mr. Wang Jianhua, Mr. Qiu Xiaohua, Mr. Ding Shida and Mr. Qiu Guanzhou confirmed that they have no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to their resignations.

For the constitution of the Directors, Supervisors and senior management, please refer to the Company's 2016 annual report.

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee of the Board has reviewed the Group's financial report for the year ended 31 December 2016 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the year ended 31 December 2016 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

Report of the Directors *(continued)*

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Appointment and dismissal of auditors

Unit: RMB million

	Currently appointed
Auditors in Mainland China	Ernst & Young Hua Ming (LLP)
Remuneration for auditors in Mainland China this year	8.46
Appointment term of the auditors in Mainland China	Renew once a year
Auditors outside Mainland China	Nil

	Name	Remuneration
Internal control auditors	Ernst & Young Hua Ming (LLP)	Already included in the audit fee
Financial advisor	Nil	Nil
Sponsor	Essence Securities Co., Ltd.	0.98

Impacts on financial indicators including earnings per share, net assets per share, etc. from changes in ordinary shares during the most recent year and period (if any)

Using the number of shares before repurchase for calculation, the Company's earnings per share for 2016 (rounded to the nearest two decimal places, the same shall apply hereinafter) was RMB0.09 and the net assets per share was RMB1.29. The above financial indicators are generally consistent with the indicators based on the number of shares after deduction of the repurchased shares. The repurchase does not have any significant impact on the Company's major financial indicators.

Other information which the Company considered necessary or are required to be disclosed by the securities regulatory authorities

The Company issued the Plan for the Non-public Issuance of A Shares on 8 July 2016. The maximum number of A Shares to be issued under such plan will be 1,553,398,058 shares (1,553,398,058 shares inclusive), the subscription price shall not be less than 90% of the average trading price of the Company's A Shares in the 20 trading days preceding the base day for pricing (i.e. not less than RMB3.09 per share) and the total amount of proceeds to be raised (issuance expenses inclusive) will not exceed RMB4.8 billion. Since the Company carried out the profit distribution proposal for 2015, the Company issued an announcement in relation to adjustment of minimum subscription price and number of shares to be issued on 22 July 2016. After the adjustment, the minimum subscription price was adjusted from RMB3.09 per share to RMB3.03 per share, and the maximum number of A Shares to be issued was adjusted from 1,553,398,058 shares (1,553,398,058 shares inclusive) to 1,584,158,415 shares (1,584,158,415 shares inclusive).

Taking into account the actual situations of the projects to be invested by the proceeds raised, the Company issued an announcement on 28 November 2016 and adjusted the total amount of proceeds to be raised. Due to deduction of the amount of interest expenses of RMB164.622 million arising from the construction period in the construction of the Kolwezi copper mine project in the DR Congo, which was originally proposed to be funded by the proceeds raised, the total amount of proceeds to be raised was adjusted from RMB4.8 billion to RMB4.635378 billion and the number of A Shares to be issued was correspondingly reduced based on the above adjustment. After the adjustment, the maximum number of A Shares to be issued will be 1,529,827,722 shares (1,529,827,722 shares inclusive) and the total amount of proceeds to be raised (issuance expenses inclusive) will not exceed RMB4.635378 billion.

The application for the non-public issuance of A Shares was reviewed and approved by the Issuance Review Committee of the CSRC on 7 December 2016, but the approval documents in writing have not yet been obtained. Please refer to the relevant announcements on the HKEXnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) for more details.

Report of the Directors *(continued)*

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INFORMATION OF CORPORATE BONDS

Overview of corporate bonds

Unit: RMB billion

Name of bond	Abbreviation	Code	Date of issuance	Date of maturity	Outstanding balance	Interest rate	Payment of principal and interest	Listing place
2016 Corporate Bonds (the First Tranche) (Type One) of Zijin Mining Group Co., Ltd.*	16 Zijin 01	136304	18 March 2016	18 March 2021	3	2.99%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the First Tranche) (Type Two) of Zijin Mining Group Co., Ltd.*	16 Zijin 02	136305	18 March 2016	18 March 2021	2	3.37%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type One) of Zijin Mining Group Co., Ltd.*	16 Zijin 03	136549	15 July 2016	15 July 2021	1.8	3.05%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type Two) of Zijin Mining Group Co., Ltd.*	16 Zijin 04	136550	15 July 2016	15 July 2021	1.2	3.45%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange

Settlement of interests of the corporate bonds

Date of payment of the initial interest accrued for 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* was 18 March 2017 and the payment was settled on schedule. Date of payment of the initial interest accrued for 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* will be 15 July 2017. No interest payment was made during the reporting period.

Use of proceeds raised from corporate bonds

As at the date of this report, the RMB5 billion of proceeds raised from 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, the unused balance for issuance is RMB0; and the RMB3 billion of proceeds raised from 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, the unused balance for issuance is RMB0. During the reporting period, the designated account for the proceeds raised was well operated.

SHARE OPTION SCHEME

As at the date of this report, the Company has not granted nor agreed to grant options to any of its Directors, Supervisors, chief executive, substantial shareholders or their respective associates or the employees of the Company or its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

Transactions of the Company's gold products were conducted and settled through the Shanghai Gold Exchange. Information about the ultimate customers is unknown.

The details of the Company's top five suppliers and the top five customers are set out in Management Discussion and Analysis. All transactions between the Company and the related suppliers and customers were entered into under normal commercial terms.

As far as the Directors are aware, none of the Directors, Supervisors, shareholders holding more than 5% equity interest of the Company or their respective associates (as defined in the Listing Rules) had any interest in the above top five suppliers and customers in the year of 2016.

Report of the Directors *(continued)*

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PRE-EMPTIVE RIGHTS

According to the articles of association of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the year, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Report of the Directors".

For discussion on the Group's compliance with relevant laws and regulations that have a significant impact on the Group and the Group's environmental policies and performance, please refer to the section headed "The Work in the Active Fulfillment of Social Responsibilities" in this report.

Key relationships with employees, customers and suppliers

Details of the staff of the Group and the related remuneration policy and training programmes are set out in Report of the Directors.

The Group maintains a good relationship with its customers. The Group continually provides excellent products with the most competitive price and best quality to customers, and optimises services in order to raise customer satisfaction.

The Group maintains a good relationship with its suppliers. The Group never stops perfecting its procurement process and mechanism. Not only does the Group reinforce its supplier management, but it also insists on the business principles of integrity and trustworthiness to enhance communications with suppliers by all available means, with the goal of seeking mutual benefit and prosperity for all.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The 2016 environmental, social and governance report of the Company will be issued within three months after the publication of this annual report.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company respectively. All these contracts have become effective from the date of appointment and will terminate on 29 December 2019. Pursuant to article 106 of the articles of association of the Company, the terms for the Directors will be three years (commencing from the date of appointment or re-election), subject to re-election and re-appointment. Under the Company Law of the PRC, the term of appointment for the Supervisors is also three years, and subject to re-election and re-appointment. Remuneration of the Directors and Supervisors of the Company can be amended at annual general meetings.

Save as disclosed above, there are no service contracts entered into between the Company and any of the Directors or Supervisors which is not determinable by the Company within one year without payment of compensation (except statutory compensation).

DIRECTORS AND SUPERVISORS AND THEIR TERMS

During the year and up to the date of this report, the existing Directors and Supervisors and their terms are:

	TERMS
EXECUTIVE DIRECTORS:	
Chen Jinghe	From 30 December 2016 to 29 December 2019
Lan Fusheng	From 30 December 2016 to 29 December 2019
Zou Laichang	From 30 December 2016 to 29 December 2019
Lin Hongfu	From 30 December 2016 to 29 December 2019
Fang Qixue	From 30 December 2016 to 29 December 2019
Lin Hongying	From 30 December 2016 to 29 December 2019
Wang Jianhua	Resigned on 29 December 2016
Qiu Xiaohua	Resigned on 29 December 2016

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

NON-EXECUTIVE DIRECTOR:

Li Jian From 30 December 2016 to 29 December 2019

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lu Shihua From 30 December 2016 to 29 December 2019

Zhu Guang From 30 December 2016 to 29 December 2019

Sit Hoi Wah, Kenneth From 30 December 2016 to 29 December 2019

Cai Meifeng From 30 December 2016 to 29 December 2019

Ding Shida Resigned on 29 December 2016

Qiu Guanzhou Resigned on 20 June 2016

SUPERVISORS:

Lin Shuiqing From 30 December 2016 to 29 December 2019

Xu Qiang From 30 December 2016 to 29 December 2019

Fan Wensheng From 30 December 2016 to 29 December 2019

Liu Wenhong From 28 December 2016 to 29 December 2019

Lan Liying From 28 December 2016 to 29 December 2019

Zhang Yumin Resigned on 27 December 2016

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

BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of the Directors, Supervisors and senior management are set out in Brief Biography of Directors, Supervisors and Senior Management in this report.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to undertake management or administration of the whole or any substantial part of any business of the Company during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the service contracts of the Directors and Supervisors as disclosed above, there were no transactions, arrangements or contracts of significance to which the Company or its controlling company or its subsidiaries were a party to and in which a Director or Supervisor of the Company or an entity connected with a Director or Supervisor had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

COMPETING BUSINESS

None of the Directors is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

Save as disclosed in this report, there is no financial assistance to affiliated companies of the Company, or guarantees given for facilities granted to affiliated companies of the Company which together in aggregate exceeds 8% under the assets ratio defined under rule 14.07(1) of the Listing Rules.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, the Company has not entered into any equity-linked agreement in this financial year.

DEBENTURES

Details of debentures are set out in Note V.34 to the financial statements.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed in Note VI to the financial statements, the Company has no other material acquisition, disposal or merger of subsidiaries, associates and joint ventures during the reporting period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year, the articles of association of the Company was amended in the Company's shareholders' general meetings convened on 20 June 2016 and 30 December 2016. For details, please refer to the Company's notices issued on 6 May 2016 and 15 November 2016 respectively.

RETAINED EARNINGS

As at 31 December 2016, details of the Company's retained earnings are set out in Note V.43 to the financial statements.

ASSETS PLEDGED OR CHARGED

As at 31 December 2016, details of the Group's pledged or charged assets are set out in Note V.58 to the financial statements.

CURRENCY AND INTEREST HEDGING POLICY

As at 31 December 2016, details of the Group's currency and interest hedging policy are set out in Note VIII.3 to the financial statements. In the year of 2016, the Group used cross currency swap to manage currency risk, details of the transactions are set out in Notes V.2 and VIII.3 to the financial statements.

Save as disclosed above, the Group does not have formal currency hedging policy and has not entered into any major foreign currency contracts or derivatives to hedge against foreign currency and interest rate risks.

FIXED ASSETS

Details of movements of the fixed assets of the Group for the year ended 31 December 2016 are set out in Note V.13 to the financial statements.

SHARE CAPITAL

Details of the movements of the Company's share capital are set out in Note V.38 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2016, pursuant to the relevant laws and regulations, the Company's distributable reserves amounted to RMB19,823,726,654 (31 December 2015: RMB21,659,259,746).

BANK AND OTHER BORROWINGS

Details of the Group's bank and other borrowings are set out in Notes V.22, 31, and 33 to the financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in Note XI.2 to the financial statements.

DONATIONS

During the reporting period, the Group made charitable and other donations amounted to approximately RMB100 million (2015: RMB120 million).

TAXATION

The PRC's corporate income tax rate is 25%, details of the Group's taxation are set out in Notes IV and V.54 to the financial statements.

Report of the Directors *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

TAX RELIEF AND EXEMPTION INFORMATION FOR SHAREHOLDERS

A Shareholders

Pursuant to the Notice on Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Caishui [2012] No. 85) (the "Notice") issued jointly by the Ministry of Finance, the State Administration of Taxation and the CSRC of the PRC, for shares of listed companies obtained by individuals from public offerings or the secondary market, where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis; and where the holding period exceeds one year, 25% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above. The individual income tax levied on stock dividends obtained by equity investment funds from listed companies is also calculated in accordance with the Notice.

Article 26.2 of the Enterprise Income Tax Law of the PRC provides that dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free.

Pursuant to Article 83 of the Implementation Rules of Enterprise Income Tax Law of the PRC, dividends, bonuses and other equity investment income distributed between qualified resident enterprises as referred in Article 26.2 of the Enterprise Income Tax Law of the PRC include those income obtained from direct investment of resident enterprises into other resident enterprises, excluding the income from holding the stocks of the resident enterprises that were obtained through public offering and had been traded on the stock market for less than 12 months on a continuing basis.

As per the Enterprise Income Tax Law of the PRC and the Implementation Rules of Enterprise Income Tax Law of the PRC, dividend income obtained by non-resident enterprises shall be levied at a preferential enterprise income tax rate of 10%.

H Shareholders

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Fa [2011] No.348), the dividend received by overseas resident individual shareholders from the shares issued by overseas non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold the shares issued by overseas non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they reside and China or the tax arrangements between Mainland China and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No.897), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to H shareholders who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

IMPORTANT EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in this report, there is no important event affecting the Group which has occurred after the reporting period.

By order of the Board of Directors
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
24 March 2017

Report of the Independent Directors

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Zijin Mining Group Co., Ltd.* Report of Independent Directors for 2016

As the independent Directors of Zijin Mining Group Co., Ltd.*, we exerted our professional expertise. We strictly complied with the "Company Law of the PRC", "Securities Law of the PRC", "Code of Corporate Governance for Listed Companies", "Guidance regarding the Establishment of Independent Director System in Listed Companies" and other relevant laws, regulations and policies, seriously discharged the duties stipulated by the articles of association of the Company and the responsibilities as independent directors, and worked with integrity and diligence. We arranged time to carry out studies and researches for subsidiaries of the Group at the base level, grasped better knowledge of corporate situation and concerned about the development of the Company, especially in the aspects of safety, environmental protection and information disclosure. We attended the Board meetings, shareholders' general meetings, annual working conference and the Company's internal business trainings on time, and objectively and impartially expressed independent opinion on the Company's significant events, including connected transactions, use of proceeds raised, external investment, etc., practically protected the interests of the Company's shareholders as a whole, especially the interests of minority shareholders. Details of the discharge of our duties in 2016 are as follows:

1. ATTENDANCE OF BOARD MEETINGS AND SHAREHOLDERS' GENERAL MEETINGS

The Company convened 24 Board meetings and 4 shareholders' general meetings in 2016, our attendance is as follows:

Meeting Name	Number of meeting for the year	Board meeting				Shareholders' general meeting		
		Actual number of meeting attended			Absent	Number of meeting for the year	Actual number of meeting attended	Absent
		On-site	By telecommunication	By proxy				
Lu Shihua	24	12	12	0	0	4	4	0
Zhu Guang	17	6	10	1	0	3	3	0
Sit Hoi Wah, Kenneth	24	9	15	0	0	4	4	0
Cai Meifeng	1	1	0	0	0	1	1	0
Ding Shida	23	10	12	1	1	4	4	0
Qiu Guanzhou	7	2	5	0	0	2	2	0

Note: the Company completed the transition to a new term of the Board on 30 December 2016. Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, and Cai Meifeng served as independent directors of the sixth term of the Board. Mr. Ding Shida resigned due to change of term, and Mr. Qiu Guanzhou resigned for personal work reasons during his term of office.

Most of the independent directors attended all the Board meetings and shareholders' general meetings in person in 2016. Before the Board meetings were held, independent directors actively studied the materials for decision-making and communicated with relevant staff. We listened to and considered every proposal conscientiously during the meetings, actively joined the discussions and expressed our opinion, exercised the voting rights in a rigorous manner, fully served the role as independent directors, played an encouraging role for the Board to make scientific decisions and protected the interests of the Company and the non-controlling shareholders as a whole.

2. PARTICIPATING IN PROFESSIONAL COMMITTEES UNDER THE BOARD

(1) Audit and internal control committee of the Board

According to the "Company Law of the PRC", "Securities Law of the PRC", and the relevant requirements of the China Securities Regulatory Commission and the stock exchanges where the Company's shares are listed, during our term of service as committee members of the audit and internal control committee, we strictly followed the "Implementation Policy for the Audit and Internal Control Committee of the Board of Directors" to deploy the work with diligence, helped the Board of the Company to seriously discharge their duties, followed the Company's "Working Policy of Independent Directors for Annual Report", "Working Schedule of the Audit and Internal Control Committee", etc., earnestly reviewed the periodic reports of the Company during the reporting period, completed various tasks of the audit and internal control committee well including the thorough review of the two quarterly reports, interim report and annual report prepared by the Company and the active communication with external auditor according to the audit arrangement for the annual report.

The audit and internal control committee thoroughly reviewed the annual financial statements and notes prepared by the Company after listening to the report of the Company's management on the annual production operation and significant events. The audit and internal control committee considered that the contents and format of the financial statements prepared by the Company were in accordance with the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange, and agreed to submit the financial statements prepared by the Company and other relevant materials to the Board for consideration.

Report of the Independent Directors *(continued)*

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The audit and internal control committee communicated with the external auditor for three times during the normal annual audit process. The first communication was carried out before the external auditors started the field job, the audit and internal control committee communicated with the external auditors to confirm the working plan for the annual audit, including the timetable, work arrangement, accounting policies, key issues for audit, etc. The audit and internal control committee required the external auditors to comply with the principles of independency, objectivity, fairness and prudence of accounting to ensure the accuracy of the financial information. The second communication was carried out during the audit process, the audit and internal control committee listened to the external auditor's report of problems found during the audit process, with mutual communication and exchange to ensure the quality of the audit work. The third communication was carried out when the first draft of the audit report was made, and the audit and internal control committee reviewed the draft and provided advice for amendments, supplements and improvements.

(2) Tasks of the nomination and remuneration committee of the Board

The term of service of the fifth term of the Board of the Company expired on 30 December 2016. The nomination and remuneration committee of the Board earnestly reviewed the qualification of the candidates for directors of the sixth term of the Board and senior management of the Company, and expressed their opinion on the nomination of the candidates. During the reporting period, the nomination and remuneration committee organised and implemented the performance assessment for the year of 2015 according to the requirements of the Board.

On the basis of reviewing the personal resumes of the candidates for Directors of the sixth term of the Board and senior management, the independent directors carried out further communication with the relevant candidates on certain matters, conducted serious review, and delivered the independent opinion in writing on the qualification and nomination procedure of the above mentioned candidates. Meanwhile, the independent Directors reviewed and delivered independent opinion in writing on the remuneration and assessment proposal of the Directors and Supervisors of the sixth term and the proposal of one-off use of personal option bonus remunerations by some of the above mentioned persons for partial subscription under the employee stock ownership scheme.

In addition to the aforesaid matters, independent Directors issued independent opinion on the remuneration matters of the Directors and senior management. We considered that the assessment and realisation of the 2015 annual remunerations received by the Company's Directors and senior management were carried out in strict compliance with the remuneration policy approved at the shareholders' general meeting and the Board meeting and the Company's relevant policies.

3. INDEPENDENT OPINION ON CONNECTED TRANSACTIONS, PROVISION OF GUARANTEES, ETC.

(1) Status of connected transactions

Being the independent Directors of the Company, we strictly followed the regulatory requirements of "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Stocks on Shanghai Stock Exchange" and the articles of association of the Company, etc., to perform examinations on the connected transactions which occurred in the Company's daily production and operating activities. Evaluations were made to verify if the connected transactions were objective, the pricings were reasonable and the interests of the Company would be prejudiced (especially those of the minority shareholders) and other aspects. Independent judgements were made and independent opinion was issued.

In 2016, the independent Directors issued independent opinion on the following connected transactions:

1. On 20 June 2016, the extraordinary meeting of the fifth term of the Board passed the "Resolution related to the Continuing Connected Transaction of Sales of Copper Concentrates from Xinjiang Ashele Copper Company Limited to Xinjiang Non-ferrous Metals Industrial Materials (Group) Co., Ltd.";
2. On 8 July 2016, the eighteenth meeting of the fifth term of the Board passed the "Resolution related to the Connected Transaction of the Non-public Issuance of A Shares of the Company";
3. On 8 September 2016, the extraordinary meeting of the fifth term of the Board passed the "Resolution related to Raising the Connected Transaction Amount of Sales of Copper Concentrates from Xinjiang Ashele Copper Company Limited to Xinjiang Non-ferrous Metals Industrial Materials (Group) Co., Ltd.";

The independent Directors considered that the connected transaction of sales of copper concentrates by Xinjiang Ashele Copper Company Limited was necessary for the Company's production and operation, and were in accordance with the provisions of the articles of association of the Company; the participation in the subscription of the Company's non-public issuance of A Shares by Minxi Xinghang State-owned Assets Investment Company Limited, the substantial shareholder of the Company, and Phase 1 of the Employee Stock Ownership Scheme of the Company, which

Report of the Independent Directors *(continued)*

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constituted connected transactions, was favourable for supporting the Company's long-term sustainable development, and raising employees' cohesion and the Company's competitiveness; the terms of the aforesaid connected transactions followed the principles of fairness, equality and justice, and were in the interests of the Company and its shareholders as a whole. In the meetings of the Board for consideration of the above resolutions relating to the connected transactions, the connected Directors abstained from voting, and the voting procedures were in accordance with provisions of the relevant laws and the articles of association of the Company.

(2) Status on provision of guarantees

According to the stipulations of the "Notice in relation to Regulating External Guarantee by the Listed Companies", "Notice of Several Issues in relation to Funds between Listed Companies and Connected Parties and External Guarantee by the Listed Companies" and the articles of association of the Company, thorough study and verification were made on the funds occupied by connected parties and the accumulated and current provision of guarantees by the Company in 2015. There was no circumstance that the Company's controlling shareholder and its related parties occupied funds of the Company during the reporting period. It was also considered that related procedures had been performed on the guarantees, and the risks were strictly controlled.

(3) Other independent opinion

In addition, based on independent Directors' position of independent judgment, special explanations and independent opinion were issued on the Company's deposits of raised funds and status of their actual use, and recognition of impairment on taking of certain assets and obsolescence loss. Independent opinion was issued on the Company's profit distribution proposal for 2015, matters relating to the Company's non-public issuance of A Shares in 2016, adjustments to the matters relating to the non-public issuance of A Shares, and Phase 1 of the Employee Stock Ownership Scheme of the Company; "The 2015 Company's Social Responsibilities Report" and "The 2015 Company's Internal Control Evaluation Report" were considered and independent opinion was expressed. The Company appointed Ernst & Young Hua Ming (LLP) to perform audit on the effectiveness of the internal control related to the financial report and a standard audit report with unqualified opinion was issued.

4. OTHER TASKS OF INDEPENDENT DIRECTORS

(1) In-depth investigation and research on the base-level subsidiaries of the Group

During the reporting period, the independent Directors joined the study team of independent Directors and external supervisors organised by the Company to perform field study in more than 10 subsidiaries of the Company, such as Bayannaoer Zijin Non-ferrous Metals Company Limited and Wulatehouqi Zijin Mining Company Limited, etc., received presentations from the companies and project-in-charge in the fields, went into the mines and mining wells to perform site visits, discussed and communicated with the local officers and understood the situation and the problems of development faced by the subsidiaries in those areas. In particular, the independent Directors were highly concerned about aspects such as operations in compliance with law and regulations, production safety, environmental protection and the efficiency of processing enterprises, etc., and have objectively and fairly examined the investment decisions and operation management of the Company with a strict and scientific attitude and acute risk-awareness from the point of view of independent Directors. The independent Directors provided constructive opinion and suggestions in the research reports submitted to the Board, and obtained first-hand information for the formulation of strategies of the Company.

(2) During the discharge of their duties, the independent directors often carried out active, continuous supervision and tracking on corporate governance structure and daily operation management of the Company

The independent Directors kept close contact with the Company's management through telephone and mail, communication with the relevant staff, reading the working summaries of the Board and other means; understood the development and implementation status of the Company's internal control policy, the operation updates and financial status, progress of significant events including the Company's assets acquisition, the execution and implementation status of the resolutions of shareholders' general meetings and Board meetings; monitored the impacts on the Company arising from the changes in external environment and the market and the relevant reports published by the media, and provided timely suggestions to the Company.

Report of the Independent Directors *(continued)*

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5. STRENGTHEN LEARNING AND FURTHER IMPROVE THE QUALITY OF DECISION MAKING

In 2016, the independent Directors made reasonable arrangement to earnestly study the laws, regulations and policies related to listed companies, particularly strengthened the studies on the Company Law of the PRC, Securities Law of the PRC, Code of Corporate Governance for Listed Companies and Enterprise Internal Control, etc., deepened their knowledge and understanding on the way to improve corporate governance structure of listed companies, as well as the way to enhance regulated operation. At the same time, the standard on scientific decision-making and the idea and self-awareness of protecting the interests of the investors were enhanced.

In 2016, the independent Directors, based on the principles of truth-seeking, pragmatism, prudence and diligence, fulfilled the responsibilities of independent Directors independently, objectively and impartially. The independent Directors made use of their own professional knowledge and experience to provide constructive suggestions to the Company's development, provided opinion for reference of the Board and practically protected the legitimate interests of the Company and all the investors, especially those of the minority shareholders. We would like to express our gratitude to all the shareholders, the Board, the supervisory committee and the management of the Company for their effective collaboration and supports during our discharge of duties as independent Directors. It is our honour to be the independent Directors of the Company, and we hereby wish the Company a better future!

Independent Directors:

Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth
Cai Meifeng, Ding Shida, Qiu Guanzhou

24 March 2017

Report of the Supervisory Committee

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To all shareholders,

Pursuant to the provisions of the relevant laws and regulations including “Company Law of the People’s Republic of China” and the articles of association of the Company, in 2016, the supervisory committee of the Company discharged their duties earnestly, and completed the election of and smooth transition to a new term of the supervisory committee. All Supervisors discharged their duties diligently and met the targets and completed the tasks satisfactorily.

1. WORK REPORT OF THE SUPERVISORY COMMITTEE

(1) Meetings convened by the supervisory committee

The supervisory committee convened 8 meetings to consider the Company’s periodic financial reports and other important issues. The supervisory committee meetings were convened strictly in accordance with the procedures stipulated in the articles of association of the Company, meeting procedures of the supervisory committee, etc. Timely disclosures of the relevant conclusions of the meetings were made in accordance with the requirements of the Shanghai Stock Exchange.

Meeting of the supervisory committee	Date	Venue	Matters discussed and resolutions passed
The fourteenth meeting of the fifth supervisory committee	25 March 2016	Conference room, 10/F., Zijin Airport Hotel	“2015 work report of the supervisory committee of the Company”, “Proposal of provision for impairment of assets in 2015”, “Proposal on recognition of certain assets stock-take loss and obsolescence loss of the Company”, “The Company’s annual report and its summary report of 2015”, “2015 financial report of the Company”, “The Company’s profit distribution proposal for the year of 2015”, “2015 internal control evaluation report of the Company” and “2015 social responsibility report of the Company” were considered and approved.
The fifteenth meeting of the fifth supervisory committee	29 April 2016	Conference room, 10/F., Zijin Airport Hotel	“2016 first quarterly report of the Company”, “Proposal in relation to the Termination of the Company’s Non-public Issuance of A Shares” and “The Company’s profit distribution proposal for the year of 2015” were considered and approved.
The sixteenth meeting of the fifth supervisory committee	8 July 2016	Conference room, 21/F., Shanghang Headquarters of the Company	“Proposal of Phase 1 of the Employee Stock Ownership Scheme of the Company (Draft) and its summary”, “Proposal of formulation of the Administrative Policy of the Employee Stock Ownership Scheme of the Company”, “Proposal of satisfaction of the conditions for the Non-public Issuance of A Shares of the Company”, “Proposal on the Non-public Issuance of A Shares of the Company”, “Plan for the Non-public Issuance of A Shares of the Company”, “Feasibility Report on the Use of Proceeds Raised in the Non-public Issuance of A Shares”, “Proposal of not to produce a report on the use of proceeds previously raised”, “Proposal of connected transactions under the Non-public Issuance of A Shares”, “Proposal of entering into a “Conditional Share Subscription Agreement for the Non-public Issuance of A Shares” with the controlling shareholder of the Company”, and “Proposal of entering into a “Conditional Share Subscription Agreement for the Non-public Issuance of A Shares” with Phase 1 of the Employee Stock Ownership Scheme of the Company” were considered and approved.

Report of the Supervisory Committee *(continued)*

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The seventeenth meeting of the fifth supervisory committee	26 August 2016	Conference room, 10/F., Zijin Airport Hotel	"2016 interim report and its summary report of the Company" was considered and approved.
The eighteenth meeting of the fifth supervisory committee	21 October 2016	Conference room, 20/F., Block B, Haifu Centre, Xiamen branch of the Company	"2016 third quarterly report of the Company" was considered and approved.
The nineteenth meeting of the fifth supervisory committee	14 November 2016	Conference room, 20/F., Block B, Haifu Centre, Xiamen branch of the Company	"The proposal of election of supervisors of the sixth term of the supervisory committee of the Company" was considered and approved.
The twentieth meeting of the fifth supervisory committee	27 November 2016	By telecommunication	"Proposal in relation to reduction of the amount of proceeds to be raised and adjustments to the proposal on the Non-public Issuance of A Shares of the Company", "Plan for the Non-public Issuance of A Shares of the Company (second revision)" and "Feasibility Report on the Use of Proceeds Raised in the Non-public Issuance of A Shares (second revision)" were considered and approved.
The first meeting of the sixth supervisory committee	30 December 2016	Conference room, 21/F., Shanghang Headquarters of the Company	"The proposal of election of chairman and vice-chairman of the sixth term of the supervisory committee" was considered and approved.

- (2) The Supervisors of the Company attended the Board meetings, the audit and internal control committee meetings of the Board, the meetings of executive Directors and senior management, work meetings of the president, etc. to understand the decision-making process of the Company's important policies; studied the status of the Company's operation and management through listening to or reviewing information relevant to operation and management of the Company and its subsidiaries including the periodic financial reports, reports on production and operation, reports on internal supervision and inspection, etc. and discharged the supervision and inspection functions of the supervisory committee proactively.
- (3) The Supervisors of the Company carried out in-depth study and research on subsidiaries at the base-level, concerned about the Company's status of production, operation and management proactively. In 2016, through arranging time to carry out visits at and research on certain subsidiaries and associates of the Company, the members of the supervisory committee studied and collected information about the important operational and management activities of the corporations, concerned about the sustainability of development and potential risks of the corporation and provided reasonable suggestions and risk warnings to the operation management of the Company based on the findings of their study and research in a timely manner.
- (4) The supervisory committee of the Company continuously strengthened the coordination, planning and leadership of the supervisory system of the Group. Reform and innovation on the supervisory system was carried out by focusing on "ensuring relative independence of supervisory work, enhancing effectiveness of supervisory work, and reinforcing appraisal and accountability of supervisory personnel". The supervisory policies and system became more well-established, an interconnected work mechanism comprising "supervisory committee, disciplinary inspection committee, supervision, audit, internal control", known as the 5-in-1 supervisory system, as well as a collaborative work system combining headquarters' and subsidiaries' supervisory functions were established. By introducing innovative form of supervision, integrating supervisory resources, focusing on key supervisory issues, improving technique and methods, and extensively applying successful outcomes, the effectiveness and performance of supervision were enhanced; by formulating appraisal and accountability standards, and strengthening the management of human resources, education and training, the sense of responsibility and execution of supervisory personnel was improved. The Company's supervisory work obtained satisfactory and practical outcomes.

Report of the Supervisory Committee *(continued)*

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2. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE UPON RELEVANT MATTERS OF THE COMPANY

(1) Operation of the Company in compliance with laws

During the reporting period, the Company operated in compliance with the relevant provisions of the national laws, regulations, listing rules and the articles of association of the Company, etc. The procedures of decision-making were in accordance with laws and regulations, the resolutions of the shareholders' general meetings and the Board meetings were implemented effectively, and the Company's internal control system was sound and complete. The Directors and senior management of the Company discharged their duties diligently. No violation of laws, regulations and articles of association or any other action which could prejudice the interests of the Company and the shareholders was found from the Directors and senior management.

(2) Inspection of financial reports of the Company

During the reporting period, the Company's financial system was sound and the financial operating status was satisfactory. The Company strictly followed the accounting policies, accounting standards and requirements of other relevant financial regulations to operate. The periodic financial reports and the related information of the Company reflected the financial positions and operating results of the Company in a truthful, fair and complete manner. The information stated in the reports did not contain any false record, misleading statement or material omission. The Group's 2016 annual financial report was audited by Ernst & Young Hua Ming LLP who issued an independent auditor's report with a standard unqualified opinion.

(3) Acquisitions and disposals of assets of the Company

During the reporting period, the supervisory committee continuously monitored the legitimacy, compliance and effectiveness of asset acquisitions and disposals, and supervised the procedures of the relevant activities on an ongoing basis. After review, the acquisitions and disposals of the Company's assets followed market principles, the procedures of decision-making were in accordance with laws and regulations, and no insider dealing or behaviour which could prejudice the interests of the shareholders of the Company and lead to a loss of the Company's assets was found.

(4) Connected transactions of the Company

During the reporting period, the Company strictly followed the relevant regulatory rules and terms of agreements to execute connected transactions. The decisions for the connected transactions were prudent, the procedures were legitimate and regulated, the transaction processes were equal and just, the outcomes of the transactions were fair, and no insider dealing or circumstance which would prejudice the interests of the shareholders and the Company was found.

(5) Supervisory committee's review on internal control evaluation report

The supervisory committee prudently reviewed the "2016 internal control evaluation report of the Company" and considered that the report followed "the Basic Norms of Corporate Internal Control", "Guidance for the Evaluation of Corporate Internal Control" and other relevant provisions. Through establishing effective rules on internal control and strengthening establishment of internal control, the internal control system was further improved. The establishment of the Company's internal control system was effective in helping the Company mitigate and control risks in production, operation and management, ensure that various business activities of the Company proceeded in an orderly and effective manner, and safeguard the interests of the Company and the shareholders. The report was able to objectively, accurately and completely reflect the actual situation of the Company's internal control, no false record, misleading statement or material omission was found. The "2016 internal control evaluation report of the Company" was approved by the supervisory committee.

THE PROPOSED ROADMAP FOR THE WORK IN 2017

In 2017, the supervisory committee of the Company will closely adhere to the overall development and reform plan of the Company and follow the Company Law of the People's Republic of China, the articles of association of the Company and other related supervisory regulations to discharge their duties diligently, safeguard the interests of the shareholders and the Company proactively and provide a strong support for various work targets and missions under the principle of "clinging to reforms, maintaining growth and boosting development". The following aspects will be the main focuses of work:

Report of the Supervisory Committee *(continued)*

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1. Carry out lawful supervision and keep improving the corporate governance of the Company. In accordance with the duties conferred by the Company Law of the People's Republic of China, the articles of association of the Company and the requirements of the regulatory authorities, the supervisory committee will discharge its supervisory function conscientiously, concern about the Company's decision-making and operational process, implement performance supervision, perfect policy formulation, intensify supervisors' self-improvement to enhance their execution competence and level, and discharge their duties diligently. The supervisory committee will play an active role in safeguarding the interests of the Company and its shareholders and improving the corporate governance of the Company.
2. Strengthen supervision and inspection as key working focus. The supervisory committee will review every periodic financial report of the Company carefully, track and analyse the operational status of the Company, strengthen the supervision and inspection on important matters including the operation in accordance with laws, high-risk business, connected transactions, material reform and overseas investment and acquisition, etc. The supervisory committee will conduct better study and research beforehand to ensure the decision-making procedures of the Company are legitimate and compliant so as to avoid the occurrence of any action which could prejudice the interests of the Company's shareholders and cause loss of the Company's assets.
3. In-depth research and investigation into the subsidiaries at base-level, track and collect information about the operational condition of the enterprises. The Company's supervisors will reach out to the base-levels of the subsidiaries and associates of the Company by field study, inspection and research, to better understand and follow up the important operational and management activities of the enterprises in a timely manner, and to obtain a thorough understanding on the operational and management condition of the enterprises by listening to or reviewing relevant information including the periodic financial reports, reports on production and operation, reports on internal supervision and inspection, etc. of the Company, its subsidiaries and associates. The supervisory committee will subsequently make reasonable suggestions and risk warnings to the Board of Directors and the management based on the problems found or matters warranting attention to help avoid operational risks.
4. Strengthen organisation and leadership and offer protection by supervision. The supervisory committee will continue to optimise and modify the 5-in-1 internal supervisory network comprising "supervisory committee, disciplinary inspection committee, supervision, audit, internal control" functions, continue to enhance the leadership over the supervisory and audit office of the Company, work along with the Company's disciplinary inspection committee to create a collaboration between inspection and supervision. The supervisory committee will deepen reforms in the supervisory mechanism, constantly improve the supervisory organisation, system and administrative network to ensure that it is highly adaptable to the Group's development, further strengthen the independence of supervisory tasks, thoroughly advance the appointment system for staff responsible for supervisory and audit functions at subsidiary level, enhance the protection for the supervisory team in their discharge of duties, continue to strengthen the development of the supervisory team, and keep improving the quality and execution competence of supervisory personnel.

Zijin Mining Group Co., Ltd.*
Supervisory Committee

22 March 2017

The Work in the Active Fulfillment of Social Responsibilities

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

(1) POVERTY ALLEVIATION WORK OF THE COMPANY

1. Targeted poverty alleviation plan

Fundamental strategy

According to the national general scheme of poverty elimination, the Company comprehensively implemented the important work instruction and spirit on targeted poverty alleviation, adhered to the fundamental strategy of “six targets of precision, five beneficiary groups” on targeted poverty reduction and elimination, and insisted in combining measures of providing assistance and fostering self-reliance. Through the implementation of targeted poverty alleviation activities, the Company helped the economic development and poverty elimination for the people who live at where the Company’s enterprises are located by sustaining a steady increase of income for poor households and enhancing their self-development capacity.

General objective

An enterprise should undertake its responsibility to help the community on poverty alleviation. The Company accurately identified families and villages in poverty and carried out targeted poverty reduction work with focus on improving infrastructure facilities in poor villages and living environment for people living in poverty to steadily enhance their living standards. At the same time, a long-term and effective mechanism of the Company for targeted poverty alleviation was gradually established.

Key work

Through cooperating with the local governmental organisations of poverty alleviation and Zijin Mining Charity Foundation (the Company as its founder), the Company put its emphasis on remote mountain areas to drive economy development of poor villages and reduce poverty by ways of donation, creating employment opportunities, industry development, education and so on.

Safeguarding measures

Following the lead of the Board of the Company, the management of the Company formulated scientific plan for targeted poverty alleviation, set up a specific fund for poverty reduction, which was included in the annual financial budget. The Company appointed its social responsibility department to be responsible for poverty elimination and used Zijin Mining Charity Foundation as the implementation platform. Based on the thorough understanding of poor villages, poor families and their situations, the Company ensured that the capital and personnel were in place, and the poverty reduction work could be carried out accurately and thoroughly.

2. Overview of targeted poverty alleviation work for the year

In 2016, the Company, together with the government and Zijin Mining Charity Foundation, launched targeted poverty alleviation activities in remote rural areas where the Company’s mines are located across Fujian, Gansu, Xinjiang, Yunnan, Shanxi, Hebei, Jilin, etc. To improve living conditions and rebuild confidence for the groups living in poverty and to drive economic development in the remote villages, the Company sponsored them by living allowance, helped them improve production conditions and realise their capacities of poverty self-alleviation and development.

In 2016, the Company carried out a series of activities for targeted poverty alleviation, namely “improving infrastructure for surrounding poor villages in Shanghang County, Fujian Province”, “living allowance project for the elderly and the orphans”, “assistance to students and teachers in Shanghang County, Fujian Province”, “poverty reduction for poor surrounding villages in Laoshan, Tianbao Town, Malipo County, Yunnan Province”, “assistance to farmers and agricultural development in Dongping Village, Chongli County, Hebei Province”, “assistance to construction of water diversion project for Wangshi Village, Luoba Town, Li County, Gansu Province”, “assistance to build new rural area in Habahe County, Xinjiang Province”, “building of tourism platform for poverty reduction of Tayisuoyigan Village, Habahe County, Xinjiang Province”, “poverty alleviation for Guoluo Prefecture, Qinghai Province”, etc. These activities covered assistance projects of poverty alleviation from the aspects of livelihood improvement, infrastructure construction and industrial development, etc., and improved the living conditions and production conditions for the local poor groups.

The Work in the Active Fulfillment of Social Responsibilities *(continued)*

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3. Statistics of targeted poverty alleviation of the Company in 2016

Unit: RMB'000

Indicator	Amount and progress
(1) Overview	More than 80 projects have been launched by the Company together with the government and Zijin Mining Charity Foundation, for targeted poverty alleviation activities in remote rural areas in various provinces, such as Fujian, Gansu, Xinjiang, Yunnan, Shanxi, Hebei, Jilin, etc. Projects were carried out by the ways of donation, creating employment opportunities, industry development, education, etc.
Including: Subsidy amount:	28,000
(2) Details of assistance by categories	
1. Industrial development for poverty alleviation	"Assistance to farmers and agricultural development in Dongping Village, Chongli County", "assistance to industrial development in Xiabadacheng Village, Wuping County", "building of tourism platform for poverty reduction of Tayisuoyigan Village, Habahe County, Xinjiang Province".
Including: 1.1 Industrial development projects for property alleviation by category	<input checked="" type="checkbox"/> Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input type="checkbox"/> Asset return <input type="checkbox"/> Technology <input checked="" type="checkbox"/> Others
1.2 Number of projects	3
1.3 Amount of subsidy for industrial development projects	2,350
2. Employment transfer for poverty alleviation	Cooperated with Shanghang Science and Technology Institution to launch a series of popular science campaigns using caravans, such as trainings inside the communities and practical farming techniques for communities, e.g., farming projects of peanut, fruit trees, and rearing techniques of rabbits, pigs, chicken, etc.
Including: 2.1 Amount of subsidy for vocational skill training	150
3. Education for poverty alleviation	Mainly including: "subsidies for poor students in Zijin Mining College of Fuzhou University", "subsidies for undergraduates and high school students who are impoverished Shanghang residents in 2016", "2016 Project Hope of Longyan City", "educational infrastructure improvement in Shanghang County", etc.
Including: 3.1 Amount of subsidy for impoverished students	2,000
3.2 Number of impoverished students supported (person)	500
3.3 Amount of subsidy for improving educational resources in poor areas	4,700

The Work in the Active Fulfillment of Social Responsibilities *(continued)*

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Indicator	Amount and progress
4. Minimum protection	Housing project for the disabled and ill persons in Shanghang County
4.1 Amount of subsidy for the disabled and ill persons living in poverty	1,500
4.2 Number of the disabled and ill persons living in poverty subsidised (person)	200
5. Other projects	"Improving infrastructure for surrounding poor villages in Shanghang County, Fujian Province", "assistance to students and teachers in Shanghang County, Fujian Province", "poverty reduction for poor surrounding villages in Laoshan, Tianbao Town, Malipo County, Yunnan Province", "assistance to farmers and agricultural development in Dongping Village, Chongli County, Hebei Province", "assistance to construction of water diversion project for Wangshi Village, Luoba Town, Li County, Gansu Province", "assistance to build new rural area and poverty alleviation in Habahe County, Xinjiang Province", "poverty alleviation for Guoluo Prefecture, Qinghai Province", etc.
Including:	
5.1 Number of projects	52
5.2 Details of other projects	To assist the poor areas in developing livelihood projects and improving infrastructure by way of donations.
(3) Awards received (subject and level)	
1. Zijin Mining Group Co., Ltd.*: Project Hope Special Contribution Award (Municipal Level);	
2. Wulatehouqi Zijin Mining Co., Ltd.: Outstanding Enterprise for Assistance to the Development of New Rural and New Pastoral Work; Caring Charity Enterprise;	
3. Wuping Zijin Mining Co., Ltd.: Charity Work Outstanding Enterprise (County Level);	
4. Zijin Mining Charity Foundation: World Public Charity Forum Targeted Poverty Alleviation Model Institution.	

4. Plan for subsequent targeted poverty alleviation work

Principal work

In 2017, the Company will cooperate with the governmental organisations responsible for poverty reduction and Zijin Mining Charity Foundation to carry out targeted poverty alleviation activities. Principal work focus will be on the activities of: "poverty alleviation and subsidising in poor mountain areas in Shanghang County, Fujian Province", "assistance to poverty reduction of poor villages in Habahe County, Xinjiang Province", "targeted poverty alleviation for Xiacun Village, Wuping County, Fujian Province", "targeted poverty alleviation and subsidising in Xitumenzi Village, Chunhua Town, Hunchun City", "targeted poverty alleviation project in Li County, Longnan City", etc. By these ways, the Company will make contributions to overall improvement of infrastructure conditions and economic development in the poor villages, effective change of living conditions of poor groups, and steady enhancement of their living standards.

Safeguarding measures

The Company will strengthen the organisation and leadership of targeted poverty alleviation activities. Following the lead of the Board of the Company and according to the operation situation of the Company, the Company and its subsidiaries will actively carry out targeted poverty alleviation activities. The management team of the Company will be responsible for organising and ensuring targeted poverty alleviation work, including making annual plan, selecting projects, liaising with governmental authorities, implementation of supervision, disclosing information, etc.

(2) Social responsibility work

Please refer to the 2016 Social Responsibility Report of the Company on the website of Shanghai Stock Exchange, www.sse.com.cn.

The Work in the Active Fulfillment of Social Responsibilities *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

(3) Explanations on environmental protection of the companies and their subsidiaries which are the key pollutant discharging units identified by the environmental protection authorities

According to the requirement of “protecting ecological environment in the same way as we protect our eyes and respecting ecological environment in the same way as we respect lives”, the Company firmly establishes the concept of green development and efficient utilisation of resources. The Company continually adheres to the policy of “environmental protection and development go together” and the environmental protection principle of “protecting the green mountains and clear water while developing treasured mines”, regards “zero environmental incident” as the basic requirement, strives to create corporate brand and reputation of environmental protection, and achieves win-win solution between the corporate development and environment protection.

Emission of pollutants meeting the standards

In 2016, according to the supervisory monitoring reports about the sources of pollution issued by the local environmental protection departments, all of the wastewater, exhaust gas and noise at plant boundary produced by the branch companies (subsidiaries) of the Group met the emission standards, which were in compliance with, including but not limited to, the “Integrated Wastewater Discharge Standard” (GB 8978-1996), “Integrated Emission Standards of Air Pollutants” (GB 16297-1996), the “Emission Standard for Industrial Enterprises Noise at Boundary” (GB 12348-2008), “Emission Standard of Pollutants for Copper, Nickel, Cobalt Industries” (GB 25467-2010), and “Emission Standard of Pollutants for Lead and Zinc Industries” (GB 25466-2010).

Environmental impact assessment and the implementation of the “three simultaneous” system

In 2016, the branch companies (subsidiaries) of the Group strictly followed the “Environmental Protection Law of the People’s Republic of China”, “Environmental Impact Assessment Law of the People’s Republic of China”, etc. to carry out construction projects’ environmental impact assessment. The pollution controlling facilities were designed, constructed and put into use simultaneously with the main part of construction projects.

Treatment and disposal of general industrial solid waste and hazardous waste

In 2016, the branch companies (subsidiaries) of the Group safely disposed of or comprehensively utilised general industrial solid waste and hazardous waste at the treatment rate of 100%.

Payment of sewage charges

In 2016, the branch companies (subsidiaries) of the Group paid the sewage charges in accordance with the stipulations of the law and the relevant requirements of the sewage discharge payment notices, sewage discharge approval notices, sewage discharge approval and review decision notices, etc. issued by the local environmental protection administrative departments.

Vigorous promotion of environment order management and establishment of good corporate image

To enhance the overall level of corporate management of environment protection, the Company promoted environmental changes through environmental management, achieved regulated corporate management, and created a pleasant working environment. The Company began to implement environmental rectification in the whole group, required the branch companies (subsidiaries) to strengthen environmental management, set up daily supervision and management institutions. The duties and responsible areas were defined layer by layer in order to ensure that responsibilities are discharged. The trainings for environmental management and standards were conducted and strengthened to cultivate the consciousness of environment protection and management among the employees so that each member of the management and employees can recognise the importance of environmental management, form serious standards, and develop good habits in the long term. In this way, an impressive and refreshing corporate image will be established, and the “Beautiful Zijin” dream will come true.

Ecological restoration and protection of bio-diversity

The Company develops mines according to various local conditions. In accordance with the “stabilising one piece of land, restoring one piece of land” approach, the Company conducts vegetation restoration step by step and adapts to local conditions. “Stratified water control, slope truncation, soil improvement, and plant selection,” these engineering measures and biological measures are taken simultaneously to quickly rehabilitate vegetation for comprehensive treatment to the tailing yards, waste residues, and tailing slopes. As at the end of 2016, the Group had 9 subsidiaries being awarded as the “National Green Mine Pilot Unit”, namely Zijinshan gold and copper mine, Wuping Zijin, Tongling Zijin, Ashele Copper, etc. Among these subsidiaries, Guizhou Zijin and Ashele Copper passed the assessment of “National Green Mine Pilot Unit”, Zijin Copper was determined as the “National Water and Soil Conservation Ecological Civilisation Project” and the first batch of “Pilot Enterprises for National Industrial Products’ Ecological Design”.

Corporate Governance Report

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The Company is committed to maintaining a high standard of corporate governance practices. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules.

As required by provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board currently considers that the Company and the Board have adopted sufficient measures to prevent Directors from committing errors and minimise the risk in claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board will review this policy of insurance from time to time and may arrange insurance later. As required by provision F.1.3 of the CG Code, an issuer's company secretary should report to the board chairman and/or the chief executive. The Board considers that the company secretary in Hong Kong reporting to the secretary to the Board is more suitable to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and Mainland China. The provision A.5.6 of the CG Code stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The nomination and remuneration committee of the Company would review the Board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. It considered that the Board diversity is proper and therefore the update of policy is not required.

Save as disclosed above, for the year ended 31 December 2016, the Board confirmed that the Group has adopted and complied with the provisions of the CG Code and has followed most of its recommended best practices with no deviation.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by Directors of the Group. The effective date was 23 December 2003. Having made specific reasonable enquiries with all Directors of the Company, the Group confirmed that all Directors have complied with the provisions of the Model Code for the year ended 31 December 2016.

BOARD COMPOSITION AND PRACTICE

The Board of the Company is jointly responsible to all shareholders for leading and overseeing the operations of the Group so as to ensure the creation of shareholder value.

The Board comprises eleven Directors, including six executive Directors, one non-executive Director and four independent non-executive Directors. The executive Directors are Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying; the non-executive Director is Li Jian, and the independent non-executive Directors are Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth and Cai Meifeng. The biographical details of each Director are set out in the section headed "Brief Biography of Directors, Supervisors and Senior Management". There is no finance, business, family or other material/relevant relationship(s) among the members of the Board.

Pursuant to the Listing Rules, a listed issuer must have at least three independent non-executive directors and at least one of them shall possess appropriate professional qualifications or appropriate expertise in accounting or financial management. Furthermore, the Company must appoint independent non-executive Directors representing at least one-third of the Board. There are four independent non-executive Directors who represent more than one-third of the Board. The professional composition of independent non-executive Directors of the Company is: one independent non-executive Director who is an experienced accountant with expertise in accounting and financial management and one independent non-executive Director who is an experienced lawyer with expertise in Hong Kong law.

For the year ended 31 December 2016, all the non-executive Directors of the Company were appointed for a three-year term from 30 December 2016 to 29 December 2019. Details are set out in the Report of the Directors.

All independent non-executive Directors have submitted annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Group considers that all independent non-executive Directors have complied with the Independence Guideline of Rule 3.13 of the Listing Rules and are considered as independent directors pursuant to the provisions of the guideline.

Mr. Chen Jinghe is the chairman of the current Board and Mr. Lan Fusheng is the president of the Company in the current term. The structure does not deviate from provision A.2.1 of the CG Code.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Led by the chairman of the Board, the Board is responsible for approving and monitoring the overall development strategies of the Group, approving annual budgets and business plans, approving major investment projects related to the business development of the Group, assessing the performance of the Group, supervising the work of the management and ensuring that the Board acts in the best interests of the Group. The chairman should ensure that the Board operates effectively and discharges its proper duties and holds discussions on various important and proper businesses of the Company in a timely manner. All Directors are entitled to propose any matter which needs to be submitted to the Board for discussion in the agenda of a Board meeting. The chairman has delegated the secretary to the Board to draft the agenda of each Board meeting. With the assistance of executive Directors, the secretary to the Board and the company secretary, the chairman will ensure that all Directors will be provided with sufficient and reliable information in a timely manner to enable them to make necessary analysis according to their business expertise.

As the president of the Company, Mr. Lan fully delegates the daily operation management to the relevant managers. Executive Directors and vice-presidents of the Group are responsible for the daily management of various businesses, including executing resolutions of the Board, and are responsible to the president for the business operations of the Group. The president of the Company is responsible to the Board for the overall operations of the Group.

EXPLANATION ON THE RELEVANT MATTERS OF CORPORATE GOVERNANCE

During the reporting period, the Company strictly followed the requirements of the "Company Law of the PRC", "Securities Law of the PRC", "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited" and other domestic and foreign laws and regulations, continuously improved the Company's corporate governance structure, regulated the Company's operation, enhanced the Company's corporate governance standard. Currently, the Company has already established a relatively sound corporate governance structure and corporate governance system.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

During the reporting period, the Company convened 1 annual general meeting and 3 extraordinary general meetings. The Company convened and held the shareholders' general meetings strictly in compliance with the regulations and requirements of the articles of association of the Company and the rules governing the procedures of the shareholders' general meeting of the Company, which ensured all of the Company's shareholders, especially the minority shareholders, could enjoy equal rights and fully exercise their voting rights.

RELATIONS WITH THE CONTROLLING SHAREHOLDER

The Company and the controlling shareholder are completely independent and separated in terms of assets, personnel, finance, institution and operation; the Company's Board, supervisory committee and internal institutions operate independently, the controlling shareholder does not intervene in the daily operation of the Company; the controlling shareholder of the Company strictly complies with the commitment made to the Company to avoid mutual competition within the same industry. During the reporting period, the controlling shareholder of the Company did not use its special status to occupy and prejudice the interests of the Company and other shareholders.

DIRECTORS AND BOARD OF DIRECTORS

Transition to a new term of the Board of Directors of the Company was completed on 30 December 2016. The new term of the Board of Directors consists of 11 Directors, in which there are 4 independent non-executive Directors. The number and the composition of the Board of Directors comply with the provisions of the relevant laws and regulations. The composition of professions of the member of the Board of Directors is reasonable. The members of the Board of Directors possess the necessary knowledge, skills and competence to discharge their duties. The Directors timely attended the shareholders' general meetings and Board meetings, discharged their duties conscientiously, faithfully and diligently, proactively participated in the business trainings. They are familiar with the relevant laws and regulations and have clear sense of the rights, obligations and responsibilities as a director. There are four specialised committees under the Board of Directors including the strategic committee, execution and investment committee, audit and internal control committee and nomination and remuneration committee to further enhance the decision-making mechanism of the Board of Directors of the Company.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

SUPERVISORS AND THE SUPERVISORY COMMITTEE

Transition to a new term of the supervisory committee of the Company was completed on 30 December 2016. The new term of the supervisory committee of the Company consists of 5 members, including 2 Supervisors representing workers and staff, the number and composition of the members of the supervisory committee comply with the relevant laws and regulations. Most of the Supervisors have professional knowledge and working experience relating to accounting, auditing and so on. According to the authority and responsibility conferred by the articles of association of the Company, the supervisory committee regularly convened supervisory committee meetings, conscientiously discharged their duties so as to be responsible to shareholders, supervised and inspected the performance of the Directors and senior management personnel and the legality and compliance of the Company's financial issues to fully safeguard the legitimate rights and interests of the Company and shareholders. Under the supervisory committee, there is a supervisory and audit office which is responsible for supervising the legal compliance in the Company's daily business and the regulated financial operations, etc.

AMENDMENT AND PERFECTION OF POLICIES

During the reporting period, due to the completion of the repurchase of H Shares of the Company, production and operational needs, reform in corporate management and control system, and revision in policies, amendments were made to articles 17, 20, 11 and 112 of the articles of association of the Company;

In accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC, the listing rules of the securities exchanges on which the Company's shares are listed, Guidelines of the Shanghai Stock Exchange on the Implementation of Connected Transactions, the articles of association of the Company, etc., amendments were made to the Administrative Measures of Connected Transactions of the Company;

In accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC, the listing rules of the securities exchanges on which the Company's shares are listed, the Shanghai Stock Exchange Management Policy for Secretary to Board of Directors of Listed Companies, the articles of association of the Company, etc., taking into account the Company's reform in corporate management and control system and revision in policies, amendments were made in turn to the Implementation Policy for the Audit and Internal Control Committee of the Board of Directors, Articles of Operation for Strategic Committee of the Board of Directors, the Policy for the Nomination and Remuneration Committee of the Board of Directors, Articles of Operation for Execution and Investment Committee of the Board of Directors, Meeting Motion Management Policy of Board of Directors, Rules on Work for the President, Management Policy for Secretary to Board of Directors and other policies.

PERFORMANCE EVALUATION AND INCENTIVE AND RESTRICTION MECHANISM OF THE COMPANY

The Company has established a relatively reasonable performance evaluation system, each employment position of the Company has a clear set of performance evaluation indicators. In strict accordance with the performance evaluation criteria and procedures of the Board, supervisory committee and senior management personnel, the Company has established the objectives, responsibilities, performance evaluation criteria and incentive and restriction mechanism, and continues to revise them for making them more scientific and encouraging.

INFORMATION DISCLOSURE

The Company strictly followed the listing rules of the PRC and Hong Kong, fulfilled the information disclosure obligations in accordance with laws and complied with the principles of "fairness, impartiality, openness" to disclose relevant information like the periodic reports and announcements of the Company truthfully, accurately, timely and completely; the secretary to the Board is responsible for information disclosure of the Company, the securities department and the investor relations management team of the Company are responsible for the reception of investors' visits and enquiries to strengthen communication and exchanges with investors.

REGISTRATION AND MANAGEMENT OF INSIDERS

During the reporting period, the Company strictly followed the Management Policy of Inside Information and Insiders, worked well on the registrations and filings of insiders based on the development of the relevant significant events and the situations which maintaining confidentiality was required. There was no circumstance of unusual volatility of stock price attributable to leakage of inside information. The Company's principle of fair disclosure of information was upheld, the legitimate interests of the Company's shareholders were practically protected.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

STAKEHOLDERS OF THE COMPANY

Co-development, integrity, trustworthiness and strict compliance are the core values of the Company. The Company is able to fully respect and safeguard the legitimate rights and interests of its customers, suppliers and other stakeholders, building good communication and ties for cooperation with a goal to achieve mutual benefits. The Company shows keen concern for community development, and discharges social responsibilities by way of helping, co-building, donation, etc.

DETAILS OF THE SHAREHOLDERS' GENERAL MEETINGS

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions
The first extraordinary general meeting in 2016, the first A Shareholders' class meeting in 2016 and the first H Shareholders' class meeting in 2016 of the Company	11 January 2016	www.hkexnews.hk	11 January 2016
2015 annual general meeting of the Company	20 June 2016	www.hkexnews.hk	20 June 2016
The second extraordinary general meeting in 2016, the second A Shareholders' class meeting in 2016 and the second H Shareholders' class meeting in 2016 of the Company	25 August 2016	www.hkexnews.hk	25 August 2016
The third extraordinary general meeting in 2016 of the Company	30 December 2016	www.hkexnews.hk	30 December 2016

THE ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND SHAREHOLDERS' GENERAL MEETINGS

The Board has convened 24 plenary Board meetings and 4 shareholders' general meetings for the year ended 31 December 2016. The attendance of the Directors at the meetings was as follows:

Name of Director	Independent Director	Board meetings						Not attending in person for 2 consecutive meetings	Shareholders' general meetings Number of meetings attended
		Number of board meetings ought to be attended this year	Attended in person	Attended via telecommunication	Attended by proxy	Absent			
Chen Jinghe	No	24	24	11	0	0	No	3	
Lan Fusheng	No	24	24	11	0	0	No	4	
Zou Laichang	No	24	23	12	1	0	No	3	
Lin Hongfu	No	24	24	12	0	0	No	4	
Fang Qixue	No	24	23	12	1	0	No	4	
Lin Hongying	No	1	1	0	0	0	No	4	
Li Jian	No	24	24	12	0	0	No	4	
Lu Shihua	Yes	24	24	12	0	0	No	4	
Zhu Guang	Yes	17	16	10	1	0	No	3	
Sit Hoi Wah, Kenneth	Yes	24	24	15	0	0	No	4	
Cai Meifeng	Yes	1	1	0	0	0	No	1	
Wang Jianhua	No	23	23	11	0	0	No	3	
Qiu Xiaohua	No	23	20	13	3	0	No	2	
Ding Shida	Yes	23	22	12	1	0	No	4	
Qiu Guanzhou	Yes	7	7	5	0	0	No	2	

Number of Board meetings held this year	24
In which, number of physical meetings	6
Meetings via telecommunication	11
Physical meetings with telecommunications	7

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for formulating the policies for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To formulate and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of the Directors and senior management;
- (iii) To review and monitor the Group's policies and practices on the compliance with all legal and regulatory requirements (where applicable);
- (iv) To formulate, review and monitor the code of conduct and compliance manual (if any) applicable to the employees of the Group and the Directors; and
- (v) To review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under provision A.6.5 of the CG Code regarding continuous professional development. In the year ended 31 December 2016, all the Directors studied the training materials in relation to the Listing Rules provided by the Company to develop and refresh the Directors' knowledge and skills as directors of companies listed on the Stock Exchange.

NOMINATION AND REMUNERATION OF DIRECTORS

The Board established the nomination and remuneration committee. It comprises independent non-executive Directors, Mr. Lu Shihua, Mr. Zhu Guang, Mr. Sit Hoi Wah, Kenneth, Mr. Cai Meifeng, non-executive Director, Mr. Li Jian, and the chairman of the Board, Mr. Chen Jinghe. Mr. Zhu Guang was appointed as the chief officer and Mr. Lu Shihua was appointed as the deputy officer of the nomination and remuneration committee. The nomination and remuneration committee also comprises various working group members. Detailed regulations for the nomination and remuneration committee are amended pursuant to the CG Code and the regulations, and the terms of reference of the nomination and remuneration committee are published on the website of the Company.

The major responsibilities of the nomination and remuneration committee during the year were:

- To review structure, number of members, and constitution (including skills, knowledge and experiences) of the Board, and propose any possible changes to the Board;
- To look for qualified person to take the position of director, and nominate and provide suggestions to the Board;
- To assess the independence of the independent non-executive Directors;
- To provide suggestions on appointment, re-appointment and succession plan of the Directors (especially chairman and president) to the Board;
- To formulate the remuneration plan and reward and penalty plan for the Directors and senior management;
- To appraise and evaluate the discharge of duties of the Directors and senior management;
- To ensure that no Director or his associates can determine his own remuneration.

PROCEDURE AND BASIS FOR DETERMINATION OF REMUNERATION

Pursuant to the articles of association of the Company, the remuneration plan and reward and penalty plan for the Directors, Supervisors and senior management shall be proposed by the nomination and remuneration committee. Remuneration of executive Directors and the chairman of supervisory committee shall be considered and approved in a shareholders' general meeting. Remuneration of senior management shall be considered and approved by the Board. Determination of the remuneration of the Directors, Supervisors and senior management shall be based on the annual operation results of the Company and resolution of the shareholders' general meeting/Board meeting.

The nomination and remuneration committee is delegated by the Board to advise on the specific remuneration packages for all executive Directors and senior management, including non-monetary benefits, pensions and compensation (including compensation for loss or termination of office or appointment), and make suggestions to the Board for the remuneration of non-executive Directors. The nomination and remuneration committee should consider the factors including the remuneration packages in comparable companies, time devoted by and duties of the Directors, conditions of employment of other positions within the Group and whether to adopt performance-based remuneration, etc.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

During the reporting period, the nomination and remuneration committee of the Board has, in accordance with the appraisal working requirements of the Board relating to the Company's Directors, Supervisors and senior management personnel, organised and successfully completed the 2015 annual performance assessment of the Directors, Supervisors and senior management personnel.

In the second half of 2016, the nomination and remuneration committee has taken the lead for the 2016 annual performance assessment of the Directors, Supervisors and senior management personnel of the Company.

During 2016, 4 meetings of the nomination and remuneration committee were held.

THE ATTENDANCE OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS

Name	Number of committee meetings	Attended	Absent
Zhu Guang (<i>Chief Officer</i>) (<i>Appointed as member on 20 June 2016 and appointed as Chief Officer on 30 December 2016</i>)	1	1	0
Lu Shihua (<i>Deputy Officer</i>) (<i>Served as member from 1 January 2016 to 29 December 2016 and appointed as Deputy Officer on 30 December 2016</i>)	4	4	4
Sit Hoi Wah, Kenneth	4	4	4
Cai Meifeng (<i>Appointed on 30 December 2016</i>)	0	0	0
Chen Jinghe (<i>Chairman</i>)	4	4	4
Li Jian	4	4	4
Ding Shida (<i>Chief Officer</i>) (<i>Resigned on 29 December 2016</i>)	4	4	4
Qiu Guanzhou (<i>Resigned on 20 June 2016</i>)	3	2	1

Pursuant to the requirements of the articles of association of the Company and the policy for the nomination and remuneration committee of the Board of Directors, in the meetings, the committee members evaluated and made proposal on the remuneration plan and the reward and penalty plan. The proposal was made with reference to the performance of the Directors, the overall performance of the Group, the average salary of the local employees, etc.

ANNUAL REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In the year of 2016, the headcount of the remuneration payable to members of senior management by band is as follow:

Within RMB1,000,000	1
RMB1,000,001 – RMB2,000,000	4

Details of the remuneration of the Directors and Supervisors of the Company are set out in Notes XII.3 to the financial statements.

AUDITORS' REMUNERATION

For the year ended 31 December 2016, the audit fees charged by the auditors of the Company was RMB8,460,000. RMB960,000 was also charged by the auditors of the Company for consultation fee on hedging.

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee comprises independent non-executive Directors, Mr. Lu Shihua, Mr. Zhu Guang, Mr. Sit Hoi Wah, Kenneth, Mr. Cai Meifeng, non-executive Director, Mr. Li Jian, and executive Director and president, Mr. Lan Fusheng. The Chief Officer of the committee is Mr. Lu Shihua. During 2016, 6 meetings of the audit and internal control committee were held.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

THE ATTENDANCE OF AUDIT AND INTERNAL CONTROL COMMITTEE MEETINGS

Name	Number of committee meetings	Attended	Absent
Lu Shihua (<i>Chief Officer</i>)	6	6	0
Zhu Guang (<i>Appointed on 20 June 2016</i>)	2	2	0
Sit Hoi Wah, Kenneth	6	6	0
Cai Meifeng (<i>Appointed on 30 December 2016</i>)	0	0	0
Li Jian	6	6	0
Lan Fusheng (<i>Appointed on 30 December 2016</i>)	0	0	0
Wang Jianhua (<i>Resigned on 29 December 2016</i>)	6	5	1
Qiu Xiaohua (<i>Resigned on 29 December 2016</i>)	6	5	1
Ding Shida (<i>Resigned on 29 December 2016</i>)	6	6	0
Qiu Guanzhou (<i>Resigned on 20 June 2016</i>)	4	4	0

The Board considers that members of the audit and internal control committee have sufficient professional knowledge and experience in accounting and financial management to enable them to discharge their duties.

The terms of reference of the audit and internal control committee are published on the website of the Company.

The major responsibilities of the audit and internal control committee are:

- To propose hiring or changing of the external audit institution;
- To oversee the Company's internal audit system and its implementation;
- To audit the Company's financial information and its disclosure (including the annual report, the interim report, quarterly reports and any feasible financial review);
- To review the risk management and internal control systems, the effectiveness of the Company's internal audit function, and its other duties under the CG Code;
- To audit and review the Company's financial reporting, risk management and internal control systems and to audit material connected transactions.

The audit and internal control committee has held meetings on a regular basis since its establishment and convened 6 meetings during the reporting period.

In the meetings held in March 2016, the committee reviewed the work report prepared by the supervisory and audit office and reviewed the auditor's report and connected transactions of the Group for the year of 2015, and also submitted its concluding opinion on relevant connected transactions and the audit to the Board.

In the meeting held in April 2016, the committee reviewed the first quarterly report of the Group for the year of 2016 and submitted its concluding opinion on the audit to the Board.

In the meeting held in August 2016, the committee reviewed the interim report and connected transactions of the Group for the year of 2016, and reviewed the effectiveness of the Group's risk management and internal control systems and submitted its concluding opinion on the audit to the Board.

In the meeting held in October 2016, the committee reviewed the third quarterly report of the Group for the year of 2016 and submitted its concluding opinion on the audit to the Board.

The audit and internal control committee has communicated with the auditors for the key focusing issues before they started the audit field work for the year of 2016, during the audit process and after the first draft of audit report was issued respectively. The audit and internal control committee convened a meeting on 23 March 2017, in which it examined and approved the 2016 annual report of the Company and considered that: there is no major omission in the 2016 annual financial report issued by Ernst & Young Hua Ming LLP, it fairly presented the financial position of the Company in all material aspects as of 31 December 2016 and the production and operating results of 2016, agreed to submit the aforementioned documents to the Board for consideration.

Corporate Governance Report *(continued)*

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DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS

All Directors of the Group have acknowledged their responsibilities for preparing the financial reports of the Group. Directors ensure that the preparation of financial reports of the Group is in compliance with relevant regulations and applicable accounting standards and that financial reports of the Group are issued in a timely manner.

The responsibility statement made by the auditors of the Company in respect of financial reports of the Group is set out in the auditor's report on pages 79 to 84.

COMPANY SECRETARY

Mr. Fan Cheung Man is the company secretary. Details of the biography of the company secretary are set out in the section headed "Brief Biography of Directors, Supervisors and Senior Management" of this annual report. The company secretary took no less than 15 hours of relevant professional training for the year ended 31 December 2016 as required by the Listing Rules.

SHAREHOLDING INTERESTS OF SENIOR MANAGEMENT

The details of shareholding interests of the Directors, Supervisors and chief executive of the Group are set out in "Disclosure of Interests and Short Positions of the Directors, Supervisors and Chief Executive of the Company" in Report of the Directors in this report.

CHANGE IN CONSTITUTIONAL DOCUMENTS

At the shareholders' general meetings held on 20 June 2016 and 30 December 2016, amendments to the articles of association of the Company were approved by the shareholders of the Company, mainly to bring the articles of association of the Company in line with the revised business licence. An updated version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

The articles of association of the Company has stipulated the rights and obligations of all shareholders.

Shareholders holding 10% or more of the issued shares with voting right of the Company can demand in writing to convene an extraordinary general meeting.

The Company shall issue a written notice 45 days before the holding of a shareholders' general meeting and inform all registered shareholders about the matters to be considered in the meeting and the date and venue of the meeting. Shareholders who intend to attend the shareholders' general meeting shall return the written reply for attending the meeting to the Company 20 days before the convention of meeting.

In the annual general meeting convened by the Company, shareholders holding more than 3% of the shares with voting right of the Company are entitled to make new proposals in writing. The Company shall include the matters in the proposals that are within the scope of the terms of reference of the shareholders' general meeting in the agenda of the meeting.

The Board shall provide explanations and reasons in the shareholders' general meeting if it decides not to include the shareholders' general meeting proposals in the agenda of the meeting. It shall also publish the content of the proposals and the Board's explanations together with resolutions of the shareholders' general meeting following the conclusion of the shareholders' general meeting.

Voting in a shareholders' general meeting is by way of poll.

The Group communicates with shareholders through the issuance of annual reports, interim reports, quarterly reports, press and electronic announcements. All communications with shareholders are also published on the website of the Group, www.zjky.cn.

OBJECTIONS RAISED BY INDEPENDENT DIRECTORS FOR MATTERS RELATED TO THE COMPANY

During the reporting period, the independent non-executive Directors of the Company did not raise any objection against the proposals of the Board and other non-Board proposals of the Company for the year.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

THE IMPORTANT OPINION AND SUGGESTIONS FROM THE SPECIALISED COMMITTEES UNDER THE BOARD OF DIRECTORS DURING THE DISCHARGE OF DUTIES FOR THE REPORTING PERIOD

During the reporting period, the fifth term of strategic committee of the Board of Directors considered and approved the “Thirteenth Five-year Plan of the Group and 2030 Prospective Development Framework and Outline”, and correspondingly revised and adjusted the Group’s development strategies in a timely manner.

During the reporting period, the fifth term of audit and internal control committee of the Board of Directors received reports from the Company’s management regarding the Company’s production and operating status, investment and financing activities and other significant events in the year, and reviewed the Company’s annual report 2015, first quarterly report 2016, interim report 2016 and third quarterly report 2016 according to the term of reference and fully discharged their duties. The sixth term of audit and internal control committee communicated with the auditors before the commencement of the field-works of the 2016 annual audit, during the audit process, and after issuance of the first draft of audit report, and exchanged their opinion on key issues with the auditors. The sixth term of audit and internal control committee of the Board of Directors convened a meeting on 23 March 2017 and approved the Company’s annual report 2016, and considered that there was no material omission in the 2016 financial report issued by Ernst & Young Hua Ming LLP, it presented the financial position of the Company fairly in all material aspects as at 31 December 2016 and the production and operating results of 2016. The audit and internal control committee agreed to pass the above documents to the Company’s Board of Directors for consideration.

During the reporting period, the fifth term of nomination and remuneration committee of the Board of Directors carried out review on the remuneration of the Company’s executive Directors, chairman of supervisory committee and senior management based on the 2016 operating results, and submitted the proposal to the Board of Directors and shareholders’ general meeting for approval. Presided over by the Chief Officer, Mr. Ding Shida, the fifth term of nomination and remuneration committee of the Board of Directors convened a meeting on 11 November 2016 to review each Director candidate of the sixth term of the Board of Directors. The committee members unanimously considered and approved the resolutions in relation to the nomination of the Director candidates of the sixth term of the Board of Directors on the meeting, and consented to propose the list of Director candidates to the Board of Directors for consideration.

During the reporting period, the fifth term of execution and investment committee of the Board of Directors completed the reviews and provided guidance on the Company’s external investments, transfers of equity interests, assets disposals and other matters in accordance with the authorisation of the Board of Directors.

RISKS IN THE COMPANY DISCOVERED BY THE SUPERVISORY COMMITTEE

During the reporting period, the supervisory committee had no disagreement on the supervised matters.

OPERATION, STAFF, ASSETS, ORGANISATIONS, FINANCE, ETC. WHICH THE COMPANY CANNOT ENSURE INDEPENDENCY AND SELF-OPERATING ABILITY FROM THE CONTROLLING SHAREHOLDER

The Company had independency and the completeness of operation, staff, assets, organisations, finance, etc. from the controlling shareholder.

ASSESSMENT MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

In accordance with the “Remuneration and appraisal policy for senior management of operation of the fifth term” passed in the first meeting of the fifth term of Board of Directors, the nomination and remuneration committee of the Board of Directors approved the total amount of the remuneration of senior management according to the status of completion of the production and operation of the Company of the year, and submitted the proposal to the Board of Directors for consideration.

INVESTOR RELATIONS

The Board fully recognises that effective communication with investors is the key to building investors’ confidence and attracting new investors.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

The Group held press conferences and/or briefings of investment analysts immediately following the announcements of its annual and interim results. Senior management such as the chairman of the Board and the financial controller of the Group were present to analyse the performance of the Group during the relevant period, expound the business development of the Group and answer queries raised by investors. Along with the issuance of A Shares, the Group issued results announcements on 29 April 2016 for the first quarter of year 2016 and on 25 October 2016 for the third quarter of year 2016 respectively.

Results announcements of the Group have also been published timely on the website of the Group.

The Group not only participated in investor conferences, received analysts and investors for their visits, answered investors' calls and responded to their enquiries, but also arranged for professional investors to visit its subsidiaries and mines so that they can understand the Group's existing production status, investment status and business development to enhance their confidence in the Group.

During the year, the Company convened the first extraordinary general meeting in 2016, the first A Shareholders' class meeting in 2016 and the first H Shareholders' class meeting in 2016 on 11 January 2016, the 2015 annual general meeting on 20 June 2016, the second extraordinary general meeting in 2016, the second A Shareholders' class meeting in 2016 and the second H Shareholders' class meeting in 2016 on 25 August 2016 and the third extraordinary general meeting in 2016 on 30 December 2016. Details are set out in this report.

As at 24 March 2017, the registered capital of the Company is RMB2,154,074,365 comprising 5,736,940,000 H Shares listed on the Hong Kong Stock Exchange, representing about 26.63% of the total issued shares, and 15,803,803,650 A Shares listed on the Shanghai Stock Exchange, representing about 73.37% of the total issued shares. The total listed shares in these two stock exchanges represented 100% of the total issued shares of the Company.

INTERNAL AUDIT FUNCTION

The Company has an internal audit function. The audit and internal control committee of the Company is responsible for overseeing the internal audit systems. The audit and internal control committee and the Board review the risk management and internal control systems at least annually, and the Company considers that the systems are effective and adequate.

INTERNAL CONTROL

Responsibility statement of internal control and establishment of internal control system

It is the responsibility of the Board of Directors of the Company to establish a sound and effective internal control system following the regulations of the internal control of the corporation, evaluate its effectiveness and truthfully disclose the internal control evaluation report. The supervisory committee carries out supervision on the establishment and implementation of internal control of the Board of Directors. The management is responsible for organising and leading the daily operation of the corporation's internal control. The Board of Directors, supervisory committee and the Directors, Supervisors and senior management guarantee that there is no false record, misleading statement or material omission in the 2016 internal control and evaluation report, and they will bear joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

The goal of the Company's internal control is to assure on a reasonable basis the legality of the operation by the Company, the safety of assets, and the truthfulness and completeness of financial reports and relevant information, enhancement of efficiency and results, and promotion of the realisation of the development strategies. Since constraints exist in the internal control, the above targets could only be reasonably assured. In addition, since changes in the circumstances may render the internal control inappropriate, or decrease the levels of policy control and the compliance of procedures, there are certain risks in predicting the effectiveness of internal control in the future based on the evaluation results.

Conclusions on the internal control evaluation on financial reporting

According to the identification of significant defects of the Company's internal control on financial reporting, as at the base date of the internal control evaluation report, there is no significant internal control defect in the financial reporting. The Board considered that the Company maintained an effective internal control in all material aspects on financial reporting according to the requirements of the Company's internal control system and relevant regulations.

Corporate Governance Report *(continued)*

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

Work on internal control evaluation

Scope of internal control evaluation

The Company followed the risk-oriented principle to determine the major business units, operations, matters and high-risk areas for inclusion into the scope of evaluation matters.

Major business units included in the scope of evaluation were: headquarters of the Group and 45 subsidiaries including the Zijinshan gold and copper mine, Zijin Gold Refinery Company Limited, Zijin Copper, Ashele Copper, Guizhou Zijin, Hunchun Zijin, Capital Investment Company, etc.

Key operations and matters which were included in the scope of evaluation include but not limited to:

By business segment the followings were included: overseas projects, mining segment, refining and processing segment, construction segment, logistic segment, financial segment, etc.; by process the followings were included: organisation and structure, development strategy, human resources, social responsibility, safety and environmental protection, corporate culture and other company-level internal control functions, as well as capital activities (including investment, financing and management of working capital), procurement business, engineering projects, asset management, sales business, comprehensive budgeting, internal communication, research and development, guarantee business, outsourcing, financial reporting, contract management, tax management, calculation and aggregation of production costs, expenses, information system and other main operational processes. Moreover, the Company also conducted special internal control testing, assessment or business inspection on procurement of materials, sales business, construction projects, management of trade receivables, contract management, futures and hedging business, safety and environmental protection, legal affairs, archive management, etc.

High-risk areas which were given special attention include but not limited to:

High-risk areas which were given special attention mainly include external investment, infrastructure, outsourcing of mining and stripping (digging) businesses, procurement, credit sales business, safety and environmental protection, futures and hedging business, foreign exchange risk, capital risk, costs and expenses, political and legal risks of overseas entities, etc.

Auditor's Report



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Ernst & Young Hua Ming (2017) Shen Zi No. 60468092_H01

To the shareholders of Zijin Mining Group Company Limited

I. AUDIT OPINION

We have audited the financial statements of Zijin Mining Group Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated and company statements of financial position as at 31 December 2016, and the consolidated and company statements of profit or loss, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2016, and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CAS"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying financial statements.

Auditor's Report *(continued)*

III. KEY AUDIT MATTERS *(continued)*

Key audit matters:

How the matter was addressed in our audit:

1. Acquisition of the equity interest of Heilong Mining Group Company Limited

As stated in Note VI. 1, on 7 August 2016, the Company completed the acquisition of 100% equity interest of Heilong Mining Group Company Limited at a consideration of RMB1,561,220,000. This transaction was subject to complicated accounting treatment for business combination not involving enterprises under common control and acquisition of non-controlling interests of a subsidiary, including the determination of acquisition date, the purchase price allocation to the identifiable assets acquired and liabilities assumed, and the treatment for the difference between the consideration and the fair value of the identifiable net assets of the acquiree in the business combination. The Company engaged independent valuers to value the fair value of the identifiable assets and liabilities of the acquiree, which involved many assumptions and estimates such as cash flow forecasts and discount rates. Therefore, we considered this matter as a key audit matter.

We performed the following procedures in our audit for this matter:

- 1) We obtained and examined the equity transfer agreement, the resolutions of shareholders' meeting and the board of directors meeting related to this acquisition, the purchase price payment vouchers, documents related to formalities for the transfer of property rights and other documents. We also checked whether the relevant legal procedures were completed, and discussed the determination of the acquisition date with the management of the Company ("management");
- 2) We obtained and examined the valuation reports of the acquiree and its financial statements at the acquisition date, on which we performed audit procedures. We assessed the reasonableness of the allocation of purchase price to all identifiable assets acquired and liabilities assumed, and reviewed the accounting treatment of business combination and the acquisition of non-controlling interests;
- 3) We evaluated the independent valuers' qualifications, professional competence and independence;
- 4) We involved our internal valuation experts to evaluate the key assumptions and bases used in the valuation reports, equity valuation and the fair value of identifiable net assets. They selected a number of comparable peer companies for reference and performed data projection; and
- 5) We evaluated the adequacy of the disclosures for this acquisition in the financial statements.

Auditor's Report *(continued)*

III. KEY AUDIT MATTERS *(continued)*

Key audit matters:

2. Hedge accounting

The Group has been carrying out hedging. In 2016, the Group designated some forward contracts as hedging instruments for the forecasted sales of mine-produced gold and copper products, assessed the hedge effectiveness on a regular basis to meet the conditions for adopting hedge accounting, and then conducted hedge accounting for the hedging of mineral products. Mine-produced gold and copper are the main products of the Group, so the amount of related hedging is significant. In addition, the accounting policies and treatments applicable to hedge accounting are complicated as an enterprise is required to make formal designation of the hedge relationship, prepare the formal written documentation of the hedge relationship, the risk management objective and its strategy for undertaking the hedge, and assess the hedge effectiveness during the application of hedge accounting. Estimations and judgements were applied to the forecasted transactions, the designation of hedge relationship and the assessment of hedge effectiveness. Therefore, we considered this matter as a key audit matter. Refer to Note III. 26 and Notes V. 2, 23, 40, 50, 51 and 60 to the financial statements for the disclosure of hedge accounting.

How the matter was addressed in our audit:

We performed the following procedures in our audit for hedge accounting:

- 1) We reviewed and assessed management's formal written documentation prepared for hedge accounting, including board resolutions and minutes of the board of directors meeting, and the documentation in relation to identification of the hedging instruments, the hedged items or transactions, the hedge relationship, the nature of the risks being hedged and how the management assessed whether the hedge relationship meets the hedge effectiveness requirements;
- 2) We involved our financial derivatives valuation experts to evaluate the hedge calculation model applied by the management and assess the reasonableness of management's evaluation of hedge effectiveness;
- 3) We obtained relevant transaction records and contracts to examine the key terms, and reviewed the accuracy of the accounting treatment of hedge accounting;
- 4) We performed walkthrough testing and internal control testing in the process of hedge accounting;
- 5) We evaluated the adequacy and completeness of the presentation and disclosure of hedge accounting in the financial statements.

Auditor's Report *(continued)*

III. KEY AUDIT MATTERS *(continued)*

Key audit matters:

3. Impairment of non-current assets

The Group's non-current assets mainly included available-for-sale investments, long-term equity investments, fixed assets, construction in progress, intangible assets, goodwill and other non-current assets. As at 31 December 2016, the Group's non-current assets amounted to RMB65,077,491,431. In the impairment testing for non-current assets, the management is required to make judgements, estimates and assumptions on useful life of mine, production plan, sales price, operating costs, depreciation expenses, taxes, capital expenditures and discount rates when calculating the present value of assets' or cash-generating units' estimated future cash flows. Therefore, this matter was considered as a key audit matter. Refer to Notes III. 17, 19, 31 and Notes V. 10, 11, 13, 14, 16, 17, 20, 21 and 49 to the financial statements for the disclosure of the impairment provision of the non-current assets.

How the matter was addressed in our audit:

We performed the following procedures in our audit for the assessment of impairment of non-current assets:

- 1) We discussed with the management and reviewed the Group's non-current assets to assess whether any indicator of impairment exists;
- 2) For the non-current assets with the indicator of impairment and the goodwill related to cash-generating units, we reviewed the discounted cash flow projection models prepared by management. The main audit procedures included:
 - a) We evaluated the discounted cash flow projection models applied, and the applicable subject and method;
 - b) We assessed the reasonableness of the key assumptions in the discounted cash flow projection models (mainly including useful life of mine, production plan, sales price, operating costs, depreciation expenses, taxes, capital expenditures and discount rates) by obtaining relevant technical reports for reference and communicating with the management; and compared key assumptions with public data from third parties;
 - c) We reviewed the relevance of the key assumptions with the historical data used;
 - d) We involved our internal valuation experts to review the logic of the discounted cash flow projection models and the discount rates used by the management in the models. They selected a number of comparable peer companies for reference and performed data projection to determine the reasonable range of discount rates;
 - e) We evaluated the adequacy and completeness of the disclosures in the financial statements.

Auditor's Report *(continued)*

IV. OTHER INFORMATION

The management is responsible for the other information. The other information comprises the information included in the Annual Report 2016 of A share and H share, other than the financial statements and our auditor's report thereon. We have obtained the Annual Report 2016 of A Share prior to the reporting date and the 2016 H Share Annual Report is expected to be provided to us after the reporting date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises and designing, implementing and maintaining internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Those charged with governance are in discharging their responsibilities for overseeing the Group's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Report *(continued)*

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

- 5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Xie Feng (Engagement Partner)

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Deng Dongmei

24 March 2017

Consolidated Statement of Financial Position

As at 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

ASSETS	Note V	31 December 2016	31 December 2015
CURRENT ASSETS			
Cash and cash equivalents	1	5,022,502,044	5,498,295,305
Financial assets at fair value through profit or loss	2	1,251,779,930	548,352,730
Bills receivable	3	875,760,717	264,373,037
Trade receivables	4	783,067,488	864,682,728
Prepayments	5	869,773,560	842,469,851
Other receivables	6	997,209,895	1,215,636,233
Inventories	7	12,002,626,649	10,951,318,480
Current portion of non-current assets	8	366,489,750	458,040,000
Other current assets	9	1,970,998,795	1,151,678,678
Total current assets		24,140,208,828	21,794,847,042
NON-CURRENT ASSETS			
Available-for-sale investments	10	1,076,496,651	972,008,647
Long-term equity investments	11	7,909,027,958	6,941,121,652
Investment properties	12	193,291,103	168,402,512
Fixed assets	13	32,530,610,194	29,359,351,288
Construction in progress	14	3,984,843,811	6,160,763,924
Construction materials	15	194,114,106	240,135,740
Intangible assets	16	10,257,008,960	10,283,969,425
Goodwill	17	463,597,655	496,758,705
Long-term deferred assets	18	1,185,962,369	1,084,220,930
Deferred tax assets	19	873,576,042	793,211,659
Other non-current assets	20	6,408,962,582	5,619,242,131
Total non-current assets		65,077,491,431	62,119,186,613
TOTAL ASSETS		89,217,700,259	83,914,033,655
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	22	12,350,040,250	5,394,474,750
Financial liabilities at fair value through profit or loss	23	93,140,487	6,804,872,854
Bills payable	24	252,074,617	231,175,265
Trade payables	25	4,727,394,558	4,442,840,507
Advances from customers	26	2,086,548,542	1,918,146,839
Employee benefits payable	27	652,672,744	569,619,991
Taxes payable	28	490,865,153	698,586,919
Dividends payable	29	27,165,124	119,000,981
Other payables	30	3,953,476,058	4,289,196,570
Current portion of non-current liabilities	31	4,218,609,112	6,053,652,249
Other current liabilities	32	5,000,000,000	1,004,821,498
Total current liabilities		33,851,986,645	31,526,388,423
NON-CURRENT LIABILITIES			
Long-term borrowings	33	5,775,423,277	9,251,188,420
Bonds payable	34	16,270,310,335	8,300,000,000
Long-term payables	35	397,617,073	1,171,224,739
Provision	36	871,311,724	720,404,428
Deferred income	37	453,473,146	503,275,426
Deferred tax liabilities	19	481,069,873	513,296,967
Total non-current liabilities		24,249,205,428	20,459,389,980
TOTAL LIABILITIES		58,101,192,073	51,985,778,403

The accompanying notes to financial statements are an integral part of financial statements.

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

LIABILITIES AND OWNERS' EQUITY <i>(continued)</i>	Note V	31 December 2016	31 December 2015
EQUITY			
Share capital	38	2,154,074,365	2,154,324,365
Capital reserve	39	6,703,357,022	7,232,538,557
Other comprehensive income	40	(642,687,760)	(830,177,675)
Special reserve	41	159,412,702	139,524,461
Surplus reserve	42	1,319,401,104	1,319,401,104
Retained earnings	43	18,068,917,361	17,521,563,160
Equity attributable to owners of the parent		27,762,474,794	27,537,173,972
Non-controlling interests		3,354,033,392	4,391,081,280
TOTAL EQUITY		31,116,508,186	31,928,255,252
TOTAL LIABILITIES AND OWNERS' EQUITY		89,217,700,259	83,914,033,655

The financial statements were signed by the followings:

Legal representative:

Chen Jinghe

Principal in charge of accounting:

Lin Hongying

Head of accounting department:

Wu Honghui

The accompanying notes to financial statements are an integral part of financial statements.

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

	Note V	2016	2015
OPERATING INCOME	44	78,851,137,811	74,303,573,739
Less: Operating costs	44	69,782,246,837	68,007,729,583
Taxes and surcharges	45	907,955,846	809,662,007
Selling expenses	46	667,483,736	691,861,398
Administrative expenses	47	2,822,472,260	2,620,740,626
Financial expenses	48	581,525,541	945,668,268
Impairment losses on assets	49	560,842,460	470,685,123
Add: Gains/(Losses) on changes in fair value	50	756,641,718	(125,512,228)
Investment (losses)/income	51	(1,973,336,425)	1,312,774,399
Including: Share of profits/(losses) of associates and joint ventures		92,415,676	(44,237,294)
OPERATING PROFIT		2,311,916,424	1,944,488,905
Add: Non-operating income	52	262,363,612	419,019,949
Including: Gains on disposal of non-current assets		10,747,371	8,862,317
Less: Non-operating expenses	53	448,228,330	277,336,663
Including: Losses on disposal of non-current assets		296,510,681	46,337,101
PROFIT BEFORE TAX		2,126,051,706	2,086,172,191
Less: Income tax expenses	54	438,783,804	743,484,427
NET PROFIT		1,687,267,902	1,342,687,764
Attributable to:			
Owners of the parent		1,839,798,820	1,655,671,617
Non-controlling interests		(152,530,918)	(312,983,853)
NET OTHER COMPREHENSIVE INCOME AFTER TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Changes in fair value of available-for-sale investments		236,688,217	(37,135,047)
Exchange differences arising from translation of financial statements denominated in foreign currencies		119,025,748	(345,701,137)
Effective part of cash flow hedging instruments		(168,224,050)	—
Net other comprehensive income after tax attributable to owners of the parent		187,489,915	(382,836,184)
Net other comprehensive income after tax attributable to non-controlling interests		(29,219,268)	(28,497,328)
		158,270,647	(411,333,512)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,845,538,549	931,354,252
Attributable to:			
Owners of the parent		2,027,288,735	1,272,835,433
Non-controlling shareholders		(181,750,186)	(341,481,181)
Earnings per share			
Basic earnings per share	55	0.09	0.08

The accompanying notes to financial statements are an integral part of financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

For the year ended 31 December 2016

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	2,154,324,365	7,232,538,557	(830,177,675)	139,524,461	1,319,401,104	17,521,563,160	27,537,173,972	4,391,081,280	31,928,255,252
II. Changes for the year									
(i) Total comprehensive income									
(ii) Owners' contributions and reductions in capital									
1. H Shares repurchased	(250,000)	(3,852,088)					(4,102,088)		(4,102,088)
2. Others		(525,329,447)					(525,329,447)	(733,207,777)	(1,258,537,224)
(iii) Profit distributions									
1. Distributions to owners									
(iv) Special reserve									
1. Transferred to special reserve in the current year						(1,292,444,619)	(1,292,444,619)	(122,709,339)	(1,415,153,958)
2. Amount utilised in the current year									
III. Closing balance of the current year	2,154,074,365	6,703,357,022	(642,687,760)	159,412,702	1,319,401,104	18,068,917,361	27,762,474,794	3,354,033,392	31,116,508,186

For the year ended 31 December 2015

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	2,157,281,365	7,329,951,989	(447,341,491)	108,445,194	1,319,401,104	17,591,716,635	28,059,454,796	5,609,467,549	33,668,922,345
II. Changes for the year									
(i) Total comprehensive income									
(ii) Owners' contributions and reductions in capital									
1. H Shares repurchased	(2,957,000)	(61,358,600)					(64,315,600)		(64,315,600)
2. Others		(36,054,832)					(36,054,832)	(64,568,748)	(100,623,580)
(iii) Profit distributions									
1. Distributions to owners									
(iv) Special reserve									
1. Transferred to special reserve in the current year						(1,725,825,092)	(1,725,825,092)	(819,388,124)	(2,545,213,216)
2. Amount utilised in the current year									
III. Closing balance of the current year	2,154,324,365	7,232,538,557	(830,177,675)	139,524,461	1,319,401,104	17,521,563,160	27,537,173,972	4,391,081,280	31,928,255,252

The accompanying notes to financial statements are an integral part of financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

	Note V	2016	2015
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sale of goods and rendering of services		84,032,677,562	79,768,820,268
Other cash receipts relating to operating activities	56	1,923,091,853	2,260,044,538
Sub-total of cash inflows from operating activities		85,955,769,415	82,028,864,806
Cash payments for goods purchased and services received		(67,912,390,850)	(64,709,402,239)
Cash payments to and on behalf of employees		(2,531,665,290)	(2,451,918,339)
Payments of various types of taxes		(3,068,703,845)	(3,044,688,546)
Other cash payments relating to operating activities	56	(3,841,337,552)	(1,553,441,727)
Sub-total of cash outflows used in operating activities		(77,354,097,537)	(71,759,450,851)
Net cash flow from operating activities		8,601,671,878	10,269,413,955
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposals and recovery of investments		256,691,819	1,460,279,624
Cash receipts from investment income		278,699,735	286,080,362
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		282,845,908	64,593,387
Net cash receipts from disposals of subsidiaries and other business units	57	3,112,817	—
Other cash receipts relating to investing activities	56	521,336,401	509,667,366
Sub-total of cash inflows from investing activities		1,342,686,680	2,320,620,739
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(5,521,168,768)	(4,858,199,761)
Cash payments to acquire investments		(1,881,197,470)	(3,038,726,567)
Cash payments for acquisitions of subsidiaries and other business units	57	(538,051,844)	(759,222,391)
Other cash payments relating to investing activities	56	(1,881,124,547)	(2,357,627,647)
Sub-total of cash outflows used in investing activities		(9,821,542,629)	(11,013,776,366)
Net cash flow used in investing activities		(8,478,855,949)	(8,693,155,627)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from capital contributions		85,320,787	12,244,801
<i>Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries</i>		85,320,787	12,244,801
Cash receipts from borrowings		1,179,047,109	8,018,521,808
Cash receipts from gold leasing business		7,308,133,978	6,781,509,306
Cash receipts from issue of bonds and ultra short-term financing bonds		11,981,428,521	4,300,000,000
Other cash receipts relating to financing activities	56	358,911,976	137,275,522
Sub-total of cash inflows from financing activities		20,912,842,371	19,249,551,437

The accompanying notes to financial statements are an integral part of financial statements.

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

	Note V	2016	2015
III. CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED)			
Cash repayments of borrowings		(9,027,785,484)	(6,935,588,780)
Cash repayments of gold leasing business		(7,541,294,423)	(8,722,085,221)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(2,864,677,303)	(3,413,869,833)
<i>Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries</i>		(122,709,339)	(819,388,124)
Other cash payments relating to financing activities	56	(1,986,975,466)	(451,025,310)
Sub-total of cash outflows used in financing activities		(21,420,732,676)	(19,522,569,144)
Net cash flow used in financing activities		(507,890,305)	(273,017,707)
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		252,199,425	30,697,216
V. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	57	(132,874,951)	1,333,937,837
Add: Opening balance of cash and cash equivalents		4,845,698,293	3,511,760,456
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	57	4,712,823,342	4,845,698,293

The accompanying notes to financial statements are an integral part of financial statements.

Company Statement of Financial Position

As at 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

ASSETS	Note XIII	31 December 2016	31 December 2015
CURRENT ASSETS			
Cash and cash equivalents		3,630,808,320	5,555,543,969
Financial assets at fair value through profit or loss		148,337,356	218,434,790
Bills receivable		87,508,143	128,255,276
Trade receivables	1	1,296,489,513	1,155,553,241
Prepayments		184,991,361	148,039,976
Dividends receivable		61,982,500	173,454,513
Other receivables	2	9,361,969,702	10,210,376,131
Inventories		246,035,891	344,552,122
Other current assets		512,293,572	185,438,330
Total current assets		15,530,416,358	18,119,648,348
NON-CURRENT ASSETS			
Available-for-sale investments	3	184,750,000	184,750,000
Long-term equity investments	4	16,460,749,907	12,828,712,989
Fixed assets	5	3,722,651,502	3,306,131,657
Construction in progress	6	128,809,922	571,988,264
Construction materials		2,661,968	2,199,389
Intangible assets	7	277,442,435	280,478,397
Long-term deferred assets	8	193,201,300	193,804,328
Deferred tax assets		381,598,827	152,734,672
Other non-current assets	9	19,069,064,575	10,914,782,781
Total non-current assets		40,420,930,436	28,435,582,477
TOTAL ASSETS		55,951,346,794	46,555,230,825
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings		373,403,689	337,667,200
Financial liabilities at fair value through profit or loss		5,015,067,668	4,032,032,769
Bills payable		86,089,436	66,371,800
Trade payables	11	600,524,631	444,495,428
Advances from customers		15,944,895	4,548,242
Employee benefits payable		120,781,817	138,424,013
Taxes payable		23,408,102	204,504,609
Other payables		996,304,866	917,718,996
Current portion of non-current liabilities		1,611,081,240	1,310,700,000
Other current liabilities		5,097,081,052	1,122,863,688
Total current liabilities		13,939,687,396	8,579,326,745
NON-CURRENT LIABILITIES			
Long-term borrowings		3,268,549,000	5,106,267,600
Bonds payable	12	16,270,310,335	8,300,000,000
Long-term payables	13	190,865,794	322,527,534
Deferred income		274,175,831	325,688,274
Deferred tax liabilities		—	27,630,156
Other non-current liabilities		29,957,419	80,206,405
Total non-current liabilities		20,033,858,379	14,162,319,969
TOTAL LIABILITIES		33,973,545,775	22,741,646,714
EQUITY			
Share capital		2,154,074,365	2,154,324,365
Capital reserve		8,576,035,058	8,579,887,146
Other comprehensive income		(88,866,653)	—
Surplus reserve		1,090,812,600	1,090,812,600
Retained earnings		10,245,745,649	11,988,560,000
TOTAL EQUITY		21,977,801,019	23,813,584,111
TOTAL LIABILITIES AND OWNERS' EQUITY		55,951,346,794	46,555,230,825

The accompanying notes to financial statements are an integral part of financial statements.

Company Statement of Profit or Loss

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

	Note XIII	2016	2015
OPERATING INCOME	14	3,371,791,567	15,498,583,529
Less: Operating costs	14	2,381,828,435	13,767,367,851
Taxes and surcharges		241,491,336	335,911,417
Selling expenses		15,809,309	25,319,355
Administrative expenses		571,117,033	751,940,052
Financial expenses	15	(34,101,610)	(124,246,902)
Impairment losses on assets	16	1,467,633	535,854
Add: (Losses)/Gains on changes in fair value		(77,243,609)	137,859,197
Investment (losses)/income	17	(809,248,136)	1,185,977,799
Including: Share of profits of associates		17,706,853	14,141,228
OPERATING (LOSS)/PROFIT		(692,312,314)	2,065,592,898
Add: Non-operating income		74,050,618	66,054,834
Including: Gains on disposal of non-current assets		406,034	529,802
Less: Non-operating expenses		63,996,566	74,947,986
Including: Losses on disposal of non-current assets		26,594,042	10,255,056
(LOSS)/PROFIT BEFORE TAX		(682,258,262)	2,056,699,746
Less: Income tax expenses		(231,888,530)	319,910,288
NET (LOSS)/PROFIT		(450,369,732)	1,736,789,458
NET OTHER COMPREHENSIVE INCOME AFTER TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Effective part of cash flow hedging instruments		(88,866,653)	—
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(539,236,385)	1,736,789,458

The accompanying notes to financial statements are an integral part of financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

For the year ended 31 December 2016

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	2,154,324,365	8,579,887,146	—	—	1,090,812,600	11,988,560,000	23,813,584,111
II. Changes for the year							
(I) Total comprehensive loss	—	—	(88,866,653)	—	—	(450,369,732)	(539,236,385)
(II) Owners' contributions and reductions in capital							
1. H Shares repurchased	(250,000)	(3,852,088)	—	—	—	—	(4,102,088)
2. Others	—	—	—	—	—	—	—
(III) Profit distributions							
1. Distributions to owners	—	—	—	—	—	(1,292,444,619)	(1,292,444,619)
(IV) Special reserve							
1. Transferred to special reserve in the current year	—	—	—	392,312,845	—	—	392,312,845
2. Amount utilised in the current year	—	—	—	(392,312,845)	—	—	(392,312,845)
III. Closing balance of the current year	2,154,074,365	8,576,035,058	(88,866,653)	—	1,090,812,600	10,245,745,649	21,977,801,019

For the year ended 31 December 2015

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	2,157,281,365	8,591,958,808	—	—	1,090,812,600	11,977,595,634	23,817,648,407
II. Changes for the year							
(I) Total comprehensive income	—	—	—	—	—	1,736,789,458	1,736,789,458
(II) Owners' contributions and reductions in capital							
1. H Shares repurchased	(2,957,000)	(61,358,600)	—	—	—	—	(64,315,600)
2. Others	—	49,286,938	—	—	—	—	49,286,938
(III) Profit distributions							
1. Distributions to owners	—	—	—	—	—	(1,725,825,092)	(1,725,825,092)
(IV) Special reserve							
1. Transferred to special reserve in the current year	—	—	—	355,818,113	—	—	355,818,113
2. Amount utilised in the current year	—	—	—	(355,818,113)	—	—	(355,818,113)
III. Closing balance of the current year	2,154,324,365	8,579,887,146	—	—	1,090,812,600	11,988,560,000	23,813,584,111

The accompanying notes to financial statements are an integral part of financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

	Note XIII	2016	2015
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sale of goods and rendering of services		4,041,270,737	15,706,619,959
Other cash receipts relating to operating activities		361,555,025	178,609,596
Sub-total of cash inflows from operating activities		4,402,825,762	15,885,229,555
Cash payments for goods purchased and services received		(1,808,243,270)	(13,287,885,275)
Cash payments to and on behalf of employees		(503,012,721)	(606,364,127)
Payments of various types of taxes		(579,028,746)	(817,371,342)
Other cash payments relating to operating activities		(1,312,031,664)	(650,203,053)
Sub-total of cash outflows used in operating activities		(4,202,316,401)	(15,361,823,797)
Net cash flow from operating activities	18	200,509,361	523,405,758
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposals and recovery of investments		1,380,803,358	2,123,924,612
Cash receipts from investment income		1,294,326,195	511,569,392
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		172,156,275	450,529,070
Other cash receipts relating to investing activities		36,951,830	—
Sub-total of cash inflows from investing activities		2,884,237,658	3,086,023,074
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(730,426,536)	(1,455,254,388)
Cash payments to acquire investments		(2,134,630,338)	(62,623,207)
Cash payments to acquire subsidiaries or other operating units		(1,561,220,000)	—
Other cash payments relating to investing activities		(8,482,123,091)	(4,805,990,382)
Sub-total of cash outflows used in investing activities		(12,908,399,965)	(6,323,867,977)
Net cash flow used in investing activities		(10,024,162,307)	(3,237,844,903)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from borrowings		1,842,628,857	4,484,925,770
Cash receipts from gold leasing business		5,886,573,300	5,117,054,825
Cash receipts from issue of bonds and ultra short-term financing bonds		11,981,428,521	4,300,000,000
Sub-total of cash inflows from financing activities		19,710,630,678	13,901,980,595
Cash repayments of borrowings		(3,610,617,375)	(2,116,361,396)
Cash repayments of gold leasing business		(5,496,046,506)	(5,601,543,108)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(2,764,282,088)	(2,297,605,967)
Other cash payments relating to financing activities		(64,021,379)	(165,080,804)
Sub-total of cash outflows used in financing activities		(11,934,967,348)	(10,180,591,275)
Net cash flow from financing activities		7,775,663,330	3,721,389,320
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		47,384,768	213,080,926
V. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	18	(2,000,604,848)	1,220,031,101
Add: Opening balance of cash and cash equivalents		4,512,340,261	3,292,309,160
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	18	2,511,735,413	4,512,340,261

The accompanying notes to financial statements are an integral part of financial statements.

Notes to Financial Statements

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

I. CORPORATE INFORMATION

Zijin Mining Group Company Limited* (the "Company") is a joint stock liability limited company, registered in Fujian Province of the People's Republic of China (the "PRC") on 6 September 2000, under the "Company Law of the People's Republic of China" (the "Company Law"). The Company's unified social credit code is 91350000157987632G.

As approved by the People's Government of Fujian Province (Min Zheng Ti Gu (2000) No. 22), on 17 August 2000, Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang") as the principal promoter, together with other promoters including Xinhua Industrial Group Company Limited, Shanghang County Jinshan Trading Company Limited ("Shanghang County Jinshan Trading"), Fujian Xinhua Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited ("Fujian Gold Group") and Fujian Minxi Geological Team ("Minxi Geological Team") and others, transformed Fujian Province Minxi Zijin Mining Group Company Limited into Fujian Zijin Mining Industry Company Limited since 31 December 1999, as the base date of reorganisation. On 16 June 2004, the Company's name was changed from Fujian Zijin Mining Industry Company Limited to Zijin Mining Group Company Limited*.

Pursuant to the Resolution at the First Extraordinary General Meeting on 28 June 2003 and the "Approval in relation to Issuing Overseas-listed Foreign Shares by Fujian Zijin Mining Industry Company Limited" (Zheng Jian Guo He Zi [2003] No. 41) granted by the China Securities Regulatory Committee on 18 November 2003, the Company publicly issued 400,544,000 overseas listed foreign shares with a nominal value of RMB0.1 per share at an issue price of Hong Kong dollar ("HKD") 3.3 (approximately RMB3.516) per share; and Minxi Xinghang, Fujian Gold Group and Minxi Geological Team sold their 36,413,090 state-owned shares at an issue price of HKD3.3 (approximately RMB3.516) per share. As a result of the issuance, the Company's registered capital was changed to RMB131,413,091. Pursuant to the Resolution at the Annual General Meeting for year 2003 dated 28 May 2004 on the conversion of capital reserve into issued capital, the Company converted its capital reserve of RMB131,413,091 into 1,314,130,910 shares with a nominal value of RMB0.1 per share; the Company's registered capital was then changed to RMB262,826,182. Pursuant to the Resolution at the Annual General Meeting for year 2004 dated 31 May 2005 on the conversion of capital reserve into issued capital, the Company converted its capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share; the Company's registered capital was then changed to RMB525,652,364. Pursuant to the Resolution at the Annual General Meeting for the year 2005, dated 18 May 2006, on the conversion of capital reserve into share capital, the Company converted capital reserve of RMB525,652,364 into 5,256,523,640 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 10 newly issued ordinary shares as a bonus issue based on the 5,256,523,640 issued shares as at the end of 2005). Pursuant to the Resolution at the Annual General Meeting for the year 2006, dated 30 April 2007 on the conversion of capital reserve into issued capital, the Company converted capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 2.5 newly issued ordinary shares as a bonus issue based on the 10,513,047,280 issued shares as at the end of 2006). As such, the Company's registered capital was changed to RMB1,314,130,910. On 25 April 2008, as approved by the China Securities Regulatory Committee ([2008] No. 417) and the Shanghai Stock Exchange (Shang Zheng Shang Zi [2008] No. 29) respectively, the Company issued 1.4 billion ordinary shares with a nominal value of RMB0.1 per share at an issue price of RMB7.13 per share and the shares of the Company were listed on the Shanghai Stock Exchange ("IPO A shares"). As such, the Company's registered capital was changed to RMB1,454,130,910.

The 1,050,000,000 IPO A shares issued through the internet became publicly floating on the Shanghai Stock Exchange on 25 April 2008. The 350,000,000 IPO A shares issued through other ways became publicly floating on the Shanghai Stock Exchange on 25 July 2008. Except for 4,210,902,100 shares held by Minxi Xinghang with a lockup period of 36 months, the aggregate of 4,924,966,980 shares held by other holders of domestic shares had a lockup period of 12 months from the date when the IPO A shares were listed. Such shares became publicly floated on 27 April 2009, representing a total proportion of 33.87% of issued capital. Up to the reporting date, all the Company's issued shares were publicly floating.

Pursuant to the Resolution at the Annual General Meeting for the year 2010 on the conversion of capital reserve into share capital dated 30 May 2011, the Company converted capital reserve of RMB727,065,455 into 7,270,654,550 shares with a nominal value of RMB0.1 per share, i.e., 5 new shares for every 10 existing shares based on the total number of issued shares of 14,541,309,100 as at the end of 2010.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

I. CORPORATE INFORMATION *(continued)*

On 28 May 2013, the Company held the 2012 Annual General Meeting, the first A Shareholders' class meeting in 2013 and the first H Shareholders' class meeting in 2013. A resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. The Company carried out repurchases of H shares on 21 August 2013, 13 November 2013, 4 December 2013, 10 December 2013, 16 December 2013, 18 December 2013 and 23 December 2013, respectively. As at 31 December 2013, the aggregate number of repurchased H shares reached 111,806,000.

On 28 May 2014, the Company held the 2013 Annual General Meeting, the first A Shareholders' class meeting in 2014 and the first H Shareholders' class meeting in 2014. A resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. The Company carried out repurchases of H shares on 3 January 2014, 10 January 2014, 7 February 2014, 15 September 2014, 18 September 2014, 19 September 2014, 22 September 2014, 28 October 2014, 6 November 2014, 7 November 2014, 18 November 2014, respectively. As at 31 December 2014, the aggregate number of repurchased H shares reached 127,344,000.

On 11 May 2015, the Company held the 2014 Annual General Meeting, the first A Shareholders' class meeting in 2015 and the first H Shareholders' class meeting in 2015. A resolution in relation to the proposal of granting a general mandate to the board of directors of the Company to repurchase H shares was approved. The authorisation period was up to the convention date of the 2015 Annual General Meeting, i.e. 20 June 2016. The Company carried out repurchases of H shares on 9 June 2015, 10 June 2015, 17 June 2015, 18 June 2015, 19 June 2015, 22 June 2015, 23 June 2015, 26 June 2015, 29 June 2015, and 30 June 2015, respectively. As at 31 December 2015, the aggregate number of repurchased H shares reached 29,570,000.

The Company further repurchased H shares on 13 January 2016. As at 31 December 2016, the aggregate number of repurchased H shares reached 2,500,000. Please refer to Note V.38.

The Group's main business activities include: exploration of minerals; mining and processing of gold ores; gold refinery; mining and processing of copper ores; copper refinery; integration services on information and technology system; consultation service on information and technology; sales of jewellery and ornaments, crafts and arts products, mineral products, machinery and equipment, chemical products (excluding dangerous chemical products and precursor chemicals products of poisons); hydropower; investment in mining industry, hotel industry and construction industry; foreign trade; land transportation of general goods; land transportation of hazardous goods. Open pit mining of copper and gold ores; research and development of mining engineering technology, mining machinery and equipment specifically for use in metallurgy; manufacture of mining machinery and equipment specifically for use in metallurgy (only for branches). (Items which require approvals under the law shall be subject to the approval from relevant departments before the commencement of business).

The largest shareholder of the Group is Minxi Xinghang, which is established in the PRC.

The financial statements were approved by the Company's board of directors on 24 March 2017. In compliance with the articles of association of the Company, the financial statements will be proposed for approval at the forthcoming shareholders' general meeting.

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The changes in the current year are disclosed in Note VI.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Basic Standards and the Specific Standards of the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance, and Application Guidance for ASBE, interpretations and other relevant regulations issued and revised thereafter (hereafter referred to as "CAS").

The financial statements have been prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principle of measurement. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

As at 31 December 2016, the Group recorded current assets of RMB24,140,208,828 and current liabilities of RMB33,851,986,645. The balance of the current assets was less than that of the current liabilities. In view of these circumstances, the management of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern:

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

- (1) In 2015, the Company registered ultra short-term financing bonds of RMB8 billion at the National Association of Financial Market Institutional Investors. Upon the approval date of this report, the balance of the unissued bonds amounted to RMB3 billion, which will be issued before 15 September 2017 depending on the financial condition of the Company.
- (2) The Company received the approval notice issued by the China Securities Regulatory Commission in November 2016 which approved the Company to issue renewable corporate bonds with an aggregate face value of not more than RMB5 billion by tranches within 12 months from the date of the approval. Upon the approval date of this report, the balance of unissued renewable corporate bonds was RMB5 billion.
- (3) The Company submitted application to the China Securities Regulatory Commission for non-public issuance of A shares to raise RMB4,635,378,000, and received the approval from the Issuance Review Committee of the China Securities Regulatory Commission on 7 December 2016.
- (4) Meanwhile, the Group has sufficient bank line of credit.

Therefore, the management of the Company believe that the Group has adequate resources to continue operation and fulfil the due financial responsibility. The management of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has made accounting policies and accounting estimates according to its own production characteristics, which are mainly reflected in bad debt provisions for trade receivables, inventory costing methods, depreciation methods for fixed assets, amortisation methods for intangible assets, recognition and measurement of income and so on.

1. Statement of compliance with CAS

The financial statements have been prepared in accordance with CAS, and presented truthfully and completely the Company's and Group's financial position as at 31 December 2016, and the Company's and Group's financial performance and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

3. Functional currency

The Company adopts Renminbi ("RMB") as its functional currency and to prepare its financial statements. Except for specially noted instructions, the financial statements are denominated in RMB.

The subsidiaries of the Group, joint arrangements and associates determine their own functional currencies according to their primary economic environments in which they operate. The Group adopts RMB to prepare its financial statements.

4. Business combination

A business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving enterprises under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party (parties). The combination date is the date on which the merging party actually obtains control of the merged party (parties).

Assets and liabilities (including goodwill arising from the acquisition of the merged party by the ultimate controlling party) obtained by the merging party shall be measured at their respective carrying amounts as recorded by the ultimate controlling party at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) as consideration is adjusted as share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

4. Business combination *(continued)*

Business combinations not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination not involving enterprises under common control, the party which obtains control of other combining enterprise(s) on the combination date is the acquirer, the other combining enterprise(s) is (are) the acquiree(s). The combination date is the date on which the acquirer actually obtains control of the acquiree(s).

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination not involving enterprises under common control that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date exceed the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, which is subsequently measured at cost less accumulated impairment losses. Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date. If after that reassessment, the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

If the business combination not involving enterprises under common control is achieved in stages, the previously held equity interest is remeasured at the fair value on the acquisition date and any resulting gain or loss is recognised in investment income in current year. For the other comprehensive income generated under equity method from the equity interest which is already held before the acquisition date, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, and changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss when the investments are disposed of.

5. Consolidation of financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including an entity, a separable part of an investee, and the structural entities controlled by the Company) which is under the control of the Company.

The accounting policies and accounting periods of the Company and subsidiaries should be consistent in preparation of the consolidated financial statements. Where the accounting policies adopted by subsidiaries are probably inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies of the Company. All assets, liabilities, equity, income, expenses and cash flows arising from intra-group transactions are eliminated on consolidation.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Where a subsidiary is acquired through a business combination not involving enterprises under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the Group from the acquisition date till the date that such control ceases. In preparation of the consolidated financial statements, the financial statements of an acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

5. Consolidation of financial statements *(continued)*

Where a subsidiary is acquired through a business combination involving enterprises under common control, the acquiree's operating results and cash flows shall be included in the consolidated financial statements as if the acquiree was under the control of the Group at the very beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

If a change in any facts and circumstances gives rise to one or more changes in controlling factors, the Group will reassess whether it controls the investee or not.

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

6. Joint arrangement

Joint arrangement has two types: joint operation and joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Group recognises in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly. Joint operation is measured by proportionate consolidation method.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

The Group's foreign currency transactions are recorded in the respective functional currency on initial recognition.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the prevailing exchange rate on the date of transaction or the average exchange rate through the transaction period. At the date of statement of financial position, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the date of statement of financial position. Exchange differences arising from the differences between the spot exchange rates prevailing at the date of statement of financial position and those on initial recognition or at the previous date of statement of financial position, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period, are recognised in profit or loss for the period. Foreign currency non-monetary items measured at historical cost are re-translated at the spot exchange rate on the date of transaction but the functional currency is not changed. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Differences between the re-translated functional currency amount and the original functional currency amount are recognised in profit or loss or as other comprehensive income depending on the nature of the non-monetary items.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the statement of financial position are translated at the spot exchange rate prevailing at the date of statement of financial position; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; income and expenses in the statement of profit or loss are translated at the spot exchange rates on the dates of the transactions or average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are recognised as other comprehensive income. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements in other comprehensive income of foreign operations is reclassified to profit or loss. For partial disposals, the reclassification is determined on proportion of disposal.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate of the transaction period of cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments

Financial instruments are the contracts that formed the financial assets of one entity, and at the same time formed the financial liabilities or equity instruments of other entities.

Recognition and derecognition of financial instruments

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

The Group derecognises a financial asset, part of a financial asset or group of financial assets, i.e. offset from the accounts and statement of financial position, if either of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire; or
- (2) The contractual rights to the cash flows from the financial asset is transferred out, or obligated to transfer out all generated cash flows on receipt; and (a) substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

The Group derecognises a financial liability only when the underlying present obligation is settled, discharged or expired. An agreement to replace the original financial liability with a new financial liability with substantially different terms, or to modify the original financial liability's terms substantially, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the new financial liability should be recognised in profit or loss for the current period.

All regular means of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular means of purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the financial asset.

Classification and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the categories including: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale investments. Financial assets are initially measured at fair value. For financial assets at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets, transaction costs are included in their initial recognised amounts.

Subsequent measurement of financial assets is determined by its classification.

Financial assets at fair value through profit or loss ("FVTPL")

The Group's financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of selling in the near term; or (2) it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative that is not designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. The above financial instruments are subsequently measured at fair value, realised and unrealised profit or loss is recognised in profit or loss when incurred. Dividends or interest income from financial assets at FVTPL is recognised in profit or loss.

An entity shall not reclassify any financial asset out of the FVTPL category if upon initial recognition it was designated by the entity as at FVTPL; and an entity shall not reclassify any financial asset into the FVTPL category after initial recognition.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from impairment, amortisation or derecognition are recognised in profit or loss.

Available-for-sale investments

Available-for-sale investments include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. Available-for-sale investments are subsequently measured at fair value. The discounted or premium amount of available-for-sale investments is amortised using the effective interest method and the amortisation is recognised as an interest income or expense. Except for impairment losses and exchange differences arising from foreign currency monetary financial assets which are recognised as profit or loss, available-for-sale investments are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income. Accumulated gains or losses arising from changes in the fair value are classified as profit or loss on derecognition or when impairment arises. Dividends and interest earned from available-for-sale investments are recognised in profit or loss.

An equity investment instrument without a quoted price in an active market, whose fair value cannot be reliably measured, is recognised and subsequently measured at cost.

Classification and measurement of financial liabilities

On initial recognition, financial liabilities of the Group are classified into financial liabilities at FVTPL and other financial liabilities. For financial liabilities at FVTPL, transaction costs are immediately recognised in profit or loss. For other financial liabilities, transaction costs are included at their initial recognised amounts.

Subsequent measurement of financial liabilities is determined by the classification.

Financial liabilities at FVTPL

The Group's financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. A financial liability is classified as held for trading if one of the following conditions is satisfied: it has been acquired principally for the purpose of repurchasing in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or it is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. Financial liabilities at FVTPL are subsequently measured at fair value. Any realised and unrealised gains or losses to the financial liabilities are recognised in profit or loss.

An entity shall not reclassify any financial liabilities out of the FVTPL category if upon initial recognition they were designated by the entity as at FVTPL; and an entity shall not reclassify any financial liabilities into the FVTPL category after initial recognition.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

RMB

(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities *(continued)*

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts are measured at fair value on initial recognition. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at FVTPL are measured at the higher of: the amount of the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position; and the amount initially recognised less cumulative amortisation recognised in accordance with the principles of revenue recognition.

Derivatives

The Group uses derivative financial instruments, such as forward commodity contracts for hedging price fluctuation risk, and cross currency swap contracts for mitigating interest rate and foreign exchange rate fluctuation risk, respectively. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. For derivative financial instruments that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost.

Except for the effective portion of cash flow hedging which is recorded in other comprehensive income, and later reclassified to profit or loss when the hedged item affects profit or loss, changes in fair value of derivatives are recognised in profit or loss.

Impairment of financial assets

The Group assesses the carrying amount of financial assets at each date of statement of financial position. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is an evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, a debtor or debtors breach(es) contract (i.e. default or delinquency in interest or principal payments, etc.), that it is very probable that they will enter bankruptcy or other financial reorganisation and observable data indicates that there is a measurable decrease in the estimated future cash flows.

Financial assets measured at amortised cost

If a financial asset measured at amortised cost is impaired, the carrying amount of the financial asset is reduced through the use of an allowance account to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The reduced amount is recognised in profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate upon initial recognition), and the value of the relevant guaranty should also be taken into account. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial assets *(continued)*

*Financial assets measured at amortised cost *(continued)**

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. If any objective evidence indicates that it has been impaired, the impairment losses are recognised in profit or loss for the current period. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment reversed does not exceed what the amortised cost would have been when the impairment has not been recognised.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, the cumulative loss arising from decline in fair value previously recognised directly in other comprehensive income is reclassified from other comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss.

Objective evidence that an available-for-sale equity instrument investment is impaired includes the significant or prolonged decline in the fair value below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the length of period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured is the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets measured at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If, subsequent to the recognition of an impairment loss on an available-for-sale debt instrument, there is objective evidence of a recovery in the fair value of the financial asset which can be related objectively to an event occurred after the impairment is recognised, the previously recognised impairment loss is reversed and recognised in profit or loss.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on a financial asset measured at cost, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial assets are not reversed once they are recognised.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Transfer of financial assets

The Group derecognises a financial asset when it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group does not derecognise those financial assets when it retains substantially all the risks and rewards of the ownership.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, the related accounting treatments of such financial assets are as follows: the Group derecognises financial assets when it retains no control on them, and associated assets and liabilities are recognised at the same time. If the Group retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Continuing involvement that takes the form of a financial guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the financial guarantee. The amount of financial guarantee is the maximum amount of consideration that the Group could be required to repay.

10. Receivables

(1) Receivables that are individually significant and for which bad debt provision has been assessed individually

For a receivable that exceeds RMB10,000,000 and if there is objective evidence that an impairment loss has been incurred on the receivable, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss. Objective evidence that a receivable is impaired is that, the estimated future cash flows of the receivable arising from one or more events that occurred subsequent to the initial recognition of the asset, which can be reliably measured, have been affected.

(2) Receivables that are not individually significant but for which bad debt provision has been assessed individually

For receivables that are not significant individually, if there is objective evidence that an impairment loss has been incurred, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss.

11. Inventories

The Group's inventories include raw materials, work in progress, finished goods, development costs of properties and consumable materials.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion, cost of land, cost of construction and other expenditures. The actual cost of inventories upon delivery is calculated using the weighted average method. Consumable materials included low value consumption and packing materials, which are recorded at cost in full upon delivery. Some spare parts and materials directly related to production are amortised periodically (for example, steel ball is amortised using the units-of-production method, and for some spare parts with a great value such as anode plate, lining board, they are amortised over their actual useful lives). For property development business, all relevant costs of development will be allocated by apportionment of saleable areas at the completion stage. Cost for unsold area is apportioned into development properties.

The perpetual inventory system is maintained for the stock system.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. Inventories *(continued)*

At the date of statement of financial position, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made and recorded in profit or loss. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. For raw materials, provision for decline in value is made based on the categories of inventories. For finished goods, provision for decline in value is made on an item-by-item basis.

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint arrangements and associates.

The long-term equity investment is initially measured at its cost. For a long-term equity investment involving enterprises acquired through business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between initial investment cost and the carrying amount of the consideration is adjusted against capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. For the other comprehensive income which is already held before the acquisition date, on the disposal the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss when the investments are disposed of. Among which, those remain as long-term equity investments will be charged into the statement of profit or loss proportionately, those transferred as financial instruments will be fully charged to the statement of profit or loss. For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the initial investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The investment cost is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. For the other comprehensive income under equity method which is already held before the acquisition date, on the disposal of the investment, the same accounting treatment of which the investee directly disposes of the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss when the investments are disposed of. Among which, those remain as long-term equity investments will be charged into the statement of profit or loss proportionately, those transferred as financial instruments will be fully charged to the statement of profit or loss. For an equity investment which is a financial instrument and already held before the acquisition date, the accumulated fair value changes previously recorded as other comprehensive income should be transferred into the profit or loss for the period under cost method. The initial costs of the investments acquired other than business combination are recognised as follows: if acquired by cash, the investment is initially recognised at the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; if acquired through issuing equity securities, the investment is initially recognised at the fair value of issuing equity instruments; and if the investment is acquired through exchange of non-monetary assets, the cost of investment is initially recognised in accordance with the requirements of "Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets".

For long-term equity investments over which the Company has control are accounted for using the cost method in the Company's separate financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

Under the cost method, a long-term equity investment is measured at initial investment cost. If there are additional investments or disinvestments, the cost of the long-term equity investment shall be adjusted. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profits distribution declared by the investee.

For long-term equity investments over which the Group has joint control or significant influence, the Group accounts for such long-term equity investments using the equity method. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when the decision making about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period, respectively, and adjusts the carrying amount of long-term equity investment. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's identifiable assets and others at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated (except for those transactions relating to impairment loss of assets which shall be recognised fully). However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. The Group shall reduce the carrying amount of the long-term equity investments for shares of profits or cash dividends declared of the investee. However, the share of net loss is only recognised to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are correspondingly adjusted to the carrying amount of the long-term equity investments, and recognised in the shareholders' equity.

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the period. For the other comprehensive income generated from a long-term equity investment under equity method, if the equity method is not applied any more, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss for the period. If the equity method is still applied, the same accounting treatment of which the investee directly disposes the related assets and liabilities should be used and recognised in profit or loss for the period in proportion, changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are recognised in profit or loss for the period in proportion.

13. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation or a leased-out building.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation policy for the investment properties which is consistent with that for buildings.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

14. Fixed assets

A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. At the same time, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. The cost of a fixed asset is the aggregate cost of purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use. When the Company was incorporated, the used fixed assets invested by shareholders were recorded based on valuation using the replacement cost approach.

A mining asset (included in Note V.13 Fixed assets) is depreciated over its designated estimated production using the units-of-production method; an asset formed by work safety fund and production maintenance fund is depreciated one time. Other fixed assets are depreciated over their useful lives using the straight-line method, except the fixed assets of the joint operation, BNL are depreciated by using units-of-production method. The depreciation period, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate	Annual depreciation rate
Buildings	8-50 years	0%-5%	1.90-12.50%
Power generation and transmission equipment	8-30 years	0%-5%	3.17-12.50%
Plant, machinery and equipment	5-15 years	0%-5%	6.33-20.00%
Motor vehicles	4-10 years	0%-5%	9.50-25.00%
Furniture and fixtures and others	3-10 years	0%-5%	9.50-33.33%

Besides, fixed assets held under finance lease are depreciated using the same depreciation method as other fixed assets. The assets are depreciated over their estimated useful lives where ownership of the assets can be reasonably estimated to be gained when lease periods end; otherwise, the leased assets are depreciated over the shorter of the lease terms and the estimated useful lives of the assets.

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and adjusts for any change when necessary.

15. Construction in progress

Construction in progress is measured at its actual cost. The actual cost includes various necessary construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for its intended use.

16. Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when expenditures for such assets fulfil the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss. Qualifying assets are assets (fixed assets, investment properties and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

16. Borrowing costs *(continued)*

The capitalisation of borrowing costs can commence only when all of the following conditions are satisfied:

- (1) Expenditures for the asset are being incurred;
- (2) Borrowing costs are being incurred; and,
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognised in profit or loss in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds; or
- (2) Where funds are borrowed under general-purpose borrowings, the Group shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months except when the assets have become ready for their intended use or sale. The borrowing costs incurred during these periods shall be recognised in profit or loss for the current period until the acquisition, construction or production are resumed.

17. Intangible assets

Intangible assets are recognised and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and their costs can be measured reliably. However, the intangible assets acquired through business combination not involving enterprises under common control should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits for the Group. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

A mining right (included in Note V.16 Intangible assets) is amortised using the units-of-production method. An exploration right will not be amortised until it is transferred to mining right which is amortised using the units-of-production method. Other intangible assets are amortised over their useful lives using the straight-line method. The estimated useful lives of each category of intangible assets are as follows:

Categories	Useful lives
Land use rights	Beneficial lives (30-50 years)
Exclusive fishing rights	Beneficial lives (50 years)
Membership of Shanghai Gold Exchange	Beneficial lives (10 years)

Land use rights obtained by the Group are usually accounted for as intangible assets. As for the construction of plants, factories and other buildings of the Group, the related land use rights and other buildings were accounted for as intangible assets and fixed assets, respectively. Purchase costs of land use rights and buildings were allocated to intangible assets and fixed assets separately. Purchase costs were recognised as cost of fixed assets, only if the separation was impracticable.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

17. Intangible assets *(continued)*

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic methods. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least once at each financial year-end, and makes adjustments when necessary.

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Intangible assets with indefinite useful lives may not be amortised. The Group reviews the service life of intangible assets with indefinite useful lives at the end of the financial year. Where there is evidence that the intangible assets have a finite service life, the intangible assets can be amortised according to the accounting standards for intangible assets with a finite useful life.

Exploration expenditure is recognised at cost less impairment. Exploration expenditure includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing mineral properties, and costs of drilling and other associated activities. Such expenditures may be capitalised when the mineral properties are reasonably proved to be commercially available and recognised as intangible assets after obtaining mining rights or permits, which will be amortised under the units-of-production method. If any construction was abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognised in profit or loss.

18. Long-term deferred assets

Long-term deferred assets represent expenses already incurred that should be amortised over a period longer than one year. Long-term deferred assets mainly include land compensation cost and others. Land compensation costs are amortised evenly over the estimated beneficial useful lives of 5 to 50 years, bipolar plates are amortised under the units-of-production method, whereas other long-term deferred assets are amortised over estimated useful life.

19. Impairment of assets

Impairment of assets other than inventories, deferred tax assets and financial assets is recognised based on the following method:

The Group assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets and impairment tests are performed. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be assessed for impairment annually, irrespective of whether there is any indication incurred. Impairment tests of intangible assets should be performed at least at each year end, even if they are not ready for use.

The recoverable amount of an asset is the higher of fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The recoverable amount is estimated on an individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The reduction is recognised as an impairment loss and charged to profit or loss. A provision for impairment losses of the asset is recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated on a reasonable basis to each of the Group's cash-generating units or to relevant groups of cash-generating units if it is difficult to do so. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a reported segment by the Group.

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

19. Impairment of assets *(continued)*

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is evidence of impairment, the Group shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss on goodwill shall be recognised. Firstly, the impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups. Then, the impairment loss shall be allocated to the other assets of the asset group or set of asset groups (excluding goodwill) on the basis of the proportion of the carrying amount of each asset in the asset group or set of asset groups.

Once an impairment loss is recognised, it shall not be reversed in any subsequent period.

20. Employee benefits

Employee benefits are all types of benefits except share-based payment given by the Group in exchange for the services rendered by employees and termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term benefits that are provided to the employees, their spouses, children, dependents and late employees' family members and other beneficiaries.

Short-term employee benefits

During an accounting period when employees render service to the entity, the amount of short-term employee benefits should be recognised as a liability, and be recognised in profit or loss for the period or in cost of related assets.

Post-employment benefits (define contribution plans)

The employees in the Group participate in social insurance and unemployment insurance scheme administrated by the local governments, and the related expenditures are recorded in cost of related assets or profit or loss in the period when they incurred.

Termination benefits

The Group recognises a liability for termination benefits and charges to profit or loss at the earlier of the following dates: a) when the Group can no longer withdraw from the termination plan or the redundancy offer; and b) when the Group recognises costs or expense for a restructuring plan which involves the payment of termination benefits.

21. Contingent liabilities

Except for contingent consideration and contingent liabilities arising from business combinations not involving enterprises under common control, contingent liabilities are recognised when the Group has an obligation related to a contingency, which meets all of the following conditions:

- (1) It is a present obligation related to a contingency;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

The amount recognised as a contingent liability is the best estimate of the consideration required to settle the present obligation at the date of statement of financial position, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. The carrying amount of a contingent liability is reviewed at the date of statement of financial position. Where there is objective evidence that the carrying amount does not reflect the best estimation of the contingency, the contingent liability would be adjusted according to the best estimated amount.

22. Revenue

Revenue is recognised when it is probable that the economic benefits will flow into the Group, the amount can be measured reliably and all of the following conditions are satisfied.

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

22. Revenue *(continued)*

Revenue from sale of goods

Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and the relevant amounts of costs incurred or to be incurred can be measured reliably. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except that the received or receivable contract or agreed price is unfair. For transaction based on contracted deferred payment, which embedded a contract of financing, and the revenue should be measured by the fair value of the contracted price.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the date of statement of financial position, revenue associated with the transaction shall be recognised using the proportion of completion method. Otherwise, revenue shall be recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the stage of completion of the transaction can be measured reliably and the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services rendered to date to the total services to be rendered. The amount of service income is determined by the contracted or agreed consideration received or receivable, except that the received or receivable contract or agreed price is unfair.

When the Group enters into a contract which contains sale of goods and rendering of services, if the portions of revenue in relation to the sale of goods and rendering of services can be measured separately and individually, the revenue for sale of goods and rendering of services should be accounted for separately. Otherwise, the entire revenue should be accounted for as sale of goods.

Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Rental income

Revenue from operating leases is recognised on the straight-line basis over the lease terms. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

23. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

Asset-related government grants are recognised when the government document designates that the government grants are used for acquiring, constructing or forming long-term assets. If the government document is inexplicit, the Company should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are for acquiring, constructing or forming long-term assets. Otherwise, the government grants should be income-related.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period. A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

24. Income tax

The income tax expenses include current income tax and deferred tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in owners' equity, in which case they are recognised in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

Current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

At the date of statement of financial position, for temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between carrying amount of items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) When the taxable temporary difference arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses; and,
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangement, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except:

- (1) When the deductible temporary differences do not arise from business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses; and
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

At the date of statement of financial position, deferred tax assets and liabilities are measured at applicable tax rates according to the requirements of tax laws during the period that the assets are expected to be recovered or the liability expected to be repaid. The recognition of deferred tax assets and liabilities also take the recovery or the repayment terms into account.

At the date of statement of financial position, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. At the date of statement of financial position, the carrying amount of deferred tax assets is reviewed and recognised to the extent that it is probable that available taxable profits in the future will allow the benefit of deferred tax assets to be utilised.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

25. Leases

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

As lessee under operating leases

Operating lease payments are recognised on the straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Contingent rentals are charged to profit or loss in the period in which they actually incur.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

25. Leases *(continued)*

As lessor under operating leases

Rental income from operating leases is recognised in profit or loss on the straight-line basis over the term of the relevant lease. Contingent rentals are credited to profit or loss in the period in which they are actually incurred.

As lessee under finance leases

An asset held under finance leases is initially recognised at the lower between the leased assets' fair value and the present value of minimum lease payments on the lease commencement date. The amount of long-term payables will be recognised as minimum lease payments accordingly, and the differences between the leased assets' fair value and the present value of minimum lease payments will be recorded as unrecognised financing costs which will be amortised in the effective interest method over the term of the relevant lease. Contingent rentals will be recognised in profit or loss when they actually incur.

26. Hedge accounting

The Group uses certain financial instruments as hedging instruments to avoid metal price risks. The Group carried out hedge accounting for hedges that meet the required criteria. The Group applied cash flow hedge with forward contracts as hedging instruments. The hedged items are the expected sales of the Group's mine-produced gold and mine-produced copper in the next 12 months.

At inception of the hedging, the Group formally designated and documented the hedging relationship, the entity's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in cash flow of hedging instruments can offset the cash flow of hedged items caused by hedged risk.

The amount of the gains or losses on hedging instrument determined to be an effective hedge is recognised as other comprehensive income, while the amount determined to be an ineffective hedge is recognised in profit or loss. The amount determined to be an effective hedge are determined as the lower of the absolute amount of: 1) the accumulated gains or losses of the hedging instrument since the inception of the hedging; 2) the accumulated changes in the present value of the expected future cash flows of the hedging instrument since the inception of the hedging. When the expected sales occur, the amounts are transferred from other comprehensive income to profit or loss.

If the anticipated transaction no longer occurs, gains and losses previously recognised in other comprehensive income will be transferred to profit or loss. If the entity revokes the hedge designation, the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover, the amounts accumulated in other comprehensive income will be retained until the anticipated transaction occurs and the amounts will be transferred from other comprehensive income to profit or loss.

27. Share repurchase

The considerations and transaction costs occurred in repurchasing own equity instruments are deducted from equity. Equity movements are recognised on the issue (including refinance), repurchase, sale, or cancellation of the Group's own equity instruments.

28. Profits distribution

Cash dividends of the Company are recognised as a liability after they are approved by the shareholders in a shareholders' general meeting.

29. Work safety fund and production maintenance fund

The work safety fund and production maintenance fund accrued pursuant to regulations are recognised as cost of relevant products or profit or loss for the period, and are stated as special reserves at the same time. For the utilisation of the fee to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalised expenditure shall be aggregated and recognised in fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

30. Fair value measurement

The Group measures its derivative financial instruments and listed equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group as at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Unobservable inputs are adopted only when observable inputs are not available or impracticable to be obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities which can be accessed at the measurement date

Level 2 – based on inputs other than those included within level 1 that are observable for the relevant asset or liability, either directly or indirectly

Level 3 – based on unobservable inputs for the relevant asset and liability

For assets and liabilities measured at fair value that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

31. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts and disclosure of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements:

Corporate income tax

As a result of the fact that certain matters relating to the corporate income taxes have not been confirmed by the local tax bureau as at the end of the reporting period, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income tax expenses to be made for the reporting period. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted in the income tax expenses in the period in which the differences are realised.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting judgements and estimates *(continued)*

Judgements *(continued)*

Joint arrangement - the investment in an offshore mining fund by the Group

The Group has determined that although the Group holds 90.5% participants shares of Sprott-Zijin Mining Fund ("Sprott Fund"), based on the co-operation agreement between the Group and Sprott Inc. (a fund management company incorporated in Canada, "Sprott"), decision-making on investment was controlled by the investment committee, and the Group and Sprott have joint control over the investment committee of Sprott Fund. As such, the Group recognised its investment in the Sprott Fund as an investment in a joint venture.

Joint arrangement - the investment in Barrick (Niugini) Limited ("BNL") by the Group

The Group has determined that BNL is jointly controlled by Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains (H.K.)"), a wholly-owned subsidiary of the Company, and Barrick (PD) Australia Pty Limited, and each of the parties has rights to the assets and obligations for the liabilities of BNL, and is eligible to BNL's products and recognises expenses incurred in the proportion of 50% each. Therefore, the Group defined its investment in BNL as an investment in a joint operation.

Joint arrangement - the investment in Kamoā Holding Limited ("Kamoā") by the Group

The Group has determined that Kamoā is jointly controlled by Gold Mountains (H.K.), which is a wholly-owned subsidiary of the Company, and Ivanhoe Mines US LLC, and both parties have rights to the net assets of Kamoā in the proportion of 49.5% each. As such, the Group recognised its investment in Kamoā as an investment in a joint venture.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may cause material adjustment to the carrying amounts of assets and liabilities are discussed below.

Bad debt provision for trade receivables

Bad debt provision for trade receivables is estimated by management according to objective evidence (i.e., the possibility of bankruptcy or serious financial difficulties of debtors) which will affect the recoverable amount of trade receivables. Bad debt provision is reviewed by the management at least at every financial year end for re-estimation.

Inventory provision determined on net realisable value

Inventory provision is provided for those obsolete and slow-moving inventories or inventories with cost higher than net realisable value. At the date of statement of financial position, inventory provision is reviewed individually for obsolete and slow-moving items or inventories whose cost exceeds the net realisable amount.

Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale investments and directly recognises movements of their fair value in other comprehensive income. When the fair value declines, management makes assumption about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss.

Impairment of non-current assets other than financial assets (excluding goodwill)

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the date of statement of financial position. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or assets group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Financial Statements *(continued)*

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, the present value of future cash flows, which are generated from sets of assets or asset groups considered together with allocated goodwill, is estimated. The Group estimates the present value of future cash flows from sets of assets or asset groups by forecasting the related cash flow and selecting a suitable discount rate.

Useful lives of property, plant and equipment

Management determines the estimated useful lives of the Group's property, plant and equipment. This estimation is based on the actual useful lives of property, plant and equipment with similar nature and functions and the historical experience. Management will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Exploration expenditures

Determination of the capitalisation amount of exploration expenditures requires estimation of future cash flows of the related assets by the management, choosing a suitable discount rate and estimation of beneficial useful lives in order to calculate the present value.

Proved mineral reserves

Proved mineral reserves are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation may not be very accurate. The estimation is updated in accordance with new technologies and new information. Any changes in estimation will have impacts on amounts of mining assets' depreciation and mining rights' amortisation using the units-of-production method, and on the stripping ratio which was used in the capitalisation of stripping costs. That may result in changes of or impacts on the Group's development and operation programme, and the Group's operation and operating results.

Deferred tax assets

To the extent that it is probable that there are sufficient taxable profits to offset the deductible losses, deferred tax assets shall be recognised for all unused deductible losses. Substantial management's judgement regarding the timing and amount of future taxable profit, and considerations for tax planning strategies, are needed when estimating the amount of deferred tax assets.

Estimated compensation

The Group is involved in a number of litigations. The estimated compensation is based on management's understanding of the litigation and the opinions of legal counsels or legal representatives. These estimations are likely to be updated according to the progress of litigation. This may affect the Group's operation and operating results.

Provision for environmental rehabilitation and restoration of mines

Pursuant to the regulation in the countries where the mines locate, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenement, timing of mine closure and cost of such rehabilitation, which depends on an overall judgement of management.

Notes to Financial Statements *(continued)*

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IV. TAX

1. Major taxes and tax rates

Value-added tax ("VAT")	<p>Sales of final gold products and carrying-gold minerals are exempted from VAT. The output VAT rate for mining and processing of ferrous metals such as iron concentrates and non-ferrous metals such as copper concentrates, zinc concentrates, and copper cathodes, zinc bullion, silver bullion, material sales and processing is 17%. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.</p> <p>VAT rate for transportation service income is 11%, and that for trademark royalty income and technical service income is 6%. The tax payer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. Small-scale taxpayer's VAT rate for all the income mentioned above is 3%.</p>
Business tax	<p>Business tax rate for real-estate rental income and hotel service revenue was 5%, and that for construction labour income was 3%. Since 1 May 2016, the VAT replaced business tax.</p>
Urban construction and maintenance tax	<p>Levied on actual payment of turnover tax at rates ranging from 1% to 7%.</p>
Resource tax	<p>Before 1 July 2016, tax rates for gold resources ranged from RMB1.5 to RMB7 (2015: RMB1.5 to RMB7) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2015: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rates for iron resources were RMB6.4 to RMB12.8 (2015: RMB6.4 to RMB12.8) per tonne according to the ore quantity of the concentrates; tax rates for zinc-lead resources were RMB10 to RMB20 (2015: RMB10 to RMB20) per tonne according to the ore quantity.</p> <p>Since 1 July 2016, taxes on the above mineral resources were calculated with price-based method instead of quantity-based method. The basis for taxation was adjusted from original ore quantity to the sales amount of original ore concentrates (or processed products from original ore), primary product or gold bullion.</p> <p>The tax rates were 1% to 4% for gold resources; 2% to 7% for copper resources; 1% to 6% for iron resources; and 2% to 6% for zinc-lead resources.</p>
Resource compensation fee	<p>Before 1 July 2016, the resource compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: mineral sales revenue x resource compensation rate x coefficient of mining recovery. Resource compensation rates range from 2% to 4%.</p> <p>Since 1 July 2016, the resource tax reform was implemented, the mineral resource compensation fee was no longer levied.</p>
Corporate income tax	<p>Provision for tax for the Company and the Company's subsidiaries incorporated and operating in the PRC has been made at the rate of 25% based on the taxable profits, except for certain companies in the Group which enjoyed tax concession and preferential tax rate under approval documents and are further mentioned below. Provision for tax for the Company's subsidiaries incorporated and operating in Hong Kong has been made at the rate of 16.5% on the assessable profits for the year. Provision for tax for the Company's subsidiaries incorporated and operating in Australia and the Democratic Republic of the Congo has been made at the rate of 30% on the assessable profits for the year. Provision for tax for the Company's subsidiaries incorporated and operating in South Africa has been made at the rate of 28% on the assessable profits. Provision for tax for the Company's subsidiaries incorporated and operating in the Republic of Tajikistan has been made at the rate of 15% on the assessable profits for the year. Provision for tax for the Company's subsidiaries incorporated and operating in the Russian Federation has been made at the rate of 20% on the assessable profits for the year.</p>

Notes to Financial Statements *(continued)*

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IV. TAX *(continued)*

2. Tax incentives

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Tax on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No. 58), from 1 January 2011 to 31 December 2020, the enterprises in the western region, which are principally engaged in encouraged industries as indicated in the Catalogue of Encouraged Industries of Western Region and the Catalogue of Industrial Structure Adjustment Guidance (2011 version) (Revised) (The National Development and Reform Commission Order [2013] No. 21) and which generate over 70% of their operating income from the encouraged industries could apply for a tax incentive. After getting the approval of the tax bureau in charge, those enterprises could enjoy a reduced corporate income tax ("CIT") rate of 15%. In 2016, the following subsidiaries obtained the approval of the tax bureau in charge approval and were granted a reduced CIT rate of 15%:

- (1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong [2016] No. 436) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 1 April 2016, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (2) Pursuant to the Reference Table of Preferential Corporate Income Tax approved by Xinjiang Autonomous Region Wujia County State Tax Bureau on 18 March 2016, Xinjiang Zijin Zinc Industry Co., Ltd. ("Xinjiang Zijin Zinc Industry") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (3) Pursuant to the Notice of Tax Issue (Fu Di Shui Han [2016] No. 1681) issued by Xinjiang Autonomous Region Fuyun County Local Tax Bureau, the items in the application for CIT concession filed by Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") on 27 April 2016 met the approval conditions, and thus Xinjiang Jinbao was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (4) Pursuant to the Notice of Tax Issue (Wu Hou Di Shui Tong [2017] No. 348) issued by Inner Mongolia Autonomous Region Bayannur City Urat Rear Banner Local Tax Bureau, the items in the application for CIT concession filed by Wulatehouqi Zijin Mining Company Limited ("Wulatehouqi Zijin") on 20 January 2017 met the approval conditions, and thus Wulatehouqi Zijin was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND CASH EQUIVALENTS

	2016	2015
Cash	4,085,244	6,800,046
Bank deposits	4,560,724,380	4,785,504,001
Other monetary funds (Note 1)	457,692,420	705,991,258
	5,022,502,044	5,498,295,305

Note 1: As at 31 December 2016, the balance of other monetary funds mainly included: (1) land restoration and environmental rehabilitation costs of RMB66,882,941 (31 December 2015: RMB66,308,378); Pursuant to the rules of Longyan Municipal Government, the Company provided land restoration and environmental rehabilitation costs and deposited the funds in a specified bank account. The fund was restricted to the use of land restoration and environmental rehabilitation. (2) Guarantee deposits of RMB112,795,758 (31 December 2015: RMB64,952,233), which were restricted to use; (3) Time deposits with maturity for more than three months but less than one year of RMB130,000,003 (31 December 2015: RMB521,336,401) and (4) Deposit in the Shanghai Gold Exchange of RMB148,013,718 (31 December 2015: RMB53,394,246).

As at 31 December 2016, cash and cash equivalents in the equivalent amount of RMB1,536,138,024 (31 December 2015: RMB510,984,359) were deposited outside Mainland China.

Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 7 days to 12 months depending on the fund arrangement of the Group. Time deposits earn interest at the relevant rates with different maturities.

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
Held for trading financial assets		
Held for trading equity investments (Note 1)	1,128,862,968	263,630,628
Derivative financial assets (Note 2)	78,489,803	143,268,440
Cross currency swap ("CCS") (Note 3)	—	14,359,008
Others (Note 4)	44,427,159	127,094,654
	1,251,779,930	548,352,730

Note 1: The investments in stocks aimed at making short-term profits.

Note 2: Derivative financial assets are as follows:

	2016	2015
(1) Derivative financial assets relating to gold leasing	—	9,261,300
(2) Derivative financial assets without designated hedging relationship	77,223,428	134,007,140
Including: Forward contracts	52,383,555	96,725,465
Futures contracts	24,839,873	37,281,675
(3) Hedging instruments – Forward contracts	1,266,375	—
	78,489,803	143,268,440

Note 3: The Group has used CCS to hedge the currency risk and interest rate risk. As at 31 December 2016, losses on changes in fair value arising from CCS were RMB20,178,616 (31 December 2015: gains on changes in fair value of RMB14,359,008). As at 31 December 2016, the balance of the CCS is included in financial liabilities at fair value through profit or loss. Please refer to Note V.23 for details.

Note 4: The investments in funds aimed at making short-term profits.

3. BILLS RECEIVABLE

	2016	2015
Bank acceptance bills	490,251,803	235,873,037
Commercial acceptance bills	385,508,914	28,500,000
	875,760,717	264,373,037

Bills receivable which have been pledged are as follows:

	2016	2015
Bank acceptance bills	—	3,470,000

Notes to Financial Statements *(continued)*

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. BILLS RECEIVABLE *(continued)*

Bills receivable endorsed or discounted by the Group which were not yet due at date of statement of financial position are as follows:

	2016		2015	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	136,907,034	26,250,000	253,331,072	—
Commercial acceptance bills	—	83,500,000	—	—

As at 31 December 2016, there were no bills receivable which were converted to trade receivables due to the drawer's inability to settle the bills on maturity (31 December 2015: Nil).

4. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period of one to six months in general.

An ageing analysis of the trade receivables is as follows:

	2016	2015
Within 1 year*	744,054,692	744,550,678
Over 1 year but within 2 years*	21,002,499	113,127,156
Over 2 years but within 3 years*	14,016,924	10,267,525
Over 3 years*	10,422,907	3,554,066
	789,497,022	871,499,425
Less: Bad debt provision of trade receivables	6,429,534	6,816,697
	783,067,488	864,682,728

* The ageing of trade receivables is calculated based on the issuing date of sales invoice.

The sales of gold bullion are mainly through cash sales or receipts in advance. The sales of gold bullion through cash sales are settled on the transaction dates. The sales of other products such as copper cathodes, zinc bullion and ore concentrates, adopt receipts in advance, letter of credit or credit sales. The credit periods of credit sales range from one to six months. The Group maintains strict control over its outstanding trade receivables. Overdue balances of trade receivables are reviewed regularly. Per the conditions mentioned above and because of the fact that the Group's trade receivables were related to a large number of diversified customers, there is no significant concentration of credit risk.

The movements of bad debt provision of trade receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2016	6,816,697	7,973,614	—	(8,360,777)	6,429,534
2015	4,135,644	2,834,823	(111,269)	(42,501)	6,816,697

Note: The notes to financial statements with "*" are disclosed in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance.

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. TRADE RECEIVABLES (continued)

	2016					2015				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been provided individually	504,497,224	63.90	—	—	504,497,224	618,112,522	70.93	—	—	618,112,522
Individually not significant but for which bad debt provision has been provided individually	284,999,798	36.10	6,429,534	2.26	278,570,264	253,386,903	29.07	6,816,697	2.69	246,570,206
	789,497,022	100.00	6,429,534	0.81	783,067,488	871,499,425	100.00	6,816,697	0.78	864,682,728

In 2016, the provision for bad debt was RMB7,973,614 (2015: RMB2,834,823), and no provision for bad debt was reversed (2015: RMB111,269).

In 2016, trade receivables written off amounted to RMB8,360,777 (2015: RMB42,501).

The five entities with the largest balances of trade receivables at 31 December 2016 are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Jinchuan Group Co., Ltd.	78,761,193	9.98	Within 1 year	—
Shanghai Red Heron International Trade Co., Ltd.	61,731,404	7.82	Within 1 year	—
Golmud West Steel Trading Co., Ltd.	52,027,374	6.59	Within 1 year	—
Zisen (Xiamen) Supply Chain Management Co., Ltd. ("Zisen (Xiamen)")	40,085,525	5.08	Within 1 year	—
Trafigura Pte. Ltd.	39,696,190	5.03	Within 1 year	—
	272,301,686	34.50		—

The five entities with the largest balances of trade receivables at 31 December 2015 are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Xinjiang Bayi Steel Group Company Limited	84,535,206	9.70	Within 1 year	—
Xinjiang Tulip Trading Co., Ltd.	78,471,325	9.00	Within 1 year	—
Golmud West Steel Trading Co., Ltd.	65,735,684	7.54	Within 1 year	—
Intercontinental Resources HK Co., Ltd.	46,476,680	5.33	Within 1 year	—
The Perth Mint Australia	37,442,542	4.30	Within 1 year	—
	312,661,437	35.87		—

Notes to Financial Statements *(continued)*

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. PREPAYMENTS

Ageing analysis of the prepayments is as follows:

	2016		2015	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year	754,112,679	85.82	727,382,869	85.76
Over 1 year but within 2 years	42,307,884	4.81	51,020,746	6.02
Over 2 years but within 3 years	27,221,350	3.10	23,901,167	2.82
Over 3 years	55,097,354	6.27	45,822,159	5.40
	878,739,267	100.00	848,126,941	100.00
Less: Bad debt provision of prepayments	8,965,707		5,657,090	
	869,773,560		842,469,851	

As at 31 December 2016, there were no prepayments with significant balances aged over one year (31 December 2015: Nil).

The five entities with the largest balances of prepayments at 31 December 2016 are as follows:

Name of entity	Amount	Proportion of prepayments (%)
Shanghai Zengfu Metallic Material Co., Ltd.	77,899,999	8.86
Xiamen Zijin Zhonghang Real Estate Company Limited ("Xiamen Zijin Zhonghang")	53,466,945	6.08
MRI Trading AG	27,933,223	3.18
Xinjiang Lihong Logistics Co., Ltd.	20,000,000	2.28
Jiayou International Logistics Co., Ltd.	14,384,051	1.64
	193,684,218	22.04

The five entities with the largest balances of prepayments at 31 December 2015 are as follows:

Name of entity	Amount	Proportion of prepayments (%)
Penavico Shenzhen Logistics Limited, Tianjin Branch ("Shenzhen Penavico")	95,962,782	11.31
MRI Trading AG	93,570,592	11.03
Louis Dreyfus Commodities Metals Trading Co., Ltd.	79,400,412	9.36
Xiamen Zijin Zhonghang	58,643,463	6.91
Xinjiang Hezhong International Trading Co., Ltd.	27,602,379	3.25
	355,179,628	41.86

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. OTHER RECEIVABLES

Ageing analysis of the other receivables is as follows:

	2016	2015
Within 1 year	828,557,938	976,164,493
Over 1 year but within 2 years	147,700,474	50,422,531
Over 2 years but within 3 years	42,580,075	22,608,484
Over 3 years	161,380,022	328,049,421
	1,180,218,509	1,377,244,929
Less: Bad debt provision of other receivables	183,008,614	161,608,696
	997,209,895	1,215,636,233

The movements of bad debt provision of other receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2016	161,608,696	25,386,394	(3,423,638)	(562,838)	183,008,614
2015	234,160,438	1,108,502	(10,980,847)	(62,679,397)	161,608,696

	2016					2015				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been provided individually	701,341,492	59.42	167,432,416	23.87	533,909,076	924,497,708	67.13	150,992,416	16.33	773,505,292
Individually not significant but for which bad debt provision has been provided individually	478,877,017	40.58	15,576,198	3.25	463,300,819	452,747,221	32.87	10,616,280	2.34	442,130,941
	1,180,218,509	100	183,008,614	15.51	997,209,895	1,377,244,929	100	161,608,696	11.73	1,215,636,233

Notes to Financial Statements *(continued)*

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. OTHER RECEIVABLES *(continued)*

As at 31 December 2016, other receivables, which were individually significant and for which bad debt provision had been provided individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan")	205,229,024	140,992,416	68.70	No progress for the project in which the borrowing is used
Shangguan Jiandong	16,440,000	16,440,000	100.00	Ageing is too long and it is expected that the amount cannot be recovered
Chongli Dongping Gold Mining Company Limited ("Chongli Dongping")	10,034,878	10,000,000	99.65	Borrower is incapable to operate
	231,703,902	167,432,416		

As at 31 December 2015, other receivables, which were individually significant and for which bad debt provision had been provided individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	175,755,365	140,992,416	80.22	No progress for the project in which the borrowing is used
Chongli Dongping	10,034,878	10,000,000	99.65	Borrower is incapable to operate
	185,790,243	150,992,416		

In 2016, the provision for bad debt was RMB25,386,394 (2015: RMB1,108,502), and provision of RMB3,423,638 was recovered or reversed (2015: RMB10,980,847).

In 2016, other receivables written off amounted to RMB562,838 (2015: RMB62,679,397).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. OTHER RECEIVABLES (continued)

Category of other receivables by nature is as follows:

	2016	2015
Advanced material costs	107,318,320	140,789,003
Due from non-controlling shareholders	76,809,217	54,566,943
Staff advances and reserve funds	24,326,982	36,751,641
Due from third parties	141,017,498	137,331,317
Receivables from associates and joint ventures	304,334,840	177,123,355
Securities and deposits	114,739,694	101,754,981
Interest receivables	3,896,511	4,953,731
Receivables from disposal of assets	117,808,285	124,503,515
Deferred expenses	105,985,125	185,622,637
Receivables from settlement of futures	30,930,459	154,617,360
Others	153,051,578	259,230,446
	1,180,218,509	1,377,244,929
Less: Bad debt provision of other receivables	183,008,614	161,608,696
	997,209,895	1,215,636,233

The five entities with the largest balances of other receivables at 31 December 2016 are as follows:

Name of entity	Nature	Closing balance of other receivables	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Zijin Tongguan (Note 1)	Due from associates and joint ventures	205,229,024	Within 1 year, over 1 year but within 2 years, over 2 years but within 3 years and over 3 years	17.39	140,992,416
Longkou City Jinhe Industrial and Trading Co., Ltd. ("Jinhe Industrial and Trading") (Note 2)	Receivables from disposal of equity investments	54,700,000	Over 2 years but within 3 years	4.63	—
Fujian Longyan Makeng Mining Company Limited ("Longyan Makeng") (Note 3)	Due from associates and joint ventures	50,066,458	Within 1 year	4.24	—
Longyan Zijin AVIC Real Estate Development Company Limited ("Longyan Zijin AVIC") (Note 4)	Due from associates and joint ventures	49,039,358	Within 1 year	4.16	—
Wuping County Tianan City Construction Investment and Development Co., Ltd. ("Wuping Tianan") (Note 5)	Due from third parties	43,950,000	Over 3 years	3.72	—
		402,984,840		34.14	140,992,416

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. OTHER RECEIVABLES *(continued)*

The five entities with the largest balances of other receivables at 31 December 2015 are as follows:

Name of entity	Nature	Closing balance of other receivables	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Zijin Tongguan (Note 1)	Due from associates and joint ventures	175,755,365	Within 1 year, over 1 year but within 2 years and over 3 years	12.76	140,992,416
PRC Urat Customs ("Urat Customs")	Deposits	58,817,505	Within 1 year and over 1 year but within 2 years	4.27	—
Jinhe Industrial and Trading (Note 2)	Receivables from disposal of equity investments	54,700,000	Over 1 year but within 2 years	3.97	—
Wuping Tianan (Note 5)	Due from third parties	43,950,000	Over 3 years	3.19	—
Bank of China Fujian Branch	Receivables from settlement of futures	41,257,251	Within 1 year	3.00	—
		374,480,121		27.19	140,992,416

Note 1: The balance was mainly borrowings and other receivables due from Zijin Tongguan offered by the Company. The investment project of Zijin Tongguan was temporarily unable to carry out development because of the unresolved community relationship problems. Consequently, the management of the Group considered that there were indicators of irrecoverability of borrowings and other receivables from Zijin Tongguan, and made a bad debt provision for the borrowings and other receivables due from Zijin Tongguan amounting to RMB140,992,416.

Note 2: Zijin International Mining Company Limited ("Zijin International Mining"), a subsidiary of the Group, signed an equity transfer agreement of Longkou Jinfeng Company Limited with Jinhe Industrial and Trading in November 2014. According to the agreement, the share transfer consideration was RMB84,600,000. As at 31 December 2016, Jinhe Industrial and Trading had paid RMB29,900,000 and the remaining balance to be paid was RMB54,700,000.

Note 3: In the year of 2016, Zijin Mining Group Finance Company Limited ("Finance Company"), a subsidiary of the Company, provided loans to Longyan Makeng, an associate of the Company, amounting to RMB50,066,458 (including principal and interest).

Note 4: In the year of 2016, Fujian Zijin Real Estate Company Limited ("Zijin Real Estate"), a subsidiary of the Company, provided loans to Longyan Zijin AVIC of RMB49,039,358 in aggregate.

Note 5: In 2009, Zijin Mining Group Southern Investment Company Limited ("Southern Investment"), Wuping Zijin Mining Company Limited ("Wuping Zijin"), and Shanghang Jinshan Mining Company Limited, subsidiaries of the Group, provided borrowings of a total amount of RMB50,000,000 to Wuping Tianan. The borrowings were used for the local residents' resettlement and land development of the ninth phase of the old city reconstruction project of Wuping County. As at 31 December 2016, the borrowings of RMB43,950,000 had not yet been recovered.

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVENTORIES

	2016			2015		
	Carrying amount	Inventory provision	Net book value	Carrying amount	Inventory provision	Net book value
Raw materials	4,181,855,317	(71,459,389)	4,110,395,928	3,209,088,612	(31,823,611)	3,177,265,001
Work in progress	4,195,064,044	(25,014,548)	4,170,049,496	3,579,247,568	(4,716,135)	3,574,531,433
Finished goods	1,178,295,866	(57,387,175)	1,120,908,691	1,576,542,944	(101,256,860)	1,475,286,084
Properties under development	2,406,122,048	—	2,406,122,048	2,689,084,580	—	2,689,084,580
Reusable materials	195,150,486	—	195,150,486	35,151,382	—	35,151,382
	12,156,487,761	(153,861,112)	12,002,626,649	11,089,115,086	(137,796,606)	10,951,318,480

The movements of inventory provision are as follows:

2016	At 1 January	Additions	Reductions	At 31 December
			Reversal or write-off	
Raw materials	31,823,611	51,623,125	(11,987,347)	71,459,389
Work in progress	4,716,135	30,750,147	(10,451,734)	25,014,548
Finished goods	101,256,860	15,414,225	(59,283,910)	57,387,175
	137,796,606	97,787,497	(81,722,991)	153,861,112

2015	At 1 January	Additions	Reductions	At 31 December
			Reversal or write-off	
Raw materials	32,119,983	264,466,099	(264,762,471)	31,823,611
Work in progress	1,416,244	14,224,579	(10,924,688)	4,716,135
Finished goods	96,795,588	101,637,334	(97,176,062)	101,256,860
	130,331,815	380,328,012	(372,863,221)	137,796,606

2016 and 2015	Determination basis of net realisable value	Basis of providing provision for inventories	Reasons for reversal of inventory provision
Raw materials	Market price of raw materials/market price of relevant finished goods	Defectiveness and obsolescence/decrease in market price of relevant finished goods	Increase in market price of relevant finished goods
Work in progress	Market price of relevant finished goods	Decrease in market price of relevant finished goods	Increase in market price of relevant finished goods
Finished goods	Market price/contract price	Decrease in market price	Increase in market price

As at 31 December 2016, inventories with restricted ownership amounted to RMB10,034,000 (31 December 2015: Nil). Details are disclosed in Note V.58.

As at 31 December 2016, carrying amount of inventories included capitalised interest expenses of RMB16,804,889 (31 December 2015: RMB37,983,363).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. CURRENT PORTION OF NON-CURRENT ASSETS

	2016	2015
Current portion of long-term receivables	366,489,750	458,040,000

9. OTHER CURRENT ASSETS

	2016	2015
Deposit for futures contracts	103,076,177	156,235,835
Deposit for gold transactions	10,808,852	1,113,281
Liquid cash for futures contracts	60,085,274	128,685,311
Input VAT to be credited	7,016,391	—
Input VAT to be verified	54,155,509	130,526,310
VAT recoverable	210,222,490	405,250,031
Taxes prepayment	282,367,667	192,652,301
Wealth management products	1,201,389,289	110,569,810
Others	41,877,146	26,645,799
	1,970,998,795	1,151,678,678

10. AVAILABLE-FOR-SALE INVESTMENTS

	2016			2015		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale equity instruments						
Measured at fair value	533,450,722	—	533,450,722	446,220,051	(21,109,288)	425,110,763
Measured at cost	553,545,929	(10,500,000)	543,045,929	553,509,207	(6,611,323)	546,897,884
	1,086,996,651	(10,500,000)	1,076,496,651	999,729,258	(27,720,611)	972,008,647

Available-for-sale investments measured at fair value are as follows:

	2016	2015
Cost of equity instruments	316,649,350	488,256,952
Fair value	533,450,722	425,110,763
Accumulated changes in fair value recognised as other comprehensive income	216,801,372	(42,036,901)
Impairment provision at 31 December	—	(21,109,288)

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Available-for-sale investments measured at cost are as follows:

2016

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Sichuan Liwu Copper Company Limited ("Liwu Copper")	19,850,000	—	—	19,850,000	—	—	—	—	5.77	300,000
Fujian Shanghang Rural Commercial Bank Company Limited ("Shanghang Rural Commercial Bank")	89,900,000	—	—	89,900,000	—	—	—	—	10.00	16,800,000
Nanjing China Net Communication Company Limited ("Nanjing China Net")	25,000,000	—	—	25,000,000	—	—	—	—	8.62	—
Fujian Shanghang Xingcheng Guarantee Company Limited ("Xingcheng Guarantee") (Note 1)	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
Muli County Rongda Mining Company Limited ("Muli Rongda")	62,017,517	—	—	62,017,517	—	—	—	—	12.00	18,000,000
Xinjiang Xinxin Mining Industry Company Limited ("Xinjiang Xinxin")	18,314,097	—	—	18,314,097	—	—	—	—	2.56	—
Wulatehouqi Ruifeng Lead Refinery Company Limited ("Wulatehouqi Ruifeng")	10,500,000	—	—	10,500,000	(6,611,323)	(3,888,677)	—	(10,500,000)	3.03	—
CASA Mining Limited ("CASA Mining")	41,932,791	—	—	41,932,791	—	—	—	—	8.01	—
Solantera Resources Ltd. ("Solantera Resources")	7,771,757	—	—	7,771,757	—	—	—	—	2.80	—
Zhenfeng Rural Credit Cooperative Union	11,074,000	—	—	11,074,000	—	—	—	—	9.80	980,000
Xinjiang Tianshan Railway Company Limited ("Xinjiang Tianshan Railway")	19,200,000	—	—	19,200,000	—	—	—	—	12.00	—
Luoyang Commercial Bank	1,000,000	—	—	1,000,000	—	—	—	—	0.12	390,000
Jiangxi Jinhuan Mining Company Limited ("Jiangxi Jinhuan") (Note 2)	4,864,063	—	—	4,864,063	—	—	—	—	55.00	—
Lenghu Bindi Potash Co., Ltd. ("Bindi Potash")	187,106,400	—	—	187,106,400	—	—	—	—	3.60	—
Others	4,978,582	36,722	—	5,015,304	—	—	—	—	N/A	—
	553,509,207	36,722	—	553,545,929	(6,611,323)	(3,888,677)	—	(10,500,000)		36,470,000

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Available-for-sale investments measured at cost are as follows: (continued)

2015

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	4,000,000
Shanghang Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	15,600,000
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	—
Hunan Nonferrous Metals Corporation Limited ("Hunan Nonferrous Metals")	30,000,000	—	(30,000,000)	—	—	—	—	—	NA	—
Xingcheng Guarantee	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
Muli Rongda	62,017,517	—	—	62,017,517	—	—	—	—	12.00	2,400,000
Xinjiang Xinxin	18,314,097	—	—	18,314,097	—	—	—	—	2.56	—
Wulatehouqi Ruifeng	10,500,000	—	—	10,500,000	(6,611,323)	—	—	(6,611,323)	3.03	—
Luoyang Yongning Gold and Lead Refinery Company Limited ("Luoyang Yongning")	39,600,000	—	(39,600,000)	—	(20,099,100)	—	20,099,100	—	NA	—
CASA Mining	41,932,791	—	—	41,932,791	—	—	—	—	8.01	—
Solantera Resources	7,771,757	—	—	7,771,757	—	—	—	—	2.80	—
Zhenfeng Rural Credit Cooperative Union	11,074,000	—	—	11,074,000	—	—	—	—	9.80	1,460,200
Xinjiang Tianshan Railway	19,200,000	—	—	19,200,000	—	—	—	—	12.00	—
Luoyang Commercial Bank	1,000,000	—	—	1,000,000	—	—	—	—	0.12	325,000
Jiangxi Jinhuan (Note 2)	4,864,063	—	—	4,864,063	—	—	—	—	55.00	—
Bindi Potash	—	187,106,400	—	187,106,400	—	—	—	—	3.60	—
Others	4,932,950	45,632	—	4,978,582	—	—	—	—	NA	—
	435,957,175	187,152,032	(69,600,000)	553,509,207	(26,710,423)	—	20,099,100	(6,611,323)		23,785,200

Movements of impairment provision for available-for-sale investments are as follows:

	2016	2015
Impairment provision at 1 January	27,720,611	108,328,882
Additions	3,888,677	740,039
Including: Transferred from other comprehensive income	—	740,039
Reductions	(21,109,288)	(81,348,310)
Impairment provision at 31 December	10,500,000	27,720,611

Note 1: Pursuant to the Capital Increase Agreement of Fujian Shanghang Xingcheng Guarantee Company Limited, the Company holds 20% preferential shares of Xingcheng Guarantee and is entitled to preferential rights over other shareholders of Xingcheng Guarantee in respect of profit and residual assets distribution. However, the right to participate in the decision-making and management of Xingcheng Guarantee is restricted, and the Company neither appointed directors to Xingcheng Guarantee nor had a significant influence on the operations and decision-making of Xingcheng Guarantee. As such, the Company recognised its investment in Xingcheng Guarantee as an available-for-sale investment.

Note 2: Pursuant to a resolution at the shareholders' general meeting on 13 March 2014 convened by Jiangxi Jinhuan, it was resolved that since 2014, Huanmin Mining Company Limited ("Huanmin Mining"), a subsidiary of the Company, which held 55% equity interest in Jiangxi Jinhuan, would neither invest in nor participate in management of Jiangxi Jinhuan. Meanwhile, Huanmin Mining entrusted Jiangxi Jinyuan Mineral Group Company Limited ("Jiangxi Jinyuan"), which holds 45% equity interest in Jiangxi Jinhuan, to manage Jiangxi Jinhuan and its equity interest in Jiangxi Jinhuan will be further diluted with the future investment of Jiangxi Jinyuan. As at 31 December 2016, there were no changes in shareholding percentage. The management of the Group considers that they were not involved in the management of Jiangxi Jinhuan and had no significant influence over it. As such, the Group recognised its investment in Jiangxi Jinhuan as an available-for-sale investment.

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS

	2016			2015		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Investments in joint ventures	4,480,817,672	(12,350,855)	4,468,466,817	3,685,819,145	(12,350,855)	3,673,468,290
Investments in associates	3,603,318,725	(162,757,584)	3,440,561,141	3,430,410,946	(162,757,584)	3,267,653,362
	8,084,136,397	(175,108,439)	7,909,027,958	7,116,230,091	(175,108,439)	6,941,121,652

2016

	Movements during the year										
	At 1 January 2016	Additions	Reductions	Investment income/(losses) under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Exchange differences arising from translation of financial statements denominated in foreign currencies	At 31 December 2016	Provision for impairment losses at 31 December 2016
Joint ventures											
Gold Eagle Mining Investment Limited ("Gold Eagle Mining")	1,146,745,610	—	—	582,667	—	—	—	—	380,982,984	1,528,311,261	—
Sprott Fund	511,527,749	—	—	247,513,161	—	—	(175,380,938)	—	84,888,644	668,548,616	—
Shandong Guoda Gold Company Limited ("Shandong Guoda")	167,763,707	—	—	9,978,127	—	—	(5,601,535)	—	—	172,140,299	(12,350,855)
Xiamen Zijin Zhonghang	173,904,294	—	—	(328,805)	—	—	—	—	—	173,574,489	—
Guizhou Funeng Zijin Energy Company Limited ("Guizhou Funeng Zijin")	74,816,879	—	—	—	—	—	—	—	—	74,816,879	—
Guizhou Southwest Zijin Gold Development Company Limited ("Southwest Zijin Gold")	20,358,520	—	—	(680,093)	—	—	—	—	—	19,678,427	—
Fujian Longhu Fishery Ecological Development Company Limited ("Fujian Longhu Fishery")	9,297,020	—	—	883	—	—	—	—	—	9,297,903	—
Gold Mountains Sprott Capital Management Limited ("Gold Mountains Sprott")	1,128,861	—	—	(713,839)	—	—	—	—	—	415,022	—
Kamoa	1,557,725,650	—	—	(144,380,295)	—	288,440,527	—	—	116,998,039	1,818,783,921	—
Fujian Zijin Cuiyu Jewellery Development Co., Ltd. ("Zijin Cuiyu")	10,200,000	—	(7,300,000)	290,000	—	—	(290,000)	—	—	2,900,000	—
Porgera Service Company	—	2,388	—	(2,388)	—	—	—	—	—	—	—
Subtotal	3,673,468,290	2,388	(7,300,000)	112,258,418	—	288,440,527	(181,272,473)	—	582,869,667	4,468,466,817	(12,350,855)
Associates											
Longyan Makeng	746,406,411	41,500,000	—	(168,205)	—	—	—	—	—	787,738,206	—
Xinjiang Tianlong Mining Company Limited ("Xinjiang Tianlong")	365,860,929	—	—	5,045,012	—	—	—	—	—	370,905,941	—
Zijin Tongguan	364,252,197	—	—	221,743	—	—	—	—	—	364,473,940	(162,757,584)
Wengfu Zijin Chemical Industry Company Limited ("Wengfu Zijin")	289,497,971	—	—	(29,736,608)	—	—	—	—	—	259,761,363	—
Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")	25,495,912	—	—	(25,495,912)	—	—	—	—	—	—	—
Fujian Haixia Technology Company Limited ("Haixia Technology")	208,465,085	—	—	6,167,840	—	—	(6,440,000)	—	—	208,192,925	—

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

2016 (continued)

	Movements during the year										
	At 1 January 2016	Additions	Reductions	Investment income/(losses) under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Exchange differences arising from translation of financial statements denominated in foreign currencies	At 31 December 2016	Provision for impairment losses at 31 December 2016
Associates (continued)											
Wancheng Commercial Dongshengmiao Company Limited ("Wancheng Commercial")	159,795,324	—	—	24,753,345	—	—	—	—	—	184,548,669	—
Xiamen Modern Terminals Company Limited ("Xiamen Modern Terminals")	132,482,516	—	—	7,574,231	—	—	(6,250,000)	—	—	133,806,747	—
Tibet Yulong Copper Company Limited ("Tibet Yulong")	135,737,190	—	—	11,747,103	—	—	—	—	—	147,484,293	—
Shanghai Xinyuan Water Supply Company Limited ("Shanghai Xinyuan")	114,070,106	—	—	(128,905)	—	—	—	—	—	113,941,201	—
Yanbian SMEs Credit Security Investment Company Limited ("Yanbian Credit Security")	71,378,757	—	—	1,446,778	—	—	(500,000)	—	—	72,325,535	—
Xinjiang Kanas Tourism Development Company Limited ("Kanas Tourism")	62,456,411	—	—	15,227,045	—	—	—	—	—	77,683,456	—
Qinghai Copper Company Limited ("Qinghai Copper")	272,000,000	—	—	—	—	—	—	—	—	272,000,000	—
Fujian Shanghang Ting River Hydropower Company Limited ("Ting River Hydropower")	48,146,132	—	—	7,150,015	—	—	(980,000)	—	—	54,316,147	—
Songpan Zijin Industrial and Trading Company Limited ("Songpan Zijin")	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Wuping Zijin Hydropower Company Limited ("Wuping Zijin Hydropower")	37,338,140	—	—	14,666,562	—	—	(2,719,300)	—	—	49,285,402	—
Hunchun Jindi Mining Company Limited ("Hunchun Jindi")	47,476,774	—	—	(519,427)	—	—	—	—	—	46,957,347	—
Longyan Zijin AVIC	143,757,259	—	—	(60,536,060)	—	—	—	—	—	83,221,199	—
Luoyang Huayin Guarantee Investment Company Limited ("Luoyang Huayin")	1,806,463	—	(1,806,463)	—	—	—	—	—	—	—	—
Kuitun Yutong Logistics Company Limited ("Kuitun Yutong")	1,000,000	—	—	—	—	—	—	—	—	1,000,000	—
Zisen (Xiamen)	980,000	—	—	989,674	—	—	—	—	—	1,969,674	—
Fujian Jinyue Huichuang Intelligent Technology Co., Ltd. ("Jinyue Huichuang")	—	3,000,000	—	(58,978)	—	—	—	—	—	2,941,022	—
Changsha Science Environmental Technology Co., Ltd. ("Science")	—	166,600,000	—	2,158,289	—	—	—	—	—	168,758,289	—
Subtotal	3,267,653,362	211,100,000	(1,806,463)	(19,496,458)	—	—	(16,889,300)	—	—	3,440,561,141	(162,757,584)
Total	6,941,121,652	211,102,388	(9,106,463)	92,761,960	—	288,440,527	(198,161,773)	—	582,869,667	7,909,027,958	(175,108,439)

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. LONG-TERM EQUITY INVESTMENTS (continued)

2015

	Movements during the year								At 31 December 2015	Provision for impairment losses at 31 December 2015
	At 1 January 2015	Additions	Reductions	Investment income/(losses) under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses		
Joint ventures										
Gold Eagle Mining	1,151,364,631	—	—	(4,619,021)	—	—	—	—	1,146,745,610	—
Sprott Fund	614,217,305	—	—	(102,689,556)	—	—	—	—	511,527,749	—
Shandong Guoda	180,421,263	—	—	(4,215,454)	—	—	(8,442,102)	—	167,763,707	(12,350,855)
Xiamen Zijin Zhonghang	103,971,197	—	—	280,647,397	—	—	(210,714,300)	—	173,904,294	—
Guizhou Funeng Zijin	74,816,879	—	—	—	—	—	—	—	74,816,879	—
Southwest Zijin Gold	21,116,923	—	—	(758,403)	—	—	—	—	20,358,520	—
Fujian Longhu Fishery	9,946,931	—	—	(649,911)	—	—	—	—	9,297,020	—
Gold Mountains Sprott	1,385,726	—	—	(256,865)	—	—	—	—	1,128,861	—
Kamoa	—	1,564,368,918	—	(6,643,268)	—	—	—	—	1,557,725,650	—
Zijin Cuifu	—	10,200,000	—	—	—	—	—	—	10,200,000	—
Subtotal	2,157,240,855	1,574,568,918	—	160,814,919	—	—	(219,156,402)	—	3,673,468,290	(12,350,855)

	Movements during the year								At 31 December 2015	Provision for impairment losses at 31 December 2015	
	At 1 January 2015	Additions	Reductions	Investment income/(losses) under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses			Transferred to investments in subsidiaries
Associates											
Longyan Makeng	763,887,299	—	—	3,260,812	—	—	(20,741,700)	—	—	746,406,411	—
Xinjiang Tianlong	394,514,912	—	—	(28,653,983)	—	—	—	—	—	365,860,929	—
Zijin Tongguan	319,013,928	—	—	(4,048,670)	—	49,286,939	—	—	—	364,252,197	(162,757,584)
Wengfu Zijin	304,110,270	—	—	(14,612,299)	—	—	—	—	—	289,497,971	—
Wuxin Copper	214,813,130	—	—	(189,317,218)	—	—	—	—	—	25,495,912	—
Haixia Technology	208,720,703	—	—	9,404,382	—	—	(9,660,000)	—	—	208,465,085	—
Wancheng Commercial	161,212,933	—	—	957,391	—	—	(2,375,000)	—	—	159,795,324	—
NKWE Platinum Limited ("NKWE")	128,709,702	137,782,245	—	(15,323,150)	—	—	—	—	(251,168,797)	—	—
Xiamen Modern Terminals	124,667,205	—	—	7,815,311	—	—	—	—	—	132,482,516	—
Tibet Yulong	121,531,998	—	—	14,205,192	—	—	—	—	—	135,737,190	—
Shanghai Xinyuan	114,063,970	—	—	6,136	—	—	—	—	—	114,070,106	—
Yanbian Credit Security	66,814,677	—	—	4,564,080	—	—	—	—	—	71,378,757	—
Kanas Tourism	57,144,676	—	—	5,311,735	—	—	—	—	—	62,456,411	—
Qinghai Copper	48,000,000	224,000,000	—	—	—	—	—	—	—	272,000,000	—
Ting River Hydropower	45,691,626	—	—	3,434,506	—	—	(980,000)	—	—	48,146,132	—
Songpan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Wuping Zijin Hydropower	36,821,610	—	—	3,012,530	—	—	(2,496,000)	—	—	37,338,140	—
Hunchun Jindi	35,291,201	14,000,000	—	(1,814,427)	—	—	—	—	—	47,476,774	—
Longyan Zijin AWC	2,043,264	147,000,000	—	(5,286,005)	—	—	—	—	—	143,757,259	—
Luoyang Huayin	1,806,463	—	—	—	—	—	—	—	—	1,806,463	—
Kuitun Yutong	1,000,000	—	—	—	—	—	—	—	—	1,000,000	—
Zisen (Xiamen)	—	980,000	—	—	—	—	—	—	—	980,000	—
Subtotal	3,189,109,352	523,762,245	—	(207,083,677)	—	49,286,939	(36,252,700)	—	(251,168,797)	3,267,653,362	(162,757,584)
Total	5,346,350,207	2,098,331,163	—	(46,268,758)	—	49,286,939	(255,409,102)	—	(251,168,797)	6,941,121,652	(175,108,439)

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

11. LONG-TERM EQUITY INVESTMENTS *(continued)*

Movements of provision for impairment losses of long-term equity investments:

2016	At 1 January 2016	Additions	Reductions	At 31 December 2016
Joint venture - Shandong Guoda	12,350,855	—	—	12,350,855
Associate - Zijin Tongguan	162,757,584	—	—	162,757,584
	175,108,439	—	—	175,108,439

2015	At 1 January 2015	Additions	Reductions	At 31 December 2015
Joint venture - Shandong Guoda	12,350,855	—	—	12,350,855
Associate - Zijin Tongguan	162,757,584	—	—	162,757,584
	175,108,439	—	—	175,108,439

12. INVESTMENT PROPERTIES

Buildings subsequently measured at cost:

	2016	2015
Cost		
At 1 January	197,083,801	195,587,112
Transferred from construction in progress	10,403,319	1,496,689
Business combination not involving enterprises under common control	29,244,959	—
Disposals or write-off	(3,580,094)	—
At 31 December	233,151,985	197,083,801
Accumulated depreciation		
At 1 January	28,681,289	21,302,417
Depreciation for the year	12,299,162	7,378,872
Disposals or write-off	(1,119,569)	—
At 31 December	39,860,882	28,681,289
Provision for impairment loss		
At 1 January and 31 December	—	—
Net book value		
At 31 December	193,291,103	168,402,512
At 1 January	168,402,512	174,284,695

The investment properties were leased to third parties under operating leases.

* The Group's investment properties are situated in Mainland China and are held under medium-term leases.

As at 31 December 2016, there were no investment properties of which the certificates of title have not been obtained (31 December 2015: Nil).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS

2016

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2016	6,969,205,669	19,634,125,453	1,304,953,080	11,258,738,330	1,068,257,536	400,256,176	40,635,536,244
Purchase additions	151,171,263	267,853,332	47,527,232	1,449,400,823	214,488,551	32,195,165	2,162,636,366
Transferred from construction in progress	493,202,547	3,991,470,805	43,882,507	562,979,129	16,256	6,017,632	5,097,568,876
Business combination not involving enterprises under common control	84,071,119	—	—	5,652,114	3,380,431	2,799,155	95,902,819
Disposals or write-off	(99,350,446)	(409,913,469)	(9,327,235)	(344,522,710)	(112,568,239)	(14,548,045)	(990,230,144)
At 31 December 2016	7,598,300,152	23,483,536,121	1,387,035,584	12,932,247,686	1,173,574,535	426,720,083	47,001,414,161
Accumulated depreciation							
At 1 January 2016	1,467,813,456	4,035,070,448	477,381,586	4,019,021,255	620,178,861	213,157,415	10,832,623,021
Depreciation for the year	371,207,783	1,282,147,358	100,020,036	1,348,663,721	171,064,487	53,226,548	3,326,329,933
Disposals or write-off	(8,854,634)	(185,965,001)	(7,136,670)	(166,616,532)	(79,835,381)	(13,546,264)	(461,954,482)
At 31 December 2016	1,830,166,605	5,131,252,805	570,264,952	5,201,068,444	711,407,967	252,837,699	13,696,998,472
Impairment							
At 1 January 2016	3,374,458	334,362,125	1,565,040	102,598,611	1,643,208	18,493	443,561,935
Impairment provided for the year	31,396,827	280,000,000	4,573,786	18,215,576	—	—	334,186,189
Disposals or write-off	—	(1,444)	(499,291)	(1,852,479)	(1,576,981)	(12,434)	(3,942,629)
At 31 December 2016	34,771,285	614,360,681	5,639,535	118,961,708	66,227	6,059	773,805,495
Net book value							
At 31 December 2016	5,733,362,262	17,737,922,635	811,131,097	7,612,217,534	462,100,341	173,876,325	32,530,610,194
At 1 January 2016	5,498,017,755	15,264,692,880	826,006,454	7,137,118,464	446,435,467	187,080,268	29,359,351,288

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

2015

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2015	6,213,227,618	14,672,274,526	1,132,354,184	10,424,455,937	774,590,132	359,871,744	33,576,774,141
Purchase additions	93,120,033	587,955,425	24,861,630	(572,760,912)	353,453,267	46,809,190	533,438,633
Transferred from construction in progress	687,055,339	3,532,606,206	148,233,006	1,066,816,872	3,752,243	4,554,819	5,443,018,485
Business combination not involving enterprises under common control	—	36,607,518	2,031,990	9,771,000	674,142	268,631	49,353,281
Additions from a joint operation	19,782,070	1,008,471,539	—	459,593,930	—	—	1,487,847,539
Disposals or write-off	(43,979,391)	(203,789,761)	(2,527,730)	(129,138,497)	(64,212,248)	(11,248,208)	(454,895,835)
At 31 December 2015	6,969,205,669	19,634,125,453	1,304,953,080	11,258,738,330	1,068,257,536	400,256,176	40,635,536,244
Accumulated depreciation							
At 1 January 2015	1,149,350,863	3,114,826,246	392,050,873	3,195,191,305	426,286,697	185,570,478	8,463,276,462
Depreciation for the year	333,165,550	1,047,802,491	86,924,988	919,752,472	238,530,175	36,978,367	2,663,154,043
Business combination not involving enterprises under common control	—	565,183	11,356	61,111	9,477	—	647,127
Disposals or write-off	(14,702,957)	(128,123,472)	(1,605,631)	(95,983,633)	(44,647,488)	(9,391,430)	(294,454,611)
At 31 December 2015	1,467,813,456	4,035,070,448	477,381,586	4,019,021,255	620,178,861	213,157,415	10,832,623,021
Impairment							
At 1 January 2015	2,972,485	62,173,529	1,526,618	42,798,449	500,731	1,243	109,973,055
Impairment provided for the year	401,973	272,188,596	38,422	61,326,218	1,142,477	33,827	335,131,513
Disposals or write-off	—	—	—	(1,526,056)	—	(16,577)	(1,542,633)
At 31 December 2015	3,374,458	334,362,125	1,565,040	102,598,611	1,643,208	18,493	443,561,935
Net book value							
At 31 December 2015	5,498,017,755	15,264,692,880	826,006,454	7,137,118,464	446,435,467	187,080,268	29,359,351,288
At 1 January 2015	5,060,904,270	11,495,274,751	738,776,693	7,186,466,183	347,802,704	174,300,023	25,003,524,624

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

Fixed assets that are fully depreciated but still in use are as follows:

	2016		2015	
	Cost	Net book value	Cost	Net book value
Buildings	39,061,938	224,714	34,244,893	180,355
Mining assets	1,049,393,990	6,059,326	905,388,962	5,775,359
Power generation and transmission equipment	88,645,783	3,974,198	37,980,430	1,525,105
Plant, machinery and equipment	804,169,127	27,761,903	597,430,681	18,968,284
Motor vehicles	113,736,711	4,118,060	102,869,569	3,618,545
Furniture and fixtures and others	130,220,787	4,806,585	97,453,545	3,575,605
	2,225,228,336	46,944,786	1,775,368,080	33,643,253

Fixed assets that are temporarily idle are as follows:

2016

	Cost	Accumulated depreciation	Impairment provision	Net book value
Buildings	197,935,211	(42,715,303)	(1,814,215)	153,405,693
Mining assets	1,121,398,419	(137,227,895)	(353,460,754)	630,709,770
Plant, machinery and equipment	203,828,677	(117,374,861)	(7,633,119)	78,820,697
Motor vehicles	13,050,563	(10,549,699)	(2,103)	2,498,761
Power generation and transmission equipment	9,566,428	(5,648,104)	(198,971)	3,719,353
Furniture and fixtures and others	9,065,535	(7,178,277)	(4,350)	1,882,908
	1,554,844,833	(320,694,139)	(363,113,512)	871,037,182

2015

	Cost	Accumulated depreciation	Impairment provision	Net book value
Buildings	24,961,888	(9,835,805)	(1,960,667)	13,165,416
Mining assets	55,956,628	(15,887,437)	(1,948,685)	38,120,506
Plant, machinery and equipment	84,242,485	(31,838,680)	(9,644,936)	42,758,869
Motor vehicles	18,564,162	(14,199,890)	(448,888)	3,915,384
Power generation and transmission equipment	5,954,199	(3,170,737)	(684,854)	2,098,608
Furniture and fixtures and others	1,951,087	(1,643,288)	(25,149)	282,650
	191,630,449	(76,575,837)	(14,713,179)	100,341,433

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. FIXED ASSETS (continued)

Fixed assets leased under finance leases are as follows:

2016

	Cost	Accumulated depreciation	Impairment provision	Net book value
Plant, machinery and equipment	4,040,000	(772,931)	—	3,267,069
Furnitures and fixtures and others	12,798,765	(1,066,564)	—	11,732,201
	16,838,765	(1,839,495)	—	14,999,270

2015

	Cost	Accumulated depreciation	Impairment provision	Net book value
Plant, machinery and equipment	4,040,000	(453,097)	—	3,586,903
Motor vehicles	3,149,806	(897,402)	—	2,252,404
	7,189,806	(1,350,499)	—	5,839,307

There were no fixed assets of the Group leased out under finance leases.

Fixed assets of which certificates of title have not been obtained are as follows:

Item	As at 31 December 2016 Net book value	As at 31 December 2015 Net book value	Reasons why certificates of title have not been obtained
Buildings	1,431,423,466	852,299,998	In the process of applying/ the projects were unsettled
Mining assets	259,359,530	304,327,533	In the process of applying/ the projects were unsettled
	1,690,782,996	1,156,627,531	

14. CONSTRUCTION IN PROGRESS

2016			2015		
Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
4,012,064,654	(27,220,843)	3,984,843,811	6,165,352,908	(4,588,984)	6,160,763,924

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

The movements of important construction in progress in 2016 are as follows:

	Budget	At 1 January 2016	Additions	Transferred to fixed assets	Other reductions	At 31 December 2016	Contribution in budget	Progress of projects	Balance of capitalised borrowing cost as at 31 December 2016	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Alтынken infrastructure project	1,489,177,700	1,508,715,621	330,964,018	(1,781,032,214)	—	58,647,425	126%	99%	5,160,298	—	N/A	Loan/Equity fund
Jinzhao Iron infrastructure project	2,065,284,300	719,002,117	83,083	—	—	719,085,200	97%	99%	169,452	—	N/A	Equity fund
Ashele Copper infrastructure project	975,852,800	558,119,132	217,833,371	(687,849,709)	—	88,102,794	90%	92%	2,525,521	11,519,444	5.10	Loan/Equity fund
Zhijishan gold and copper mine infrastructure project	2,689,177,413	418,490,088	263,808,504	(553,488,670)	—	128,809,922	80%	74%	—	—	N/A	Equity fund
ZGC infrastructure project	1,552,616,377	389,777,011	101,156,888	(423,003,890)	(14,387,869)	53,542,140	105%	99%	20,665,531	78,102,758	7.00-12.00	Loan/Equity fund
Hunchun Zijin infrastructure project	1,707,200,000	168,763,312	117,250,115	(102,946,261)	(15,557,036)	167,510,130	95%	99%	3,159,810	—	N/A	Loan/Equity fund
Russia Longxing infrastructure project	2,649,200,000	68,188,808	130,767,302	(172,117,262)	—	26,838,848	108%	99%	1,274,716	—	N/A	Loan/Equity fund
Musonoke infrastructure project	1,500,000,000	147,844,860	542,813,075	—	—	690,657,935	46%	55%	14,872,452	14,872,452	5.60-6.00	Loan/Equity fund
Xinjiang Jiming infrastructure project	253,801,956	110,946,095	208,717,468	—	—	319,663,563	126%	95%	10,034,771	10,034,771	5.50	Loan/Equity fund
Guizhou Xinheji infrastructure project	350,000,000	320,538,673	24,178,924	—	—	344,717,597	98%	96%	91,966,234	20,246,737	5.50	Loan/Equity fund
Others	4,181,148,918	1,754,967,191	1,056,329,033	(1,377,130,870)	(19,676,254)	1,414,489,100	N/A	N/A	73,106,983	27,852,035	N/A	Loan/Equity fund
	19,413,459,464	6,165,352,908	2,993,901,781	(5,097,568,876)	(49,621,159)	4,017,064,654			223,823,472	162,628,197		
Impairment provision of construction in progress		(4,588,984)				(27,220,843)						
		6,160,763,924				3,984,843,811						

The movements of important construction in progress in 2015 are as follows:

	Budget	At 1 January 2015	Additions	Transferred to fixed assets	Other reductions	At 31 December 2015	Contribution in budget	Progress of projects	Balance of capitalised borrowing cost as at 31 December 2015	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Alтынken infrastructure project	1,489,177,700	1,108,278,059	401,191,023	—	(753,461)	1,508,715,621	101%	95%	163,382,515	85,979,600	6.00-12.00	Loan/Equity fund
Jinzhao Iron infrastructure project	2,065,284,300	71,981,472	647,020,645	—	—	719,002,117	97%	99%	169,452	—	N/A	Equity fund
Ashele Copper infrastructure project	939,014,500	372,611,335	355,591,507	(28,015,309)	(142,068,401)	558,119,132	83%	85%	10,723,710	11,152,778	5.10	Loan/Equity fund
Zhijishan gold and copper mine joint open pit mining project	2,689,177,413	541,143,421	395,480,893	(501,166,520)	(16,967,706)	418,490,088	63%	67%	—	—	N/A	Equity fund
ZGC infrastructure project	1,411,800,000	336,249,634	58,738,060	(3,407,156)	(1,803,527)	389,777,011	89%	99%	194,230,386	63,208,055	7.00-12.00	Loan/Equity fund
Hunchun Zijin infrastructure project	1,698,200,000	891,310,341	772,220,883	(1,494,767,912)	—	168,763,312	94%	99%	4,616,073	34,903,513	3.15	Loan/Equity fund
Russia Longxing infrastructure project	2,649,200,000	2,674,110,573	193,355,243	(2,799,277,008)	—	68,188,808	101%	99%	7,810,143	75,694,330	5.51-8.00	Loan/Equity fund
Others	4,399,100,070	1,973,689,300	1,055,599,896	(616,384,580)	(28,607,797)	2,334,296,819	N/A	N/A	129,072,312	65,302,878	N/A	Loan/Equity fund
	17,340,953,983	7,969,374,135	3,829,198,150	(5,443,018,485)	(190,200,892)	6,165,352,908			510,004,591	336,241,154		
Impairment provision of construction in progress		(4,588,984)				(4,588,984)						
		7,964,785,151				6,160,763,924						

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONSTRUCTION IN PROGRESS (continued)

Movements in impairment provision of construction in progress:

2016	At 1 January 2016	Additions	Reductions	At 31 December 2016	Reasons for provision
Chongli Zijin infrastructure project	227,165	—	—	227,165	Expected recoverable amount less than carrying amount
Xinjiang Jinbao infrastructure project	3,649,228	—	—	3,649,228	Suspension of construction
Luoyang Kunyu infrastructure project	—	5,005,874	—	5,005,874	No expected usable value in the future
ZGC infrastructure project	—	17,625,985	—	17,625,985	Expected recoverable amount less than carrying amount
Others	712,591	—	—	712,591	Expected recoverable amount less than carrying amount
	4,588,984	22,631,859	—	27,220,843	

2015	At 1 January 2015	Additions	Reductions	At 31 December 2015	Reasons for provision
Chongli Zijin infrastructure project	227,165	—	—	227,165	Expected recoverable amount less than carrying amount
Xinjiang Jinbao infrastructure project	3,649,228	—	—	3,649,228	Suspension of construction
Others	712,591	—	—	712,591	Expected recoverable amount less than carrying amount
	4,588,984	—	—	4,588,984	

15. CONSTRUCTION MATERIALS

	2016	2015
Dedicated materials	138,086,414	184,091,663
Dedicated equipment	56,027,692	56,044,077
	194,114,106	240,135,740

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. INTANGIBLE ASSETS

2016

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2016	10,586,022,813	1,915,537,032	185,745,097	12,687,304,942
Purchase additions	131,773,170	78,873,149	3,689,051	214,335,370
Business combination not involving enterprises under common control	408,946,600	940,869	329,589	410,217,058
Other additions	10,364,095	1,790,975	—	12,155,070
Disposals or write-off	(1,100,000)	—	—	(1,100,000)
Other reductions	(64,424,482)	—	—	(64,424,482)
At 31 December 2016	11,071,582,196	1,997,142,025	189,763,737	13,258,487,958
Accumulated amortisation				
At 1 January 2016	1,935,184,300	263,923,766	22,958,939	2,222,067,005
Amortisation provided for the year	491,435,588	67,015,635	342,618	558,793,841
Disposals or write-off	(660,000)	—	—	(660,000)
Other reductions	(12,140,862)	—	—	(12,140,862)
At 31 December 2016	2,413,819,026	330,939,401	23,301,557	2,768,059,984
Impairment				
At 1 January 2016	106,098,205	—	75,170,307	181,268,512
Impairment provided for the year (Note 1)	52,150,502	—	—	52,150,502
At 31 December 2016	158,248,707	—	75,170,307	233,419,014
Net book value				
At 31 December 2016	8,499,514,463	1,666,202,624	91,291,873	10,257,008,960
At 1 January 2016	8,544,740,308	1,651,613,266	87,615,851	10,283,969,425

Note 1: Pursuant to the exploration results of the Group, there were indications of impairment of certain exploration rights in Yuanyang Huaxi Gold Company Limited, Wuping Zijin Mining Company Limited ("Wuping Zijin") and Luoyang Kunyu Mining Company Limited ("Luoyang Kunyu"). Thus, impairment provisions of RMB39,756,735, RMB840,978 and RMB2,907,862 were provided for those exploration rights respectively. The Group also provided impairment provision of RMB8,644,927 for the mining rights of Ankang Jinfeng Mining Company Limited.

When the Group transferred 70% equity interest it held in Shaanxi Dadi Mining Company Limited ("Shaanxi Dadi") in year 2016, it was agreed that the disposal of the exploration rights of Shaanxi Dadi should be dominantly decided by the Group's subsidiary Ankang Zijin Mining Company Limited ("Ankang Zijin"). As Ankang Zijin assumed exploration and maintenance expenses, liabilities related to such exploration rights, and obligations and taxes related to the disposal, the provisions for impairment of intangible assets related to such exploration rights were still included in the balance of the provision for impairment of intangible assets at the end of the year. Please refer to Note VI.2 for details of the transfer of equity interest in Shaanxi Dadi held by the Group in the year.

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. INTANGIBLE ASSETS (continued)

2015

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2015	9,952,776,500	1,548,274,537	182,263,743	11,683,314,780
Purchase additions	249,183,187	67,735,574	3,627,029	320,545,790
Business combination not involving enterprises under common control	492,660,347	—	—	492,660,347
Additions from a joint operation	237,241,098	—	—	237,241,098
Other additions	—	303,685,234	—	303,685,234
Disposals or write-off	(345,838,319)	(4,158,313)	(145,675)	(350,142,307)
At 31 December 2015	10,586,022,813	1,915,537,032	185,745,097	12,687,304,942
Accumulated amortisation				
At 1 January 2015	1,573,118,991	204,760,173	18,607,295	1,796,486,459
Amortisation provided for the year	363,720,936	60,103,513	4,357,219	428,181,668
Business combination not involving enterprises under common control	446,900	—	—	446,900
Disposals or write-off	(2,102,527)	(939,920)	(5,575)	(3,048,022)
At 31 December 2015	1,935,184,300	263,923,766	22,958,939	2,222,067,005
Impairment				
At 1 January 2015	426,523,934	—	75,170,307	501,694,241
Impairment provided for the year (Note 2)	13,500,000	—	—	13,500,000
Disposals or write-off (Note 3)	(333,925,729)	—	—	(333,925,729)
At 31 December 2015	106,098,205	—	75,170,307	181,268,512
Net book value				
At 31 December 2015	8,544,740,308	1,651,613,266	87,615,851	10,283,969,425
At 1 January 2015	7,953,133,575	1,343,514,364	88,486,141	9,385,134,080

Note 2: Pursuant to the exploration results of the Group in 2015, there were indications of impairment of certain exploration rights in Shaanxi Dadi. Thus, an impairment provision of RMB13,500,000 was provided for those exploration rights.

Note 3: In 2015, Longyan City Taixin Resources Development Company Limited and Jinbao Mining Company Limited were disposed of, which led to the write-off of impairments of RMB3,280,000 and RMB330,645,729 respectively.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. INTANGIBLE ASSETS (continued)

As at 31 December 2016, ownerships of intangible assets with carrying amount of RMB17,755,545 were restricted (31 December 2015: Nil). Details are disclosed in Note V.58.

Land use rights of which certificates of title have not been obtained as at 31 December 2016 are as follows:

	Net book value	Reason why certificates of title have not been obtained
Land use rights of Duobaoshan (storage of explosives, management and living areas)	575,150,454	In the progress of applying
Land use rights of Xinjiang Ashele's new tailings dam	132,088,781	In the progress of applying
Land use rights of Wulatehouqi Zijin	74,444,413	In the progress of applying
140 hectares of land use rights of Duobaoshan (Orebody no. three, mining area, dump, tailings dam)	58,265,055	In the progress of applying
Land beside the Zijin Avenue	13,832,747	In the progress of applying
Land for production of JV Zeravshan LLC	5,284,596	In the progress of applying
Land use rights of Xinjiang Ashele's 1,200 tonnes of copper selection from zinc tailings	1,737,672	In the progress of applying
Land use rights of Heilongjiang Tongshan Company's comprehensive office building	940,869	In the progress of applying

* Land for production of JV Zeravshan LLC is situated in Tajikistan and held upon freehold property, other land use rights are situated in Mainland China and held under medium-term leases.

17. GOODWILL

2016

	At 1 January 2016	Additions Business combination not involving enterprises under common control	Reductions Disposal	At 31 December 2016
Xinjiang Ashele	12,906,890	—	—	12,906,890
Qinghai West	455,874	—	—	455,874
Hunchun Zijin Mining Company Limited ("Hunchun Zijin")	71,099,520	—	—	71,099,520
Yunnan Huaxi Mineral Resources Company Limited ("Yunnan Huaxi")	33,161,050	—	—	33,161,050
Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Investment Company")	1,241,101	—	—	1,241,101
Shanxi Zijin Mining Company Limited ("Shanxi Zijin")	2,503,610	—	—	2,503,610
Xinyi Zijin Mining Company Limited ("Xinyi Zijin")	44,319,632	—	—	44,319,632
Norton Gold Fields Ltd. ("Norton Gold Fields")	157,778,981	—	—	157,778,981
Wulatehouqi Zijin	119,097,944	—	—	119,097,944
Bayannaer Zijin Non-ferrous Metals Company Limited ("Bayannaer Zijin")	14,531,538	—	—	14,531,538
Zijin Copper Company Limited ("Zijin Copper")	4,340,000	—	—	4,340,000
Sino Trend Hydropower	79,642,197	—	—	79,642,197
	541,078,337	—	—	541,078,337
Provision for impairment of goodwill	(44,319,632)	(33,161,050)	—	(77,480,682)
	496,758,705	(33,161,050)	—	463,597,655

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. GOODWILL (continued)

2015

	At 1 January 2015	Additions Business combination not involving enterprises under common control	Reductions Disposal	At 31 December 2015
Xinjiang Ashele	12,906,890	—	—	12,906,890
Qinghai West	455,874	—	—	455,874
Hunchun Zijin	71,099,520	—	—	71,099,520
Yunnan Huaxi	33,161,050	—	—	33,161,050
Xiamen Investment Company	1,241,101	—	—	1,241,101
Shanxi Zijin	2,503,610	—	—	2,503,610
Xinyi Zijin	44,319,632	—	—	44,319,632
Norton Gold Fields	157,778,981	—	—	157,778,981
Wulatehouqi Zijin	119,097,944	—	—	119,097,944
Bayannaoer Zijin	14,531,538	—	—	14,531,538
Zijin Copper	4,340,000	—	—	4,340,000
Sino Trend Hydropower	79,642,197	—	—	79,642,197
	541,078,337	—	—	541,078,337
Provision for impairment of goodwill	(44,319,632)	—	—	(44,319,632)
	496,758,705	—	—	496,758,705

The movements of impairment provision of goodwill are as follows:

2016

	At 1 January 2016	Additions Provision	Reductions Disposal	At 31 December 2016
Xinyi Zijin	44,319,632	—	—	44,319,632
Yunnan Huaxi	—	33,161,050	—	33,161,050
	44,319,632	33,161,050	—	77,480,682

2015

	At 1 January 2015	Additions Provision	Reductions Disposal	At 31 December 2015
Xinyi Zijin	44,319,632	—	—	44,319,632

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*17. GOODWILL *(continued)*

Goodwill arising from business combinations has been allocated to the following asset groups for impairment testing:

- Zinc bullion asset group
- Processed gold asset group
- Ore concentrates asset group
- Hydropower asset group

The recoverable amounts of the above asset groups have been determined on the basis of the present value of future cash flow projection of each asset group. The future cash flows projections are based on the estimated cash flows of financial budgets covering a three-year period approved by the management. The pre-tax discount rates applied to cash flow projections ranged from 11% to 18% (2015: 11% to 17%) and cash flows beyond the three-year period are extrapolated using an inflation rate of 3% (2015: 3%). The management considered that the forecast assumptions are appropriate.

The carrying amounts of goodwill allocated to relevant asset groups are as follows:

	Zinc bullion	Processed gold	Ore concentrates	Hydropower	Total
2016	14,531,538	1,241,101	445,663,501	79,642,197	541,078,337
2015	14,531,538	1,241,101	445,663,501	79,642,197	541,078,337

Details of the key assumptions which are used for calculating the present value of future cash flow projections as at 31 December 2016 and 31 December 2015 are as follows:

Gross profits	—	The average gross profit margins achieved in the year immediately before the budget year, being adjusted according to expected efficiency variance and expected fluctuation of market metal price.
Discount rates	—	The discount rates before tax reflecting the specific risks of related asset group.
Raw materials price inflation	—	The forecasted price indices of the domestic and overseas raw materials during the budget year.

External sources of information are taken as references for the values of key assumptions used for the sales price, discount rates and raw materials price inflation for each asset group.

18. LONG-TERM DEFERRED ASSETS

2016

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation costs (Note 1)	172,399,417	47,736,243	(18,476,466)	(4,496,004)	197,163,190
Mining shaft development expenditure	238,856,821	82,165,993	(92,618,957)	—	228,403,857
Amortisation costs of bipolar plates	224,340,837	30,042,794	(27,690,606)	—	226,693,025
Forest compensation expenditure	146,359,767	14,124,583	(12,746,634)	—	147,737,716
Others (Note 2)	302,264,088	165,947,533	(68,247,764)	(13,999,276)	385,964,581
	1,084,220,930	340,017,146	(219,780,427)	(18,495,280)	1,185,962,369

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

18. LONG-TERM DEFERRED ASSETS

2015

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation costs (Note 1)	195,756,635	5,091,913	(28,449,131)	—	172,399,417
Mining shaft development expenditure	183,737,490	112,870,929	(57,751,598)	—	238,856,821
Amortisation costs of bipolar plates	216,268,285	32,917,150	(24,844,598)	—	224,340,837
Forest compensation expenditure	214,107,104	18,452,764	(15,674,019)	(70,526,082)	146,359,767
Others (Note 2)	316,222,662	74,088,120	(82,964,548)	(5,082,146)	302,264,088
	1,126,092,176	243,420,876	(209,683,894)	(75,608,228)	1,084,220,930

Note 1: The land compensation costs relating to the compensation for the occupation of forest land at the mining sites for production and construction need. The amortisation period ranges from 5 to 50 years.

Note 2: As at 31 December 2016, other long-term deferred assets mainly included highway tolls of RMB35,379,113 (31 December 2015: RMB41,815,926); resource integration fees of RMB16,061,578 (31 December 2015: RMB20,553,970); and reconstruction costs of power supply lines of RMB20,822,617 (31 December 2015: RMB22,822,238). Other long-term deferred assets are amortised in accordance with their useful lives.

19. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities before offsetting:

	2016		2015	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	487,375,396	121,843,849	462,188,542	115,547,135
Elimination of unrealised profit arising from intra-group transactions	359,475,439	89,868,860	381,875,108	100,866,928
Deductible losses (Note 1)	1,871,085,318	492,508,882	1,492,725,309	388,299,589
Differences in depreciation policies	122,876,140	30,719,035	107,855,521	26,963,880
Changes in the fair value of available-for-sale investments	308,589	77,147	1,184,996	296,249
Changes in fair value of financial liabilities at fair value through profit or loss	310,364,986	77,591,247	—	—
Expenses accrued but not yet paid and others	243,868,090	60,967,022	563,286,871	161,237,878
	3,395,353,958	873,576,042	3,009,116,347	793,211,659

Note 1: As at 31 December 2016, deferred tax assets generated from the above deductible temporary differences were recognised to the extent that it was probable that taxable profits would be available against which the deductible temporary differences can be utilised.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. DEFERRED TAX ASSETS/LIABILITIES (continued)

	2016		2015	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustments arising from business combination not involving enterprises under common control	1,376,125,575	359,119,811	1,509,728,864	375,168,953
Changes in fair value of financial assets at fair value through profit or loss	97,181,975	24,295,494	184,264,963	46,066,241
Differences in amortisation policies for stripping costs	325,515,231	97,654,568	306,872,577	92,061,773
	1,798,822,781	481,069,873	2,000,866,404	513,296,967

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are as follows:

	2016	2015
Deductible temporary differences	964,725,013	1,412,918,656
Deductible tax losses	5,707,492,511	4,737,915,465
	6,672,217,524	6,150,834,121

Deductible losses of unrecognised deferred tax assets will be expired in the following years:

	2016	2015
2016	—	474,219,962
2017	410,362,576	459,129,374
2018	504,308,240	567,887,911
2019	1,914,524,369	1,927,027,277
2020	1,171,805,990	1,309,650,941
2021 and the following years	1,706,491,336	—
	5,707,492,511	4,737,915,465

20. OTHER NON-CURRENT ASSETS

	2016	2015
Exploration and development costs	2,393,462,919	2,395,891,982
Prepaid investment costs	136,700,000	154,200,000
Prepayment for purchase of Longhu integrated development rights	117,423,299	114,962,108
Long-term receivables	2,458,701,529	1,701,430,603
Prepayments for fixed assets and constructions	234,443,389	276,871,834
Deposits for mine restoration and improvement of ecological environment in mines	167,602,546	135,871,813
Prepayments for land use rights	46,715,045	49,530,419
Prepayments for exploration and mining rights	39,328,989	36,007,579
Inventories expected not to be processed within 1 year	655,301,197	599,006,911
Others	159,283,669	155,468,882
	6,408,962,582	5,619,242,131

As at 31 December 2016, ownerships of other non-current assets with carrying amount of RMB167,602,546 were restricted (31 December 2015: RMB135,871,813). Details are disclosed in Note V.58.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. PROVISION FOR IMPAIRMENT OF ASSETS

2016

	At	Additions	Reductions		At
	1 January		Reversal	Write-off	31 December
	2016				2016
Bad debt provision	174,082,483	37,284,055	(4,003,638)	(8,959,045)	198,403,855
<i>Including: Trade receivables</i>	6,816,697	7,973,614	—	(8,360,777)	6,429,534
<i>Other receivables</i>	161,608,696	25,386,394	(3,423,638)	(562,838)	183,008,614
<i>Prepayments</i>	5,657,090	3,924,047	(580,000)	(35,430)	8,965,707
Inventory provision	137,796,606	97,787,497	(24,370,830)	(57,352,161)	153,861,112
Impairment provision of available-for-sale investments	27,720,611	3,888,677	—	(21,109,288)	10,500,000
Impairment provision of long-term equity investments	175,108,439	—	—	—	175,108,439
Impairment provision of fixed assets	443,561,935	334,186,189	—	(3,942,629)	773,805,495
Impairment provision of construction in progress	4,588,984	22,631,859	—	—	27,220,843
Impairment provision of intangible assets	181,268,512	52,150,502	—	—	233,419,014
Impairment provision of goodwill	44,319,632	33,161,050	—	—	77,480,682
Impairment provision of other current assets	—	5,527,310	—	—	5,527,310
Impairment provision of other non-current assets	174,356,111	2,599,789	—	—	176,955,900
	1,362,803,313	589,216,928	(28,374,468)	(91,363,123)	1,832,282,650

2015

	At	Additions	Reductions		At
	1 January		Reversal	Write-off	31 December
	2015				2015
Bad debt provision	240,076,465	7,978,579	(11,186,340)	(62,786,221)	174,082,483
<i>Including: Trade receivables</i>	4,135,644	2,834,823	(111,269)	(42,501)	6,816,697
<i>Other receivables</i>	234,160,438	1,108,502	(10,980,847)	(62,679,397)	161,608,696
<i>Prepayments</i>	1,780,383	4,035,254	(94,224)	(64,323)	5,657,090
Inventory provision	130,331,815	380,328,012	(290,137,863)	(82,725,358)	137,796,606
Impairment provision of available-for-sale investments	108,328,882	740,039	—	(81,348,310)	27,720,611
Impairment provision of long-term equity investments	175,108,439	—	—	—	175,108,439
Impairment provision of fixed assets	109,973,055	335,131,513	—	(1,542,633)	443,561,935
Impairment provision of construction in progress	4,588,984	—	—	—	4,588,984
Impairment provision of intangible assets	501,694,241	13,500,000	—	(333,925,729)	181,268,512
Impairment provision of goodwill	44,319,632	—	—	—	44,319,632
Impairment provision of other current assets	2,650,000	—	(2,650,000)	—	—
Impairment provision of other non-current assets	141,004,189	36,981,183	—	(3,629,261)	174,356,111
	1,458,075,702	774,659,326	(303,974,203)	(565,957,512)	1,362,803,313

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

22. SHORT-TERM BORROWINGS

	2016	2015
Unsecured and non-guaranteed loans	5,022,406,272	5,394,474,750
Gold leasing (Note 1)	7,308,133,978	—
Bills receivable discounted	19,500,000	—
	12,350,040,250	5,394,474,750

As at 31 December 2016 and 31 December 2015, the Group had no secured bank loans.

As at 31 December 2016, the interest rates of the above borrowings ranged from 0.40% to 4.44% per annum (31 December 2015: 0.65% to 5.88% per annum).

As at 31 December 2016 and 31 December 2015, there were no short-term borrowings of the Group that were overdue but not yet repaid.

Note 1: The Group financed through entering into gold leasing agreements with banks to lease gold from banks and subsequently sold the gold through the Shanghai Gold Exchange. On maturity of the lease, the Group would return to gold leasing banks gold with the same quantity and specification purchased through the Shanghai Gold Exchange. The maturity period of gold leasing was less than 1 year (1 year inclusive).

In the prior year, on maturity, the Group would return to banks gold with the same quantity and specification purchased through the Shanghai Gold Exchange. In 2016, during gold leasing, the Group entered into a forward contract with the same bank for gold with the same quantity, specification and maturity date. According to the forward contract, on maturity of the lease, the Group would purchase gold with the same quantity and specification at an agreed price in RMB from that bank to return the leased gold. The Group considered that under such gold leasing business model, the risk of gold price fluctuation during the gold leasing period was entirely borne by the bank. The Group only bore the agreed gold leasing fee and related handling fee. Therefore, the Group included the leased gold in short-term borrowings. As at 31 December 2015, the balance of leased gold was included in financial liabilities at fair value through profit or loss. Please refer to Note V.23 for details.

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
Held for trading financial liabilities		
Gold leasing (Note V.22 note1)	—	6,411,589,909
Derivative financial liabilities (Note 1)	72,961,871	393,282,945
Cross currency swap ("CCS") (Note 2)	20,178,616	—
	93,140,487	6,804,872,854

Note 1: Derivative financial liabilities are as follows:

	2016	2015
(1) Derivative financial liabilities relating to gold leasing	—	353,466,885
(2) Derivative financial liabilities without designated hedging relationship	64,112,543	39,816,060
Including: Forward contracts	36,610,323	—
Futures contracts	27,502,220	39,816,060
(3) Hedging instruments – Forward contracts	8,849,328	—
	72,961,871	393,282,945

Note 2: The Group has used the CCS to hedge the currency risk and interest rate risk. As at 31 December 2016, losses on changes in fair value arising from CCS were RMB20,178,616 (31 December 2015: fair value gains of RMB14,359,008). As at 31 December 2015, the balance of CCS was included in financial assets at fair value through profit or loss. Please refer to Note V.2 for details.

Notes to Financial Statements *(continued)*

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. BILLS PAYABLE

	2016	2015
Bank acceptances bills	252,074,617	231,175,265

As at 31 December 2016, there were no bills payable that were due but not yet repaid (31 December 2015: Nil). As at 31 December 2016, bills payable of RMB252,074,617 would be due in 2017.

25. TRADE PAYABLES

*As at 31 December 2016, an ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2016	2015
Within 1 year	4,340,091,089	4,090,194,880
Over 1 year but within 2 years	200,570,475	173,463,348
Over 2 years but within 3 years	97,067,546	160,961,200
Over 3 years	89,665,448	18,221,079
	4,727,394,558	4,442,840,507

Trade payables are interest-free and are normally settled within three months.

As at 31 December 2016, the significant balances of trade payables aged more than one year are as follows:

	Balance	Reason for not being settled
Fujian Xingwanxiang Construction Group Co., Ltd.	15,058,079	Construction payment not yet settled
Haixia Technology	12,674,935	Construction payment not yet settled
	27,733,014	

26. ADVANCES FROM CUSTOMERS

	2016	2015
Advances from sales of commodity housing	1,532,316,189	1,604,973,213
Advances from sales of goods	554,232,353	313,173,626
	2,086,548,542	1,918,146,839

As at 31 December 2016, there was no significant balance of advances from customers aged more than one year (31 December 2015: Nil).

As at 31 December 2016, there was no settled but uncompleted project arising from construction contracts (31 December 2015: Nil).

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. EMPLOYEE BENEFITS PAYABLE

2016

	At 1 January	Additions	Reductions	At 31 December
Short-term employee benefits	563,352,836	2,402,391,343	(2,332,501,973)	633,242,206
Post-employment benefit plan (defined contribution plan)	3,499,189	153,645,357	(137,993,150)	19,151,396
Termination benefit	1,131,639	58,681,343	(59,533,840)	279,142
Other employee benefits within 1 year	1,636,327	—	(1,636,327)	—
	569,619,991	2,614,718,043	(2,531,665,290)	652,672,744

2015

	At 1 January	Additions	Reductions	At 31 December
Short-term employee benefits	381,005,672	2,332,052,823	(2,149,705,659)	563,352,836
Post-employment benefit plan (defined contribution plan)	7,243,369	151,927,989	(155,672,169)	3,499,189
Termination benefit	—	45,021,740	(43,890,101)	1,131,639
Other employee benefits within 1 year	1,195,002	446,605	(5,280)	1,636,327
	389,444,043	2,529,449,157	(2,349,273,209)	569,619,991

Short-term employee benefits are as follows:

2016

	At 1 January	Additions	Reductions	At 31 December
Wages or salaries, bonuses, allowances and subsidies	467,915,799	1,983,600,127	(2,009,016,616)	442,499,310
Staff welfare	29,540,491	182,007,639	(92,765,925)	118,782,205
Social security contributions	(30,451)	85,641,406	(85,459,902)	151,053
<i>Including: Medical insurance</i>	<i>(109,189)</i>	<i>57,507,314</i>	<i>(57,373,449)</i>	<i>24,676</i>
<i>Accident insurance</i>	<i>30,251</i>	<i>24,274,097</i>	<i>(24,242,103)</i>	<i>62,245</i>
<i>Maternity insurance</i>	<i>48,487</i>	<i>3,859,995</i>	<i>(3,844,350)</i>	<i>64,132</i>
Housing fund	2,660,922	87,706,312	(88,138,038)	2,229,196
Union running costs and employee education costs	53,285,883	48,560,235	(43,728,193)	58,117,925
Short-term compensated absence	—	13,393,299	(13,393,299)	—
Short-term profit-sharing plan (Note 1)	9,980,192	1,482,325	—	11,462,517
	563,352,836	2,402,391,343	(2,332,501,973)	633,242,206

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. EMPLOYEE BENEFITS PAYABLE (continued)

Short-term employee benefits are as follows (continued):

2015

	At 1 January	Additions	Reductions	At 31 December
Wages or salaries, bonuses, allowances and subsidies	302,420,659	1,934,878,015	(1,769,382,875)	467,915,799
Staff welfare	292,741	153,633,304	(124,385,554)	29,540,491
Social security contributions	99,650	79,400,397	(79,530,498)	(30,451)
Including: Medical insurance	(298,557)	52,922,228	(52,732,860)	(109,189)
Accident insurance	321,941	22,047,875	(22,339,565)	30,251
Maternity insurance	76,266	4,430,294	(4,458,073)	48,487
Housing fund	2,310,276	85,987,609	(85,636,963)	2,660,922
Union running costs and employee education costs	46,475,005	54,686,079	(47,875,201)	53,285,883
Short-term compensated absence	—	21,931,126	(21,931,126)	—
Short-term profit-sharing plan (Note 1)	29,407,341	1,536,293	(20,963,442)	9,980,192
	381,005,672	2,332,052,823	(2,149,705,659)	563,352,836

Note 1: The short-term profit-sharing plan was determined by remuneration assessment and a certain percentage of the increased amount of the Group's net assets.

Defined contribution plan is as follows:

2016

	At 1 January	Additions	Reductions	At 31 December
Basic pension insurance	2,799,765	145,054,160	(129,416,823)	18,437,102
Unemployment insurance	699,424	8,591,197	(8,576,327)	714,294
	3,499,189	153,645,357	(137,993,150)	19,151,396

2015

	At 1 January	Additions	Reductions	At 31 December
Basic pension insurance	6,336,603	140,584,263	(144,121,101)	2,799,765
Unemployment insurance	906,766	11,343,726	(11,551,068)	699,424
	7,243,369	151,927,989	(155,672,169)	3,499,189

28. TAXES PAYABLE

	2016	2015
Value-added tax	102,771,055	24,773,192
Business tax	—	10,625,792
Corporate income tax	136,127,410	336,577,552
Resource tax	48,941,522	46,506,570
Resource compensation fee	138,218,945	201,431,641
Others	64,806,221	78,672,172
	490,865,153	698,586,919

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. DIVIDENDS PAYABLE

Non-controlling shareholders	2016	2015
China Nonferrous Metal Import and Export Company Xinjiang Corp.	—	40,000,000
Gansu Jiuzhou Exploration Mining Company Limited	—	36,261,394
Xinjiang Uyghur Autonomous Region Geology and Mineral Exploration and Development Bureau	—	26,000,000
Guizhou Province Geology and Mineral Resources Exploration and Development Bureau Team 105	9,000,000	7,500,000
Xinjiang Baokai Nonferrous Metals Mining Co., Ltd.	—	4,000,000
Luoning County Funiu Mining Development Centre	1,551,598	1,866,599
China Gold Henan Company	—	1,687,500
Guizhou Mineral Exploration Development Company	8,000,000	—
Zhenfeng County Industrial Investment Company Limited	5,000,000	—
Xiamen Jinhuang Technology Consultant Co., Ltd.	1,170,000	—
Fujian Shanghang Hongyang Mining Engineering Company Limited ("Hongyang Mining")	1,000,000	—
Others	1,443,526	1,685,488
	27,165,124	119,000,981

30. OTHER PAYABLES

	2016	2015
Payables for construction work and equipment	1,794,002,840	1,444,369,226
Payables for exploration and mining rights	340,453,444	415,494,072
Donations payables	29,105,718	8,661,028
Amounts due to third parties	498,130,204	383,272,811
Withholding individual income tax	12,704,500	28,862,580
Deposits	232,808,783	272,721,990
Payables for acquisition of equities and debts	37,561,828	922,041,124
Payables for losses on futures contracts	38,288,708	117,521,613
Accrued maintenance costs	26,551,719	17,259,533
Due to non-controlling shareholders	32,711,445	32,255,421
Interest payables	412,787,631	275,649,946
Others	498,369,238	371,087,226
	3,953,476,058	4,289,196,570

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

30. OTHER PAYABLES *(continued)*

As at 31 December 2016, the significant balances of other payables aged more than one year are as follows:

	Balance	Reason for not being settled
Zijin Mining Charity Foundation	41,028,196	Deposit not yet settled
Mr. Zhu Hongxing	27,892,481	Payables not yet settled
Jiangxi Installation Engineering Co., Ltd. Jilin Branch	26,392,174	Construction payments not yet settled
Shanghang County Finance Bureau	22,509,000	Expense of exploration rights not yet settled
The 8th Metallurgical Construction Group Company Limited	20,881,718	Construction payments not yet settled
Xiamen Minxing Investment Company Limited	19,600,000	Payables not yet settled
Shanghai Clear Environmental Protection Science and Technology Co., Ltd.	19,100,000	Payables not yet settled
Huamei Group Co., Ltd.	17,647,335	Payables not yet settled
Committee of Jingmei Village	16,579,636	Entrusted investment not yet settled
China 15th Metallurgical Construction Company Limited	15,884,069	Construction payments not yet settled
Hongyang Mining	15,591,277	Construction payments not yet settled
Shanxi Industrial Equipment Installation Company Limited	15,318,496	Payables not yet settled
	258,424,382	

31. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2016	2015
Current portion of long-term borrowings	3,560,839,618	2,921,400,286
Current portion of long-term payables	657,769,494	20,000,000
Current portion of bonds payable	—	3,112,251,963
	4,218,609,112	6,053,652,249

32. OTHER CURRENT LIABILITIES

	2016	2015
Short-term financing bonds (Note 1)	5,000,000,000	1,004,821,498

Note 1: In September 2015, the Company received the Notice of Registration Acceptance (Zhongshixiezhuzhu [2015] SCP No. 235) issued by the National Association of Financial Market Institutional Investors and the Company was approved by the National Association of Financial Market Institutional Investors to register ultra short-term financing bonds of RMB8 billion. The registered amount was effective within 2 years commencing from the issuance date of the notice. The Company was allowed to issue the ultra short-term financing bonds by tranches within the effective registration period. The Company issued ultra short-term financing bonds in a principal amount of RMB1 billion with a maturity period of 270 days on 3 August 2016 and 25 August 2016 respectively. The maturity dates were 2 May 2017 and 26 May 2017 with interest rates of 2.78% and 2.87% respectively. From 11 October 2016 to 16 November 2016, the Company issued ultra short-term financing bonds in an aggregate principal amount of RMB3 billion with a maturity period of 270 days for 6 times. The maturity dates were 10 July 2017, 15 July 2017, 24 July 2017, 2 August 2017, 12 August 2017 and 13 August 2017 with interest rates ranging from 2.69% to 3.19% respectively.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. LONG-TERM BORROWINGS

	2016	2015
Unsecured and non-guaranteed loans	9,336,262,895	12,172,588,706
Including: Current portion of long-term borrowings (Note V.31)	(3,560,839,618)	(2,921,400,286)
	5,775,423,277	9,251,188,420

As at 31 December 2016, the Company had neither secured loans nor guaranteed loans (31 December 2015: Nil).

As at 31 December 2016, interest rates of the Group's long-term borrowings ranged from 1.20% to 4.90% per annum (31 December 2015: 1.20% to 6.15% per annum).

* Maturity analysis of long-term borrowings is as follows:

	2016	2015
Within 1 year or repayable on demand	3,560,839,618	2,921,400,286
Over 1 year but within 2 years	1,975,875,632	4,607,768,401
Over 2 years but within 5 years	395,967,598	3,108,907,072
Over 5 years	3,403,580,047	1,534,512,947
	9,336,262,895	12,172,588,706

34. BONDS PAYABLE

	2016	2015
Bonds payable	7,981,428,522	3,112,251,963
Medium-term notes	8,288,881,813	8,300,000,000
Subtotal	16,270,310,335	11,412,251,963
Including: Current portion of bonds payable (Note V.31)	—	(3,112,251,963)
	16,270,310,335	8,300,000,000

As at 31 December 2016, the balances of bonds payable are as follows:

Currency	Face value	Issue date	Duration of the bonds	Issue value of the bonds	At 1 January	Issued in the current year	Interest accrued for the current year	Amortisation of discount/premium	Interest paid for the year	At 31 December
RMB	2,500,000,000	23 October 2013	5 years	2,500,000,000	2,500,000,000	—	142,500,000	(2,255,311)	(142,500,000)	2,497,744,689
RMB	2,500,000,000	5 September 2014	5 years	2,500,000,000	2,500,000,000	—	137,500,000	(3,290,205)	(137,500,000)	2,496,709,795
RMB	3,300,000,000	11 September 2015	5 years	3,300,000,000	3,300,000,000	—	145,200,000	(5,572,671)	(145,200,000)	3,294,427,329
RMB	2,000,000,000	18 March 2016	5 years	2,000,000,000	—	2,000,000,000	50,550,000	(4,520,900)	—	1,995,479,100
RMB	3,000,000,000	18 March 2016	5 years	3,000,000,000	—	3,000,000,000	67,275,000	(6,663,581)	—	2,993,336,419
RMB	1,800,000,000	15 July 2016	5 years	1,800,000,000	—	1,800,000,000	22,875,000	(4,384,159)	—	1,795,615,841
RMB	1,200,000,000	15 July 2016	5 years	1,200,000,000	—	1,200,000,000	17,250,000	(3,002,838)	—	1,196,997,162
	16,300,000,000			16,300,000,000	8,300,000,000	8,000,000,000	583,150,000	(29,689,665)	(425,200,000)	16,270,310,335

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. BONDS PAYABLE (continued)

As at 31 December 2015, the balances of bonds payable are as follows:

Currency	Face value	Issue date	Duration of the bonds	Issue value of the bonds	At 1 January	Issued in the current year	Interest accrued for the current year	Amortisation of discount/premium	Interest paid for the year	At 31 December
RMB	2,500,000,000	23 October 2013	5 years	2,500,000,000	2,500,000,000	—	142,500,000	—	(142,500,000)	2,500,000,000
RMB	2,500,000,000	5 September 2014	5 years	2,500,000,000	2,500,000,000	—	137,500,000	—	(137,500,000)	2,500,000,000
RMB	3,300,000,000	11 September 2015	5 years	3,300,000,000	—	3,300,000,000	44,366,667	—	—	3,300,000,000
	8,300,000,000			8,300,000,000	5,000,000,000	3,300,000,000	324,366,667	—	(280,000,000)	8,300,000,000
Bonds payable due within one year										
USD	280,000,000	30 June 2011	5 years	280,000,000	278,461,743	—	11,900,000	1,013,717	(11,900,000)	279,475,460
USD	200,000,000	24 July 2011	5 years	200,000,000	199,450,942	—	8,500,000	362,005	(8,500,000)	199,812,947
	480,000,000			480,000,000	477,912,685	—	20,400,000	1,375,722	(20,400,000)	479,288,407

In 2013, the Company registered the maximum credit limit of medium-term notes of RMB6 billion and RMB4 billion respectively with the National Association of Financial Market Institutional Investors. In 2014, the Company wrote off credit limit of RMB1.7 billion. The Company issued medium-term notes with face values of RMB2.5 billion on 23 October 2013, RMB2.5 billion on 5 September 2014 and RMB3.3 billion on 11 September 2015 respectively, with aggregated amount of RMB8.3 billion, maturity of five years, and coupon rates of 5.7%, 5.5% and 4.4% respectively. Coupons on the bonds are payable annually in arrears.

On 18 March 2016, the Company issued corporate bonds with a face value of RMB2 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years and an annual coupon rate of 3.37%. On 18 March 2016, the Company issued corporate bonds with a face value of RMB3 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years, with terms that the issuer has an option of adjusting the coupon rate and investors have an option of redemption at the end of the third year, and annual coupon rate of 2.99%; on 15 July 2016, the Company issued corporate bonds with a face value of RMB1.8 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years, with terms that the issuer has an option of adjusting the coupon rate and investors have an option of redemption at the end of the third year, and annual coupon rate of 3.05%; on 15 July 2016, the Company issued corporate bonds with a face value of RMB1.2 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years and annual coupon rate of 3.45%. The coupons of the above bonds shall be settled annually and the principal shall be repaid upon their maturity.

In 2011, Zijin International Finance Company Limited, a subsidiary of the Company, issued credit enhanced bonds with total face value of USD480 million and such bonds have been repaid upon their maturity in 2016.

As at 31 December 2016, there were no bonds that were due but not yet paid (31 December 2015: Nil).

35. LONG-TERM PAYABLES

	2016	2015
Payables for acquisition of equities/debts	664,710,891	712,827,145
Payables for acquisition of mining rights	34,594,856	23,823,576
Entrusted investments	94,206,740	234,206,740
Deposit for restoration and improvement of ecological environment in mines	87,677,213	91,475,464
Others	174,196,867	128,891,814
Subtotal	1,055,386,567	1,191,224,739
Including: Current portion of long-term payables (Note V.31)	(657,769,494)	(20,000,000)
	397,617,073	1,171,224,739

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. LONG-TERM PAYABLES (continued)

* Maturity analysis of long-term payables is as follows:

	2016	2015
Within 1 year or repayable on demand	657,769,494	20,000,000
Over 1 year but within 2 years	31,466,279	568,244,809
Over 2 years but within 5 years	158,189,730	383,715,937
Over 5 years	207,961,064	219,263,993
	1,055,386,567	1,191,224,739

36. PROVISION

2016	1 January 2016	Additions	Reductions	31 December 2016
Provision for environmental rehabilitation and restoration of mines	720,404,428	153,492,797	(2,585,501)	871,311,724

2015	1 January 2015	Additions	Reductions	31 December 2015
Provision for environmental rehabilitation and restoration of mines	177,486,513	560,409,274	(17,491,359)	720,404,428

Norton Gold Fields, a subsidiary of the Group, and BNL, a joint operation of the Group, recognised a provision for environmental rehabilitation and restoration of mines based on the estimation of the life of mining tenement, timing of mine closure and costs of rehabilitation to be incurred at mine closure.

37. DEFERRED INCOME

As at 31 December 2016 and 31 December 2015, the Group's deferred income was government grants relating to the assets. The components and movements of deferred income are as follows:

2016	1 January 2016	Additions	Reductions	31 December 2016
Government grants	503,275,426	18,762,184	(68,564,464)	453,473,146

2015	1 January 2015	Additions	Reductions	31 December 2015
Government grants	538,727,221	25,757,850	(61,209,645)	503,275,426

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. DEFERRED INCOME (continued)

As at 31 December 2016, the items related to government grants are as follows:

	1 January 2016		Recognised as non-operating income for the year	Other movements	31 December 2016		Related to assets or income
		Additions					
Expenditures for science projects	5,770,952	11,570,000	(2,978,752)	—	14,362,200	Assets	
Fund for environmental protection projects	70,833,716	5,100,000	(8,228,692)	—	67,705,024	Assets	
Refund of land compensation	109,606,353	—	(2,714,576)	—	106,891,777	Assets	
Fund for comprehensive utilisation of mineral resources	312,382,571	2,000,000	(53,512,444)	—	260,870,127	Assets	
Other financial subsidies	4,681,834	92,184	(1,130,000)	—	3,644,018	Assets	
	503,275,426	18,762,184	(68,564,464)	—	453,473,146		

As at 31 December 2015, the items related to government grants are as follows:

	1 January 2015		Recognised as non-operating income for the year	Other movements	31 December 2015		Related to assets or income
		Additions					
Expenditures for science projects	3,745,128	3,030,000	(990,025)	(14,151)	5,770,952	Assets	
Fund for environmental protection projects	64,615,770	12,650,000	(6,432,054)	—	70,833,716	Assets	
Refund of land compensation	111,977,857	—	(2,371,504)	—	109,606,353	Assets	
Fund for comprehensive utilisation of mineral resources	351,987,347	10,000,000	(49,604,776)	—	312,382,571	Assets	
Other financial subsidies	6,401,119	77,850	(1,797,135)	—	4,681,834	Assets	
	538,727,221	25,757,850	(61,195,494)	(14,151)	503,275,426		

38. SHARE CAPITAL

The nominal value of each share of the Company is RMB0.1. The categories and structures of the shares are as follows:

2016

	At 1 January		Movements	At 31 December	
	Number of shares	Proportion		Others (Note 1)	Number of shares
1. Non-restricted tradable shares					
RMB ordinary shares	15,803,803,650	73.36%	—	15,803,803,650	73.37%
Foreign-owned shares listed overseas	5,739,440,000	26.64%	(2,500,000)	5,736,940,000	26.63%
Total non-restricted tradable shares	21,543,243,650	100.00%	(2,500,000)	21,540,743,650	100.00%
2. Total shares	21,543,243,650	100.00%	(2,500,000)	21,540,743,650	100.00%

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. SHARE CAPITAL (continued)

2015

	At 1 January		Movements Others (Note 1)	At 31 December	
	Number of shares	Proportion		Number of shares	Proportion
1. Non-restricted tradable shares					
RMB ordinary shares	15,803,803,650	73.26%	—	15,803,803,650	73.36%
Foreign-owned shares listed overseas	5,769,010,000	26.74%	(29,570,000)	5,739,440,000	26.64%
Total non-restricted tradable shares	21,572,813,650	100.00%	(29,570,000)	21,543,243,650	100.00%
2. Total shares	21,572,813,650	100.00%	(29,570,000)	21,543,243,650	100.00%

In 2016, details about the repurchase of H shares are as follows:

Date of repurchase	Number of shares repurchased	Aggregate repurchase price (HKD)	Highest price paid per share (HKD)	Lowest price paid per share (HKD)
13 January 2016	2,500,000	4,860,063	1.95	1.91

In 2015, details about the repurchase of H shares are as follows:

Date of repurchase	Number of shares repurchased	Aggregate repurchase amount (HKD)	Highest price paid per share (HKD)	Lowest price paid per share (HKD)
9 June 2015	3,592,000	10,635,440	2.98	2.95
10 June 2015	6,200,000	18,043,600	2.95	2.82
17 June 2015	6,500,000	17,507,700	2.72	2.64
18 June 2015	3,172,000	8,583,580	2.72	2.69
19 June 2015	3,000,000	8,045,500	2.70	2.66
22 June 2015	296,000	783,040	2.65	2.64
23 June 2015	150,000	403,000	2.69	2.68
26 June 2015	290,000	792,700	2.76	2.72
29 June 2015	2,370,000	6,131,240	2.63	2.51
30 June 2015	4,000,000	10,394,200	2.65	2.52
	29,570,000	81,320,000		

Note 1: At the 2014 Annual General Meeting, the First A Shareholders' Class Meeting in 2015 and the First H Shareholders' Class Meeting in 2015 convened by the Company on 11 May 2015, a resolution in relation to the proposal of granting a general mandate to the Board of Directors of the Company to repurchase H shares was approved. Pursuant to the resolution, a total number of 2,500,000 H Shares was repurchased. As at 31 December 2016, the change of business registration in the PRC for the cancellation of the repurchased H Shares was completed. As at 31 December 2016, the Company's total registered capital was RMB2,154,074,365 (31 December 2015: RMB2,154,324,365).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. CAPITAL RESERVE

2016

	At 1 January 2016	Additions	Reductions	At 31 December 2016
Share premium (Note 1)	7,278,211,918	9,315,210	(833,001,162)	6,454,525,966
Others (Note 2)	(45,673,361)	294,556,142	(51,725)	248,831,056
	7,232,538,557	303,871,352	(833,052,887)	6,703,357,022

2015

	At 1 January 2015	Additions	Reductions	At 31 December 2015
Share premium	7,330,994,361	68,822,379	(121,604,822)	7,278,211,918
Others	(1,042,372)	—	(44,630,989)	(45,673,361)
	7,329,951,989	68,822,379	(166,235,811)	7,232,538,557

Note 1: In the current year, the Group purchased the equity owned by the non-controlling shareholders of its subsidiaries, including Duobaoshan Copper, Musonoie, Golden China Nei Men, Global Metal, Xiamen Metal Materials and Yilian Gold Mine, which caused the share premium of the capital reserve to decrease by RMB829,149,074. The Company repurchased H Shares in the current year which caused the share premium of the capital reserve to decrease by RMB3,852,088. In the current year, the Group purchased the equity owned by the non-controlling shareholders of its subsidiary, Zijin Logistics, which caused the share premium of the capital reserve to increase by RMB9,315,210.

Note 2: In the current year, the Group's other capital reserve increased by RMB288,440,527 due to the changes in capital reserve as a result of equity-settled share-based payment of the joint venture, Kamo, which was calculated based on the percentage of equity interest held by the Group.

40. OTHER COMPREHENSIVE INCOME

The movements of other comprehensive income attributable to the parent in the statement of financial position are as follows:

2016

	Opening balance	Movements			Closing balance
		Amount before tax	Income tax	Amount after tax	
Changes in fair value of available-for-sale investments	(103,157,746)	236,896,364	(208,147)	236,688,217	133,530,471
Effective part of cash flow hedging instruments	—	(203,950,925)	35,726,875	(168,224,050)	(168,224,050)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(727,019,929)	119,025,748	—	119,025,748	(607,994,181)
	(830,177,675)	151,971,187	35,518,728	187,489,915	(642,687,760)

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*40. OTHER COMPREHENSIVE INCOME *(continued)*

2015

	Opening balance	Movements			Closing balance
		Amount before tax	Income tax	Amount after tax	
Changes in fair value of available-for-sale investments	(66,022,699)	(37,431,296)	296,249	(37,135,047)	(103,157,746)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(381,318,792)	(345,701,137)	—	(345,701,137)	(727,019,929)
	(447,341,491)	(383,132,433)	296,249	(382,836,184)	(830,177,675)

Total amount of other comprehensive income recognised in the statement of profit or loss during the year:

2016

	Amount before tax	Less: Amount of other comprehensive income recognised in the previous period transferred into profit and loss during the current period	Less: Income tax	Attributable to the parent	Attributable to non-controlling interests
Changes in fair value of available-for-sale investments	266,575,790	32,843,646	219,102	236,688,217	(3,175,175)
Effective part of cash flow hedging instruments	(214,210,702)	—	(38,196,894)	(168,224,050)	(7,789,758)
Exchange differences arising from translation of financial statements denominated in foreign currencies	100,771,413	—	—	119,025,748	(18,254,335)
	153,136,501	32,843,646	(37,977,792)	187,489,915	(29,219,268)

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

40. OTHER COMPREHENSIVE INCOME *(continued)*

2015

	Amount before tax	Less: Amount of other comprehensive income recognised in the previous period transferred into profit and loss during the current period	Less: Income tax	Attributable to the parent	Attributable to non-controlling interests
Other comprehensive income to be reclassified to profit and loss in subsequent periods					
Changes in fair value of available-for-sale investments	74,876,576	112,307,872	(296,249)	(37,135,047)	—
Exchange differences arising from translation of financial statements denominated in foreign currencies	(345,701,137)	—	—	(345,701,137)	(28,497,328)
	(270,824,561)	112,307,872	(296,249)	(382,836,184)	(28,497,328)

41. SPECIAL RESERVE

2016

	At 1 January 2016	Additions	Reductions	At 31 December 2016
Production maintenance fund	—	13,224,033	(13,224,033)	—
Work safety fund	139,524,461	632,598,226	(612,709,985)	159,412,702
	139,524,461	645,822,259	(625,934,018)	159,412,702

2015

	At 1 January 2015	Additions	Reductions	At 31 December 2015
Production maintenance fund	—	15,775,884	(15,775,884)	—
Work safety fund	108,445,194	602,665,595	(571,586,328)	139,524,461
	108,445,194	618,441,479	(587,362,212)	139,524,461

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

42. SURPLUS RESERVE

	At 1 January 2016	Additions	Reductions	At 31 December 2016
2016				
Statutory reserve	1,319,401,104	—	—	1,319,401,104
<hr/>				
	At 1 January 2015	Additions	Reductions	At 31 December 2015
2015				
Statutory reserve	1,319,401,104	—	—	1,319,401,104

Pursuant to the stipulations of the Company Law of the PRC, provision for statutory reserve is optional if the aggregate balance of the statutory reserve reaches 50% of a company's registered capital. In the current year, the balance of the statutory reserve has reached 50% of the Company's registered capital. Therefore, no provision for statutory reserve was made. The Company can make provision for a discretionary reserve after the provision for statutory reserve is made. Discretionary reserve can be used to offset accumulated losses for previous years or to issue capital on approval.

43. RETAINED EARNINGS

	2016	2015
At 1 January	17,521,563,160	17,591,716,635
Net profit attributable to owners of the parent	1,839,798,820	1,655,671,617
Less: Appropriation for the statutory reserve	—	—
Cash dividends distribution to ordinary shareholders	1,292,444,619	1,725,825,092
At 31 December	18,068,917,361	17,521,563,160

On 20 June 2016, the shareholders approved at the 2015 annual general meeting of the Company the final cash dividend of RMB0.06 per ordinary share with an aggregated amount of RMB1,292,444,619.

On 11 May 2015, the shareholders approved at the 2014 annual general meeting of the Company the final cash dividend of RMB0.08 per ordinary share with an aggregated amount of RMB1,725,825,092.

* As the Company is currently carrying out the issuance of A Shares, in order to speed up the progress, the Board proposed that: no profit distribution will be carried out for the year of 2016.

44. OPERATING INCOME AND OPERATING COSTS

	2016		2015	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	78,064,758,266	69,277,920,817	73,760,622,049	67,688,883,834
Other operations	786,379,545	504,326,020	542,951,690	318,845,749
	78,851,137,811	69,782,246,837	74,303,573,739	68,007,729,583

During year 2016, more than 99% (2015: more than 99%) of the operating income arose from sales of commodities. As such, the management of the Group considers that disclosure of the operating income and costs based on the nature of income is unnecessary.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

45. TAXES AND SURCHARGES

	2016	2015
Consumption tax	495,818	484,626
Business tax	44,864,722	49,714,051
City construction and maintenance tax	58,092,259	45,307,747
Resource tax	646,358,470	653,156,080
Education surcharges	36,310,429	30,871,933
Land use tax (Note)	21,824,049	—
Vehicle and vessel use tax (Note)	782,875	—
Stamp duty (Note)	18,341,538	—
Property tax (Note)	36,961,219	—
Others	43,924,467	30,127,570
	907,955,846	809,662,007

Note: In 2016, as required by the Provisions on the Accounting Treatment for Value-added Tax (Cai Kuai [2016] No. 22), the Group changed "Business tax and surcharges" in the statement of profit or loss to "Taxes and surcharges". Relevant taxes arising from operating activities since 1 May 2016, such as property tax, land use tax, vehicle and vessel use tax and stamp duty, were presented under "Taxes and surcharges" instead of "Administrative expenses"; however, the taxes incurred before 1 May 2016 (except property tax and land use tax related to investment properties that were already recorded under "Business tax and surcharges") were still presented under "Administrative expenses".

46. SELLING EXPENSES

	2016	2015
Salaries and welfares	58,250,244	64,691,606
Transportation expenses	474,504,782	505,539,476
Unloading expenses	5,350,623	4,525,566
Storage expenses	3,745,305	3,907,122
Packing expenses	5,008,549	7,448,120
Insurance expenses	5,377,275	6,913,949
Charge of commission sales	13,770,089	14,791,111
Advertising expenses	3,308,935	5,975,639
Depreciation expenses	6,802,523	7,441,920
Material consumption	4,940,276	5,451,876
Others	86,425,135	65,175,013
	667,483,736	691,861,398

47. ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and welfares	1,069,950,472	1,063,225,464
Office expenses	118,007,048	108,591,978
Travelling and conference expenses	100,218,894	66,441,384
Stipulated fees	194,378,300	271,259,307
Taxes (Note V.45)	128,602,683	144,017,783
Depreciation and amortisation	421,209,747	359,347,327
Research and development expenses	195,227,412	252,964,144
Audit fees*	16,710,529	14,967,075
Repair and maintenance costs	36,055,120	22,694,739
Professional consulting expenses	105,444,307	83,275,750
Exploration expenses	268,103,829	55,425,461
Others	168,563,919	178,530,214
	2,822,472,260	2,620,740,626

* In the year of 2016, the auditors' remuneration of the Company was RMB8,460,000 (2015: RMB8,100,000).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. FINANCIAL EXPENSES

	2016	2015
Interest expenses:	1,663,140,073	1,443,645,087
<i>Including: Bank loans</i>	895,719,586	977,002,228
<i>Bonds payable</i>	652,723,401	460,776,192
<i>Ultra short-term financing bonds</i>	114,697,086	5,866,667
Less: Interest income	309,138,023	146,452,526
Capitalised interest expenses	179,433,086	374,224,517
Exchange gains	(695,249,908)	(74,716,245)
Bank charges	102,206,485	97,416,469
	581,525,541	945,668,268

Capitalised interest expenses were included in construction in progress and inventories. In 2016, there was no interest income arising from impaired financial assets (2015: Nil).

49. IMPAIRMENT LOSSES ON ASSETS

	2016	2015
Bad debt provision for trade and other receivables	33,280,417	(3,207,761)
Provision for decline in value of inventories	73,416,667	90,190,149
Impairment provision on available-for-sale investments	3,888,677	740,039
Impairment provision on fixed assets	334,186,189	335,131,513
Impairment provision on construction in progress	22,631,859	—
Impairment provision on intangible assets	52,150,502	13,500,000
Impairment provision on goodwill	33,161,050	—
Impairment provision on other current assets	5,527,310	(2,650,000)
Impairment provision on other non-current assets	2,599,789	36,981,183
	560,842,460	470,685,123

50. GAINS/(LOSSES) ON CHANGES IN FAIR VALUE

	2016	2015
Financial assets at fair value through profit or loss	683,420,567	(210,879,019)
Financial liabilities at fair value through profit or loss	73,221,151	85,366,791
	756,641,718	(125,512,228)

Gains/(Losses) on changes in fair value are as follows:

	2016	2015
1. Held-for-trading equity instrument investments - Gains or losses arising from changes in fair value of stock investments	818,105,368	(296,765,295)
2. Losses arising from changes in fair value of gold leasing at fair value	(370,183,706)	(33,298,621)
3. Hedging instruments - Losses arising from changes in fair value of ineffectively hedged derivative instruments	(19,869,910)	—
4. Gains or losses arising from changes in fair value of derivative instruments without designated hedging relationship	308,723,825	215,915,418
(4-1) <i>Cross currency swap</i>	(34,537,624)	14,359,007
(4-2) <i>Gold leasing hedging contracts</i>	344,205,585	142,323,570
(4-3) <i>Commodity hedging contracts</i>	(944,136)	59,232,841
5. Others	19,866,141	(11,363,730)
	756,641,718	(125,512,228)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. INVESTMENT (LOSSES)/INCOME

	2016	2015
Gains/(Losses) from long-term equity investments under the equity method	92,415,676	(44,237,294)
Including: Share of losses of associates	(19,842,742)	(205,052,213)
Share of profits of joint ventures	112,258,418	160,814,919
(Losses)/Gains on disposal of long-term equity investments	(14,055,206)	3,131,710
Including: (Losses)/Gains on disposal of subsidiaries	(14,055,206)	3,131,710
(Losses)/Gains on disposal of financial assets and liabilities at fair value through profit or loss	(2,206,477,807)	1,229,029,431
Gains on disposal of available-for-sale investments	110,018,624	129,811,228
Including: Gains on disposal of available-for-sale investments measured at cost	36,470,000	23,785,200
Gains on disposal of available-for-sale investments at fair value	73,548,624	106,026,028
Others	44,762,288	(4,960,676)
	(1,973,336,425)	1,312,774,399

* In the year of 2016, investment income from investments in listed companies was RMB11,463,799 (2015: gains of RMB84,677,776), and investment losses from investments in unlisted companies were RMB1,984,800,224 (2015: gains of RMB1,228,096,623).

(Losses)/Gains on disposal of financial assets and liabilities at fair value through profit or loss are as follows:

	2016	2015
1. Held for trading equity instrument investments – Losses arising from changes in fair value of stocks investments	(62,084,825)	(33,197,931)
2. (Losses)/Gains arising from changes in fair value of gold leasing at fair value	(726,914,159)	600,026,720
3. Hedging instruments - Losses arising from changes in fair value of ineffectively hedged derivative instruments	(371,225,144)	—
4. (Losses)/Gains arising from changes in fair value of derivative instruments without designated hedging relationship	(1,026,496,553)	668,341,170
(4-1) Cross currency swap	39,974,274	4,778,358
(4-2) Gold leasing hedging contracts	(91,054,412)	(840,569,229)
(4-3) Commodity hedging contracts	(975,416,415)	1,504,132,041
5. Others	(19,757,126)	(6,140,528)
	(2,206,477,807)	1,229,029,431

52. NON-OPERATING INCOME

	2016	2015	Non-recurring profits or losses in 2016
Gains on disposal of non-current assets	10,747,371	8,862,317	10,747,371
Including: Gains on disposal of fixed assets	10,747,371	8,762,317	10,747,371
Government grants	169,989,699	184,276,134	169,989,699
Penalty income	6,943,066	7,734,115	6,943,066
Gains on debt for equity swap of Bindi Potash	—	117,106,400	—
Gains on further investment for business combination	—	66,814,497	—
Gains on business combination not involving enterprises under common control	53,053,260	—	53,053,260
Others	21,630,216	34,226,486	21,630,216
	262,363,612	419,019,949	262,363,612

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*52. NON-OPERATING INCOME *(continued)*

Analysis of government grants recognised in profit or loss in the current period is as follows:

	2016	2015
Government grants related to assets:		
Expenditures for science projects	2,978,752	990,025
Environmental protection construction projects	8,228,692	6,432,054
Government refund of land compensation	2,714,576	2,371,504
Comprehensive utilisation of mineral resources (Note 1)	53,512,444	49,604,776
Others	1,130,000	1,797,135
	68,564,464	61,195,494
Government grants related to income:		
Special government rewards (Note 2)	36,410,764	30,678,386
VAT subsidies	5,508	331,234
Tax refunds	19,085,245	19,101,991
Others	45,923,718	72,969,029
	101,425,235	123,080,640
	169,989,699	184,276,134

Note 1: In the year of 2016, non-operating income from amortisation of government's subsidies for the anti-seepage engineering and infrastructure stripping engineering of the Company's Zijinshan copper mine amounted to RMB53,512,444 in total.

Note 2: The rewards mainly included the special support fund for enterprise innovation and transformation of RMB10,208,300 received by Zijin Copper; the government grants of RMB26,202,464 in aggregate received by other subsidiaries, including the financial incentives for encouraging the enterprises to raise production and improve efficiency and stabilise growth.

53. NON-OPERATING EXPENSES

	2016	2015	Non-recurring profits or losses in 2016
Losses on disposal of non-current assets	296,510,681	46,337,101	296,510,681
Including: Losses on disposal of fixed assets	292,631,642	46,131,740	292,631,642
Losses on disposal of other non-current assets	3,879,039	205,361	3,879,039
Donations	102,107,915	119,506,973	102,107,915
Penalties	23,576,810	35,035,997	23,576,810
Net losses arising from natural disasters	41,220	1,846	41,220
Losses on stocktaking	114,889	17,852	114,889
Others	25,876,815	76,436,894	25,876,815
	448,228,330	277,336,663	448,228,330

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

54. INCOME TAX EXPENSES

	2016	2015
Current income tax expenses	513,397,489	749,031,700
Deferred tax expenses	(74,613,685)	(5,547,273)
	438,783,804	743,484,427

Reconciliation of income tax expenses to profit before tax is as follows:

	2016	2015
Profit before tax	2,126,051,706	2,086,172,191
Tax at the statutory tax rate (Note 1)	531,512,927	521,543,048
Effect of different tax rates applicable to certain subsidiaries (Note 1)	(419,721,558)	(175,459,407)
Adjustments in respect of current tax of previous periods	(38,635,412)	(106,279,360)
Income not subject to tax (Note 2)	(67,010,740)	(34,764,912)
Expenses not deductible for tax	65,151,747	45,311,202
Tax losses utilised from previous periods	(162,321,768)	(45,097,412)
Effect of unrecognised deductible temporary differences and deductible tax losses	529,808,608	538,231,268
Tax charge at the Group's effective tax rate	438,783,804	743,484,427

Note 1: Provision for the PRC corporate income tax expenses has been made at applicable tax rates based on the estimated taxable profits. Provision for Hong Kong profit tax expenses has been made at applicable tax rate based on assessable profits. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing and in accordance with current laws, interpretations and customs in the countries/jurisdictions in which the Group operates.

Note 2: In 2016, income not subject to tax mainly included investment income from long-term equity investments under the equity method of RMB92,415,676 (2015: investments losses of RMB44,237,294), investment income from available-for-sale investments under the cost method of RMB36,470,000 (2015: RMB23,785,200) and the sales revenue from certain products that were exempted from income tax under the national industrial policies and regulations of RMB38,872,002 (2015: RMB39,659,161).

55. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares is determined from the date the consideration is due (generally the issuing date of shares) according to the provisions in the issuing agreement.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2016	2015
Earnings		
Consolidated net profit attributable to owners of the parent	1,839,798,820	1,655,671,617
Shares		
Weighted average number of ordinary shares outstanding	21,540,825,842	21,556,915,502
Earnings per share	0.09	0.08

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

56. NOTES TO STATEMENT OF CASH FLOWS

Significant cash flows of the Group are as follows:

	2016	2015
Other cash receipts relating to operating activities		
Interest income	310,195,243	153,198,139
Government grants	120,187,418	148,824,339
Others	1,492,709,192	1,958,022,060
	1,923,091,853	2,260,044,538
Other cash payments relating to operating activities		
Transportation expenses, insurance expenses, commission charges and other selling expenses	(590,158,115)	(619,727,872)
Office expenses, conference expenses and other administrative expenses	(740,227,229)	(727,465,284)
Donations	(81,663,225)	(114,126,964)
Losses on the settlement of forward contracts, future contracts and others	(2,429,288,983)	(92,121,607)
	(3,841,337,552)	(1,553,441,727)
Other cash receipts relating to investing activities		
Cash receipts from time deposits with maturity for more than three months	521,336,401	509,667,366
Other cash payments relating to investing activities		
Cash paid for time deposits with maturity for more than three months	(130,000,003)	(521,336,401)
Cash paid for acquisition of debts	(570,315,591)	(1,836,291,246)
Cash paid for purchase of wealth management products	(1,180,808,953)	—
	(1,881,124,547)	(2,357,627,647)
Other cash receipts relating to financing activities		
Borrowings from third parties	358,911,976	137,275,522
Other cash payments relating to financing activities		
Repurchase of H shares	(4,102,088)	(64,315,600)
Repayment of borrowings from third parties	(244,054,582)	(289,293,241)
Acquisition of non-controlling interests of subsidiaries	(1,636,612,311)	—
Bank charges and others	(102,206,485)	(97,416,469)
	(1,986,975,466)	(451,025,310)

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

57. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2016	2015
Net profit	1,687,267,902	1,342,687,764
Add: Provision for impairment losses of assets	560,842,460	470,685,123
Depreciation of investment properties	12,299,162	7,378,872
Depreciation of fixed assets	3,326,329,933	2,663,154,043
Amortisation of intangible assets	558,793,841	428,181,668
Amortisation of long-term deferred assets	219,780,427	209,683,894
Net losses on disposal of fixed assets, intangible assets and other long-term assets	285,763,310	37,474,784
(Gains)/Losses on changes in fair values	(756,641,718)	125,512,228
Financial expenses	1,505,610,015	1,166,837,039
Investment income	575,614,728	184,092,193
(Increase)/Decrease in deferred tax assets	(4,189,697)	74,491,199
Decrease in deferred tax liabilities	(32,227,094)	(80,038,472)
Increase in inventories	(1,124,724,836)	(299,042,129)
Decrease in receivables from operating activities	480,893,126	392,957,545
Increase in payables from operating activities	1,071,321,508	3,642,774,373
Increase in special reserve	19,888,241	31,079,267
Exploration and development expenses	268,103,829	55,425,461
Others	(53,053,259)	(183,920,897)
Net cash flow from operating activities	8,601,671,878	10,269,413,955

	2016	2015
Closing balance of cash	4,333,796,374	4,530,704,047
Less: Opening balance of cash	4,530,704,047	3,136,098,878
Add: Closing balance of cash equivalents	379,026,968	314,994,246
Less: Opening balance of cash equivalents	314,994,246	375,661,578
Net (decrease)/increase in cash and cash equivalents	(132,874,951)	1,333,937,837

(2) Information about acquisition or disposal of subsidiaries and other business units

Information about acquisition of subsidiaries and other business units

	2016	2015
Consideration for acquisition of subsidiaries and other business units	538,051,844	1,134,991,357
Cash and cash equivalents for acquisition of subsidiaries and other business units	538,051,844	803,359,541
Less: Cash and cash equivalents obtained from acquisition of subsidiaries and other business units	—	44,137,150
Net cash flow used in acquisition of subsidiaries and other business units	538,051,844	759,222,391

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS (continued)

(2) Information about acquisition or disposal of subsidiaries and other business units (continued)

Information about disposal of subsidiaries and other business units

	2016	2015
Consideration for the disposal of subsidiaries and other business units	3,122,450	—
Cash and cash equivalents received from the disposal of subsidiaries and other business units	3,122,450	—
Less: Cash and cash equivalents held by subsidiaries and others business units disposed of	9,633	—
Net cash flow from the disposal of subsidiaries and other business units	3,112,817	—

(3) Cash and cash equivalents

	2016	2015
Cash	4,333,796,374	4,530,704,047
Including: Cash on hand	4,085,244	6,800,046
Cash at banks that can be readily drawn on demand	4,329,711,130	4,523,904,001
Cash equivalents	379,026,968	314,994,246
Closing balance of cash and cash equivalents	4,712,823,342	4,845,698,293

No cash and cash equivalents of the Group were restricted for use during the year.

58. ASSETS WITH RESTRICTIONS ON TITLE OR USE

	2016	2015
Cash and cash equivalents (Note 1)	179,678,699	131,260,611
Bills receivable (Note 2)	—	3,470,000
Inventories (Note 3)	10,034,000	—
Intangible assets (Note 4)	17,755,545	—
Other non-current assets (Note 5)	167,602,546	135,871,813
	375,070,790	270,602,424

Note 1: As at 31 December 2016, bank deposit with carrying amount of RMB66,882,941 was provision for land restoration and environmental rehabilitation (31 December 2015: RMB66,308,378). The deposit was restricted to the use of land restoration and environmental rehabilitation and environmental protection after mine closure. As at 31 December 2016, bank deposits with carrying amount of RMB112,795,758 were deposits with restricted use (31 December 2015: RMB64,952,233).

Note 2: As at 31 December 2016, the Group had no bills receivable with restricted ownership or right to use (31 December 2015: RMB3,470,000).

Note 3: As at 31 December 2016, inventories with carrying amount of RMB10,034,000 owned by Jinhao Iron, a subsidiary of the Group, was frozen by the court due to debt disputes.

Note 4: As at 31 December 2016, intangible assets (land use rights) with carrying amount of RMB17,755,545 owned by Jinhao Iron, a subsidiary of the Group, was frozen by the court due to debt disputes.

Note 5: As at 31 December 2016, other non-current assets with carrying amount of RMB167,602,546 were deposits for restoration and improvement of ecological environment in mines and their rights of use were restricted (31 December 2015: RMB135,871,813).

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. FOREIGN CURRENCY MONETARY ITEMS

	2016			2015		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash and cash equivalents						
HKD	28,015,851	0.8945	25,060,459	44,427,040	0.8378	37,220,974
USD	141,885,006	6.9370	984,256,283	387,413,561	6.4936	2,515,708,700
GBP	993,964	8.5094	8,458,037	5	9.6159	48
CAD	44,251,821	5.1406	227,480,913	1,358,087	4.6814	6,357,748
AUD	29,465,259	5.0157	147,788,899	41,754,166	4.7276	197,396,995
RUB	2,856,903	0.1151	328,735	1,707,505	0.0884	150,943
EUR	351,809	7.3068	2,570,598	5,541,985	7.0952	39,321,492
Others	N/A	N/A	88,846,101	N/A	N/A	14,070
Trade receivables						
AUD	7,544,234	5.0157	37,839,613	7,919,989	4.7276	37,442,540
USD	16,585,388	6.9370	115,052,838	8,634,420	6.4936	56,068,470
Other receivables						
HKD	49,394,176	0.8945	44,183,584	6,004,183	0.8378	5,030,305
USD	6,762,683	6.9370	46,912,730	8,875,531	6.4936	57,634,148
AUD	3,401,055	5.0157	17,058,672	5,232,479	4.7276	24,737,068
Other non-current assets						
USD	345,734,083	6.9370	2,398,357,330	260,714,513	6.4936	1,692,975,762
Total foreign currency monetary assets			4,144,194,792			4,670,059,263
Short-term borrowings						
USD	76,068,619	6.9370	527,688,010	594,367,472	6.4936	3,859,584,616
EUR	399,328,139	7.3068	2,917,810,846	156,956,414	7.0952	1,113,637,149
AUD	—	5.0157	—	50,000	4.7276	236,380
Trade payables						
USD	228,267,187	6.9370	1,583,489,479	309,380,891	6.4936	2,008,995,754
AUD	3,305,369	5.0157	16,578,739	9,064,833	4.7276	42,854,904
Other payables						
HKD	26,824,412	0.8945	23,994,437	132,088	0.8378	110,663
USD	61,296,207	6.9370	425,211,788	147,360,055	6.4936	956,897,253
AUD	53,455,688	5.0157	268,117,693	32,182,057	4.7276	152,143,893
Current portion of non-current liabilities						
USD	409,974,039	6.9370	2,843,989,912	794,981,358	6.4936	5,162,290,946
EUR	27,645,000	7.3068	201,996,486	27,645,000	7.0952	196,146,804
AUD	159,880,384	5.0157	801,912,043	—	4.7276	—

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. FOREIGN CURRENCY MONETARY ITEMS (continued)

	2016			2015		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Long-term borrowings						
EUR	83,913,897	7.3068	613,142,063	83,913,897	7.0952	595,385,884
USD	341,000,000	6.9370	2,365,517,000	1,044,991,385	6.4936	6,785,756,057
AUD	—	5.0157	—	144,804,446	4.7276	684,577,499
CAD	115,372,004	5.1406	593,081,324	115,372,004	4.6814	540,102,500
Long-term payables						
USD	20,727,944	6.9370	143,789,748	122,944,749	6.4936	798,354,022
AUD	281,397	5.0157	1,411,403	965,431	4.7276	4,564,172
Total foreign currency monetary liabilities			13,327,730,971			22,901,638,496

Information about foreign business entities

Name of foreign business entity	Places of registration and business	Accounting currency	Basis for adoption of accounting currency
Russia Longxing	Russia	USD	Major sales, purchase, financing and other business activities in USD
ZGC	Tajikistan	USD	Major sales, purchase, financing and other business activities in USD
Altynken	Kyrgyzstan	USD	Major sales, purchase, financing and other business activities in USD
Musonoie	DR Congo	USD	Major sales, purchase, financing and other business activities in USD
BNL	Papua New Guinea	USD	Major sales, purchase, financing and other business activities in USD
Norton Gold Fields	Australia	AUD	Major sales, purchase, financing and other business activities in AUD
NKWE	Australia	AUD	Major sales, purchase, financing and other business activities in AUD

60. Hedging

	2016	
	Assets	Liabilities
Hedging instrument - Forward contract	1,266,375	8,849,328

Cash flow hedge

The Group designated the forward contract which hedges mine-produced gold and mine-produced copper as the hedging instrument of expected sales of mine-produced gold and mine-produced copper for the next 12 months. The Group expected that it is possible that the future sales will occur. The balance of the forward contract changes with forward price and exchange rate.

Based on the assessment on the effectiveness of the cash flow hedge which was related to expected future sales of mine-produced gold and mine-produced copper from January to December 2017, we concluded that the hedge was highly effective. The portion of effective hedge was recorded in other comprehensive income. The breakdown of changes in current year was as follows:

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

60. Hedging *(continued)*

Cash flow hedge *(continued)*

	2016
Total fair value loss recognised in other comprehensive income	874,463,084
Deferred tax arising from fair value loss	(164,504,209)
Amount reclassified to profit or loss from other comprehensive income	(660,252,382)
Deferred tax reclassified to profit or loss	126,307,315
Net loss arising from cash flow hedge recognised in other comprehensive income at year end	176,013,808
<i>Including: Other comprehensive income attributable to the parent</i>	168,224,050
<i>Attributable to non-controlling interests</i>	7,789,758

In addition, the Group implemented risk management on the purchases and sales of refined and processed metals as well as the sales of other metals excluding gold and copper through forward contracts and futures contracts, in order to avoid the risk that the prices of relevant products fluctuate significantly. The Group implemented risk management on exchange rate risk and interest rate risk through currency derivative contracts, so as to avoid the exchange rate risk and interest rate risk borne by the Group. If the above-mentioned forward contracts, futures contracts and currency derivative contracts were not designated as hedging instruments or were not consistent with the hedge accounting standards, the gains or losses arising from changes in fair value would be directly charged to the statement of profit or loss. Please refer to Notes V.50 and 51 for details of the gains or losses arising from changes in fair value of derivative financial instruments without designated hedging relationship.

VI. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations not involving enterprises under common control

The Company entered into a share transfer agreement (the "Agreement") with the 3 shareholders of Heilong Mining Group Company Limited ("Heilong Mining"), namely Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited (collectively the "Transferors"), and Hangzhou Nabel Group Company Limited, as the guarantor, on 3 June 2016. The Company (the "Transferee") would acquire 100% equity interest in Heilong Mining (after detaching certain assets pursuant to the Agreement) held by the Transferors at a cash consideration of RMB1,561,220,000.

Heilong Mining holds 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited ("Duobaoshan Company"), 100% equity interest in Heilongjiang Tongshan Mining Company Limited ("Tongshan Company"), 100% equity interest in Heilongjiang Baoshan Mining Company Limited ("Baoshan Company"), 100% equity interest in Nenjiang County Survey and Mapping and Mineral Products Company Limited ("Survey and Mapping Company") and 100% equity interest in Heilongjiang Heilong Resources Investment Company Limited ("Resources Company").

Pursuant to the Agreement, Heilong Mining detached the 100% equity interests in Baoshan Company, Survey and Mapping Company and Resources Company. Heilong Mining's major assets after detachment included the headquarters of Heilong Mining, 49% equity interest in Duobaoshan Company and 100% equity interest in Tongshan Company. Creditor's rights of Heilong Mining and Tongshan Company before the transfer date of management rights were owned by the Transferors. The guarantor agreed to provide joint-liability guaranty to the Company for the full performance of obligations as stated in the Agreement by the Transferors.

Zijin International Mining, a wholly-owned subsidiary of the Group, held 51% equity interest in Duobaoshan Company. After completing the above transaction, the Group then held 100% equity interest in Duobaoshan Company.

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)***VI. CHANGES IN THE SCOPE OF CONSOLIDATION** *(continued)***1. Business combinations not involving enterprises under common control** *(continued)*

The management rights of Heilong Mining and Tongshan Company were transferred on 7 August 2016. Pursuant to the Agreement, on the transfer date of management rights, the directors, supervisors, senior management and other positions of Heilong Mining and Tongshan Company would be designated to the Transferee and the production and operation responsibilities would be borne by the Transferee. The Transferee would also bear the corresponding benefits and bear corresponding risks. The Transferee obtained the actual control right over both companies. Meanwhile, the original directors, supervisors and senior management who were delegated to Duobaoshan Company by the Transferors resigned on the transfer date, therefore the acquisition date was 7 August 2016.

The above acquisition consideration of RMB1,561,220,000 included the consideration of RMB538,051,844 for acquiring 100% equity interests in Heilong Mining and Tongshan Company and the consideration of RMB1,023,168,156 for acquiring 49% equity interest in Duobaoshan Company.

At the acquisition date, the fair values and carrying amounts of identifiable assets and liabilities consolidated by Heilong Mining were as below:

	7 August 2016 Fair value	7 August 2016 Carrying amount
Prepayments	6,302,400	6,302,400
Inventories	2,149,804	2,149,804
Other current assets	90,752	90,752
Investment properties	29,244,959	18,662,616
Fixed assets	95,902,819	36,757,672
Construction in progress	190,640,846	257,394,021
Intangible assets	410,217,058	135,500,141
Long-term deferred assets	44,366	245,004
Other non-current assets	—	115,035,011
Trade payables	(25,411,195)	(25,411,195)
Other payables	(77,462,809)	(77,462,809)
Deferred tax liabilities	(40,613,896)	—
Net assets	591,105,104	469,263,417
Combination costs - cash	538,051,844	
The amount which exceeds the combination costs recognised in profit or loss	53,053,260	

From the acquisition date to this year end, the operating results and net cash flow of Heilong Mining were as below:

	The period from 7 August 2016 to 31 December 2016
Operating income	1,571,386
Net loss	(3,203,081)
Net inflow of cash and cash equivalents	1,907,856

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*

2. DISPOSAL OF SUBSIDIARIES

Company name	Place of registration	Principal activity	Proportion of equity attributable to the Group	Proportion of voting right attributable to the Group	Reason for deconsolidation
Malipo County Yiling Mining Development Co., Ltd. ("Malipo Yiling")	Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province	Mining	51%	51% (Note 1)	Sold
Shaanxi Dadi	Ankang City, Shaanxi	Mining	70%	70%	Sold
Shaanxi Xihe Mining Co., Ltd. ("Shaanxi Xihe")	Ankang City, Shaanxi	Mining	70%	70%	Sold
Ankang City Shunda Mining Co., Ltd. ("Ankang Shunda")	Ankang City, Shaanxi	Gold exploration	70%	70%	Sold
Ankang City Sanxin Metal Mine Co., Ltd. ("Ankang Sanxin")	Ankang City, Shaanxi	Mining	70%	70%	Sold

Note1: The Company held 75.92% equity interest in Wenshan Malipo Zijin Tungsten Group Co., Ltd. ("Wenshan Malipo Zijin") through its wholly-owned subsidiary, Zijin Mining Group Southwest Co., Ltd. ("Southwest Zijin") and Wenshan Malipo Zijin held 51% equity interest in Malipo Yiling.

- (1) The Group's subsidiary, Wenshan Malipo Zijin Tungsten Group Company Limited ("Wenshan Malipo Zijin") entered into an equity transfer agreement with natural person shareholder Li Weimin on 31 October 2016 to sell its 51% equity interest in Malipo Yiling at RMB3,122,450, with the disposal date of 30 September 2016. Therefore, since 30 September 2016, the Group no longer included Malipo Yiling in the scope of consolidation. The relevant financial information of Malipo Yiling is as below:

	30 September 2016 Fair value	31 December 2015 Carrying amount
Current assets	2,894,004	3,699,295
Non-current assets	19,711,149	20,160,892
Current liabilities	16,306,671	24,527,146
Net assets	6,298,482	(666,959)
Non-controlling interests	(731,896)	401,963
Net assets attributable to the Group	7,030,378	
Losses on disposal	(3,907,928)	
Disposal consideration	3,122,450	

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*2. DISPOSAL OF SUBSIDIARIES *(continued)*

- (2) The Group's subsidiary, Ankang Zijin entered into an equity transfer agreement with natural person shareholders Shangguan Jiandong and Li Xuejun on 30 December 2015 to transfer 70% equity interest in Shaanxi Dadi and 100% equity interest in its wholly-owned subsidiaries (including Ankang Shunda, Ankang Sanxin, Shaanxi Xihe), with the disposal date of 29 February 2016. Therefore, since 29 February 2016, the Group no longer included Shaanxi Dadi and its wholly-owned subsidiaries in the scope of consolidation. The relevant financial information of Shaanxi Dadi and its wholly-owned subsidiaries is as below:

	29 February 2016 Fair value	21 December 2015 Carrying value
Current assets	23,397,467	23,443,842
Non-current assets	5,990,088	75,921,231
Current liabilities	21,348,981	22,893,830
Net assets	8,038,574	76,471,243
Non-controlling interests	(2,108,704)	(2,103,120)
Net assets attributable to the Group	10,147,278	
Losses on disposal	(10,147,278)	
Disposal consideration	—	

3. NEWLY ESTABLISHED SUBSIDIARIES

Jilin Zijin Copper Company Limited ("Jilin Zijin Copper") was established on 28 December 2016 in Hunchun City, Yanbian Prefecture, Jilin Province, China. The registered capital is RMB50,000,000. The Company and its subsidiary, Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Investment Company") hold 96.625% and 3.375% equity interest in Jilin Zijin Copper respectively, with the investments in cash of RMB48,312,500 and RMB1,687,500 respectively. As at 31 December 2016, Jilin Zijin Copper's registered capital was RMB50,000,000, and its paid-up capital was RMB50,000,000. The Group held 100% equity interest in Jilin Zijin Copper in total, thus Jilin Zijin Copper was included in the scope of consolidation.

Zijin Mining Group Gold Refinery Company Limited ("Gold Refinery Company") was established on 15 January 2016 in Shanghang County, Longyan City, Fujian Province with registered capital of RMB50,000,000. The Company holds 100% equity interest in Gold Refinery Company.

Heilongjiang Zijin Copper Company Limited ("Heilongjiang Zijin Copper") was established on 13 July 2016 in Qiqihar, Heilongjiang Province with a registered capital of RMB800,000,000. Duobaoshan Copper, a subsidiary of the Group, holds 100% equity interest in Heilongjiang Zijin Copper. As at 31 December 2016, Heilongjiang Zijin Copper's registered capital was RMB800,000,000, and its paid-up capital was RMB50,000,000.

4. DEREGISTERED SUBSIDIARIES

Company name	Place of registration	Principal activity	Proportion of equity attributable to the Group	Proportion of voting right attributable to the Group	Reason for deconsolidation
Zijin Mining Group Northeast Asia Company Limited ("Northeast Asia")	Changchun City, Jilin Province	Investment holding	100%	100%	De-registration
Golden Asia Mining (BVI) Company Limited ("Golden Asia Mining")	British Virgin Islands	Investment holding	100%	100%	De-registration
Tumen Shuguang Mining Company Limited ("Tumen Shuguang")	Tumen City, Jilin Province	Investment holding	60%	60%	De-registration

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES

1. INVESTMENTS IN THE SUBSIDIARIES

Information of the Company's major subsidiaries is as follows:

(1) Major subsidiaries acquired by establishment or investment

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Percentage of holding	
					direct	indirect
Gold Mountains (H.K.)	Hong Kong	Hong Kong	Trading and investment	HKD838,500,001	100%	—
Zijin Real Estate	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Real estate development and operation, leasing of construction machinery and equipment	500,000,000	60%	40%
International Finance	Hong Kong	Hong Kong	Bond issuance	HKD1	—	100%
Finance Company	Shanghang County, Longyan City, Fujian Province	Shanghang County, Longyan City, Fujian Province	Financial services and financial consultancy to member units; credit verification and related advisory; agent services; assisting member units to settle payments; approved insurance agent services; guarantee provision to member units; entrusted loans and investment among member units; bill acceptance and discounting among member units; internal account settlement and clearing among member units; acceptance of deposits from member units; application for loans and finance leases; intercompany borrowings; underwriting corporate bonds for member units; equity investments in financial institutions; investments in securities (excluding stocks traded in the secondary market) and business approved by China Banking Regulatory Commission in accordance with relevant laws, administrative regulations and other regulations, as stated in the approval documents	531,557,000	95%	—
Zijin Mining Group Capital Investment Company Limited ("Capital Investment Company")	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Entrusted management of non-security equity investments and related advisory services; entrusted management and operation of equity investment fund and provision of consultancy services; investment and asset management; spot gold sales; wholesale of metals and ores; trade agency service	1,000,000,000	100%	—

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*

(2) Major subsidiaries acquired by business combination not involving enterprises under common control

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Percentage of holding	
					direct	indirect
Xinjiang Ashele	Aletai City, Xinjiang Uyghur Autonomous Region	Aletai City, Xinjiang Uyghur Autonomous Region	Exploration and development of geological resources; production, processing and sale of mineral products; technological services of geological mining; motor transportation, environmental protection, development of tourism and hotel investment	250,000,000	51%	—
Norton Gold Fields	Australia	Australia	Production of gold; geological resource exploration and related information and technological services	AUD186,844,557	—	100%
Bayannaer Zijin	Bayannaer City, Inner Mongolia	Bayannaer City, Inner Mongolia	Refining, mining, milling and processing of zinc and other non-ferrous metals, ferrous metals and other energy mineral resources, sale of mineral products	375,000,000	67.20%	—
Zijin Copper	Shanghang County, Longyan City, Fujian Province	Shanghang County, Longyan City, Fujian Province	Refining and sale of copper cathode, gold, silver, crude selenium; manufacture and sale of vitriol and copper sulfate	2,116,300,000	100%	—
Luoyang Zijin Yinhui Gold Refinery Company Limited ("Luoyang Yinhui")	Luoyang City, Henan Province	Luoyang City, Henan Province	Refinery of gold and silver; testing and examination; purchase of gold ore; gold transaction agency; sale of mineral products and mining pit design and research	150,000,000	70%	—
Hunchun Zijin	Hunchun City, Jilin Province	Hunchun City, Jilin Province	Mining, milling, refining and processing of gold, copper and other non-ferrous metal and non-metallic mineral products; sale of mineral products; mineral resources exploration information and technical services	150,000,000	96.63%	3.37%
Russia Longxing Company Limited ("Russia Longxing")	Russia	Russia	Mining of zinc-lead ore	RUB700,000,000	—	70%
Xinjiang Zijin Zinc Industry	Wuqia County, Kizilsu Kyrgyz Prefecture, Xinjiang Province	Wuqia County, Kizilsu Kyrgyz Prefecture, Xinjiang Province	Exploration and development of Wulugan lead-zinc mine in Wuqia county	346,500,000	—	100%

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

2016

	Percentage of equity interest held by non-controlling shareholders	Profit/(Loss) for this year attributable to non-controlling shareholders	Dividend paid to non-controlling shareholders	Accumulated balances of non-controlling interests at the date of statement of financial position
Xinjiang Ashele	49.00%	195,185,875	(49,000,000)	748,368,363
Guizhou Zijin Mining Company Limited ("Guizhou Zijin")	44.00%	(25,370,874)	(22,000,000)	323,818,080
Bayannaoer Zijin	32.80%	15,326,797	—	314,265,360
Xinjiang Jinbao	44.00%	38,434,031	—	287,540,456
Luoyang Kunyu	30.00%	(11,410,656)	—	267,051,503
NKWE	39.53%	206,157	—	240,461,811
Wenshan Malipo Zijin	24.08%	(13,772,443)	—	228,758,624
Yunnan Huaxi	47.00%	1,129,206	(14,000,000)	204,724,896
Huanmin Mining	49.00%	(49,124,987)	—	193,592,681
Hebei Chongli Zijin Mining Company Limited ("Chongli Zijin")	40.00%	3,790,749	—	156,620,977
Altynken	40.00%	(601,645)	—	142,536,176
Longnan Zijin Mining Company Limited ("Longnan Zijin")	15.78%	6,923,337	—	138,861,794
Henan Jinda Mining Company Limited ("Henan Jinda")	43.50%	(199,840)	—	98,784,866
Malipo Jinwei Mining Company Limited	61.28%	(7,458,309)	—	90,425,656
Russia Longxing	30.00%	(40,033,495)	—	(88,219,963)
Xinjiang Aletai Jinhao Iron Company Limited ("Jinhao Iron")	61.48%	(191,106,308)	—	(423,044,281)
Kuitun Tongguan Metallurgical Chemical Company Limited ("Kuitun Tongguan")	49.00%	(20,323,157)	—	(140,159,970)
Others	Not applicable	(54,125,356)	(37,709,339)	569,646,363
Total		(152,530,918)	(122,709,339)	3,354,033,392

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*1. INVESTMENTS IN THE SUBSIDIARIES *(continued)*Details of the Group's subsidiaries that have material non-controlling interests are set out below *(continued)*:

2015

	Percentage of equity interest held by non-controlling shareholders	Profit/(Loss) for this year attributable to non-controlling shareholders	Dividend paid to non-controlling shareholders	Accumulated balances of non-controlling interests at the date of statement of financial position
Xinjiang Ashele Duobaoshan Company	49.00%	163,725,352	(392,000,000)	602,561,404
Guizhou Zijin	49.00%	(2,449,849)	—	612,511,264
Bayannaoer Zijin	44.00%	40,350,478	(22,000,000)	373,630,406
Xinjiang Jinbao	32.80%	2,238,259	—	297,585,393
Yunnan Huaxi	44.00%	28,856,007	(220,000,000)	249,106,425
Jinhao Iron	47.00%	1,343,391	(46,900,000)	217,595,690
Wenshan Malipo Zijin	61.48%	(325,796,741)	—	(231,937,973)
Huanmin Mining	24.08%	(15,652,980)	(8,992,800)	242,008,281
Inner Mongolia Jinzhong Mining Company Limited ("Inner Mongolia Jinzhong")	49.00%	(1,135,647)	—	242,717,668
Chongli Zijin	42.75%	(27,223,111)	—	153,808,759
Longnan Zijin	40.00%	8,993,956	(42,015,822)	153,971,791
Altynken	15.78%	13,457,542	(40,080,153)	132,801,903
NKWE	40.00%	—	—	143,416,476
Luoyang Kunyu	39.53%	(632,333)	—	169,620,267
Kuitun Tongguan	30.00%	(14,619,914)	—	279,685,437
Malipo Jinwei Mining Company Limited	49.00%	(71,002,830)	—	(119,794,186)
Heilongjiang Zijin Longxing Mining Company Limited	61.28%	(33,140,508)	—	97,883,965
Others	30.00%	(34,557,607)	—	76,695,282
	Not applicable	(45,737,318)	(47,399,349)	697,213,028
Total		(312,983,853)	(819,388,124)	4,391,081,280

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

1. INVESTMENTS IN THE SUBSIDIARIES (continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below (continued):

The major financial information of the subsidiaries stated above is stated below. These amounts are before elimination.

	2016					2015						
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Ashele	850,527,250	2,254,877,149	3,105,404,399	(553,896,049)	(1,013,645,000)	(1,567,541,049)	883,555,665	2,036,119,847	2,919,675,512	(618,832,385)	(1,060,545,000)	(1,679,377,385)
Guizhou Zijin	341,988,610	2,001,883,920	2,343,872,530	(1,191,575,775)	(400,000,000)	(1,591,575,775)	744,734,584	1,402,186,120	2,146,920,704	(881,040,328)	(400,000,000)	(1,281,040,328)
Bayannaer Zijin	832,205,743	2,336,515,242	3,168,720,985	(1,248,396,101)	(1,020,897,000)	(2,269,293,101)	1,020,478,239	2,498,564,492	3,519,042,731	(1,456,442,330)	(1,214,000,801)	(2,670,443,131)
Xinjiang Jinbao	692,946,797	562,919,525	1,255,866,322	(614,530,352)	(7,061,293)	(621,591,645)	815,318,451	597,273,675	1,412,592,126	(861,774,511)	(8,155,562)	(869,930,073)
Luoyang Kunyu	101,361,080	785,333,254	886,694,334	(142,273,719)	(158,000,000)	(300,273,719)	61,091,933	829,591,552	890,683,485	(215,818,441)	(90,323,576)	(306,142,017)
NKWE	30,603,369	419,076,024	449,679,393	(1,591,978)	—	(1,591,978)	41,221,541	554,716,188	595,937,729	(4,620,218)	—	(4,620,218)
Wenshan Malipo Zijin	355,232,839	1,593,285,764	1,948,518,603	(853,798,532)	—	(853,798,532)	413,505,538	1,659,113,529	2,072,619,067	(927,636,531)	—	(927,636,531)
Yunnan Huaxi	136,665,563	177,317,530	313,983,093	(680,914)	—	(680,914)	148,216,603	177,672,830	325,889,433	(989,819)	—	(989,819)
Huanmin Mining	41,380,048	353,822,148	395,202,196	(44,898,576)	(128,084,013)	(172,982,589)	38,530,299	450,156,020	488,686,319	(38,127,624)	(128,084,013)	(166,211,637)
Chongli Zijin	90,769,781	509,890,626	600,660,407	(181,807,358)	(59,228)	(181,866,586)	72,979,840	616,457,209	689,437,049	(266,035,189)	(70,338)	(266,105,527)
Altynken	224,347,705	2,127,769,496	2,352,117,201	(2,388,033,067)	(2,893,951)	(2,390,927,018)	20,882,575	1,884,152,284	1,905,034,859	(1,969,190,476)	(2,919,869)	(1,972,110,345)
Longnan Zijin	64,451,947	911,436,648	975,888,595	(452,290,866)	(116,667,711)	(568,958,577)	109,710,849	775,040,540	884,751,389	(539,434,195)	(76,195,128)	(615,629,323)
Henan Jinda	207,224	230,106,484	230,313,708	(3,227,118)	—	(3,227,118)	295,225	230,121,711	230,416,936	2,870,944	—	2,870,944
Malipo Jinwei	38,055,855	232,527,322	270,583,177	(153,315,777)	—	(153,315,777)	40,875,157	235,636,840	276,511,997	(147,073,823)	—	(147,073,823)
Russia Longxing	269,938,595	3,306,969,538	3,576,908,133	(3,668,085,641)	—	(3,668,085,641)	191,568,017	3,029,518,836	3,221,086,853	3,190,975,088	—	3,190,975,088
Jinhao Iron	182,800,388	1,690,620,559	1,873,420,947	(1,106,324,004)	(977,185,982)	(2,083,509,986)	190,550,823	1,759,832,938	1,950,383,761	(1,251,627,221)	(778,000,000)	(2,029,627,221)
Kuitun Tongguan	72,237,087	513,066,765	585,303,852	(558,596,137)	(24,319,179)	(582,915,316)	95,152,534	561,173,164	656,325,698	(587,100,619)	(25,273,720)	(612,374,339)

	2016				2015			
	Operating income	Net profit/(loss)	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit/(loss)	Total comprehensive income	Cash flow from operating activities
Xinjiang Ashele	1,237,677,752	397,565,223	397,565,223	712,985,858	1,183,531,698	334,133,371	334,133,371	268,733,674
Guizhou Zijin	1,081,610,850	(63,122,329)	(63,122,329)	(15,221,298)	1,455,766,975	92,079,420	92,079,420	99,600,376
Bayannaer Zijin	3,358,437,231	46,728,104	46,728,104	466,133,564	3,134,860,136	6,823,959	6,823,959	297,458,171
Xinjiang Jinbao	625,230,936	91,612,624	91,612,624	192,063,944	340,013,564	(33,740,633)	(33,740,633)	116,817,372
Luoyang Kunyu	463,037,104	1,879,147	1,879,147	133,575,058	348,356,260	(8,688,649)	(8,688,649)	2,853,089
NKWE	(7,184)	536,863	58,413,245	(6,219,077)	—	(1,599,629)	(1,599,629)	(4,531,940)
Wenshan Malipo Zijin	189,329,247	(52,433,556)	(52,433,556)	64,053,795	279,370,362	(62,741,782)	(62,741,782)	115,196,863
Yunnan Huaxi	421,947	2,402,566	2,402,566	(1,999,472)	256,320	2,858,279	2,858,279	(4,177,353)
Huanmin Mining	—	(100,255,075)	(100,255,075)	(524,811)	—	(2,317,647)	(2,317,647)	(1,815,767)
Chongli Zijin	408,518,865	(4,836,923)	(4,836,923)	174,550,067	375,571,388	20,240,751	20,240,751	114,597,550
Altynken	230,700,040	33,253,167	33,253,167	20,332,019	—	—	—	—
Longnan Zijin	570,510,266	135,843,384	135,843,384	100,587,964	553,715,684	185,780,940	185,780,940	206,958,989
Henan Jinda	—	(459,402)	(459,402)	(236,845)	—	(834,678)	(834,678)	(375,260)
Malipo Jinwei	347,373	(12,170,773)	(12,170,773)	(3,883,329)	45,835,961	(54,080,032)	(54,080,032)	13,801,053
Russia Longxing	529,892,295	(120,360,096)	(120,360,096)	149,982,360	213,104,710	(47,322,130)	(47,322,130)	37,479,359
Jinhao Iron	106,938,940	(130,845,580)	(130,845,580)	1,693,166	607,558,434	(529,929,475)	(529,929,475)	(39,122,708)
Kuitun Tongguan	17,915,539	(41,475,831)	(41,475,831)	5,215,094	56,804,811	(144,903,734)	(144,903,734)	410,034,008

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

2016

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Joint ventures							
Shandong Guoda (Note 1)	Zhaoyuan City, Shandong Province	Zhaoyuan City, Shandong Province	Production of gold, silver, copper cathode and vitriol; sale of self-produced products	173,430,000	—	30.05%	Equity method
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Development, operation and management of real estate, property management, business information consulting services, marketing and technical consultation	250,000,000	—	50%	Equity method
Gold Eagle Mining (Note 2)	Hong Kong	Hong Kong	Trading and investment	HKD3,498,500	—	45%	Equity method
Southwest Zijin Gold	Zhenfeng County, Guizhou Province	Zhenfeng County, Guizhou Province	Research and development of manufacturing technology, design and processing, wholesale, retail and technical consultation services of precious metals, jewellery and jade products	100,000,000	—	50%	Equity method
Guizhou Funeng Zijin (Note 3)	Anshun City, Guizhou Province	Anshun City, Guizhou Province	Power and electricity investment	200,000,000	—	50%	Equity method
Gold Mountains Sprott	Cayman Islands	Cayman Islands	Fund management	USD50,000	—	60%	Equity method
Sprott Fund	Cayman Islands	Cayman Islands	Fund raising and investment	USD50,000	—	90.50%	Equity method
Fujian Longhu Fishery (Note 9)	Longyan City, Fujian Province	Longyan City, Fujian Province	Ecological aquaculture, fishing, aquatic product processing, recreational fishing business, tourism, tourism real estate development	21,500,000	—	51.16%	Equity method
Zijin Cuifu (Note 4)	Longyan City, Fujian Province	Longyan City, Fujian Province	Trade of precious metals, fine processing of gold, processing and retail of jewellery products, diamond and jade, recovery of metal materials	20,000,000	—	51.00%	Equity method
Kamoa	DR Congo	Barbados	Mining of copper mineral	USD14,000	—	49.5%	Equity method
Porgera Service Company	Australia	Cairns, Australia	Provision of corporate advisory service	AUD1,000	—	50%	Equity method
Associates							
Ting River Hydropower	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Hydroelectric power generation	69,000,000	—	49%	Equity method
Wuping Zijin Hydropower	Wuping County, Fujian Province	Wuping County, Fujian Province	Hydroelectric power generation and investment in hydropower industry	60,000,000	—	48%	Equity method
Qinghai Copper	Xining City, Qinghai Province	Xining City, Qinghai Province	Refinery of copper	800,000,000	—	34%	Equity method
Haixia Technology (Note 5)	Yongan City, Fujian Province	Yongan City, Fujian Province	Production of explosives for civilian use	231,500,000	—	16.06%	Equity method

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

2016 (continued)

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Associates (continued)							
Shanghang Xinyuan	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Pipe water supply	300,000,000	—	38%	Equity method
Hunchun Jindi (Note 6)	Hunchun City, Yanbian Korean Autonomous Prefecture	Hunchun City, Yanbian Korean Autonomous Prefecture	Analysis and testing of geological exploration for mineral, technology development, consultation and transfer, sales of mineral products	100,000,000	—	51%	Equity method
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture	Yanbian Korean Autonomous Prefecture	Provision of loan guarantees for SMEs and individuals	200,000,000	—	25%	Equity method
Kanas Travel	Buerjin County, Xinjiang	Buerjin County, Xinjiang	Catering and travel services	107,000,000	—	21.09%	Equity method
Longyan Makeng	Longyan City, Fujian Province	Longyan City, Fujian Province	Iron and molybdenum mining	800,000,000	41.5%	—	Equity method
Songpan Zijin	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sale of industrial materials, equipment and instruments, development, manufacture and sales of general machinery	80,000,000	34%	—	Equity method
Wancheng Commercial	Wulatehouqi, Bayannaer City, Inner Mongolia	Wulatehouqi, Bayannaer City, Inner Mongolia	Mining, processing and sale of zinc, lead, vitriol, copper and iron	73,440,000	10%	37.5%	Equity method
Tibet Yulong	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Mining of copper mineral and geological studies	625,000,000	22%	—	Equity method
Xinjiang Tianlong	Fukang City, Xinjiang	Fukang City, Xinjiang	Limestone mining, cement production, intensive processing and refining of non-ferrous metals	868,935,192	—	16.42%	Equity method
Wuxin Copper	Fukang City, Xinjiang	Fukang City, Xinjiang	Sale, processing and refinery of copper, gold, silver and other non-ferrous metals	830,000,000	—	34%	Equity method
Xiamen Modern Terminals	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Dock construction, operation of dock and other port facilities; cargo loading and storage operation (under permission in license)	355,580,000	—	25%	Equity method
Wengfu Zijin	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive	782,000,000	—	38.87%	Equity method
Zijin Tongguan	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products, refinery of copper	1,350,000,000	45%	—	Equity method
Kuitun Yutong	Kuitun City, Xinjiang	Kuitun City, Xinjiang	Logistics and transportation service	5,000,000	—	20%	Equity method

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*2016 *(continued)*

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Associates <i>(continued)</i>							
Longyan Zijin AVIC	Longyan City, Fujian Province	Longyan City, Fujian Province	Development, operation and management of real estate, property management, car park service	20,408,163	—	49%	Equity method
Zisen (Xiamen)	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Supply chain management, management and consultation of investment; business information consultation; investment consultation	10,000,000	—	49%	Equity method
Jinyue Huichuang (Note 7)	Fuzhou City, Fujian Province	Fuzhou City, Fujian Province	Design, manufacture, sale and repair of automatic and intelligent equipment; technological development and service in respect of industrial automation and electrical engineering; design of computer hardware and software products, provision of informational system integration service	10,000,000	10%	20%	Equity method
Science (Note 8)	Changsha City, Hunan Province	Changsha City, Hunan Province	Technological consultation, design, development and operation services; design, contracting and construction of environmental engineering projects; research, development, manufacture, sale and related technical services for chemicals used in sewage and wastewater treatment	68,000,000	—	25%	Equity method

2015

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Joint ventures							
Shandong Guoda	Zhaoyuan City, Shandong Province	Zhaoyuan City, Shandong Province	Production of gold, silver, copper cathode and vitriol; sale of self-produced products	173,430,000	—	30.05%	Equity method
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Development, operation and management of real estate, property management, business information consulting services, marketing and technical consultation	250,000,000	—	50%	Equity method
Gold Eagle Mining	Hong Kong	Hong Kong	Trading and investment	HKD3,498,500	—	45%	Equity method
Southwest Zijin Gold	Zhenfeng County, Guizhou Province	Zhenfeng County, Guizhou Province	Research and development of manufacturing technology, design and processing, wholesale, retail and technical consultation services of precious metals, jewellery and jade products	100,000,000	—	50%	Equity method
Guizhou Funeng Zijin	Anshun City, Guizhou Province	Anshun City, Guizhou Province	Power and electricity investment	200,000,000	—	50%	Equity method
Gold Mountains Sprott	Cayman Islands	Cayman Islands	Fund management	USD50,000	—	60%	Equity method
Sprott Fund	Cayman Islands	Cayman Islands	Fund raising and investment	USD50,000	—	90.50%	Equity method

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

2015 (continued)

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Joint ventures (continued)							
Fujian Longhu Fishery	Longyan City, Fujian Province	Longyan City, Fujian Province	Ecological aquaculture, fishing, aquatic product processing, recreational fishing business, tourism, tourism real estate development	21,500,000	—	51.16%	Equity method
Zijin Cuifu	Longyan City, Fujian Province	Longyan City, Fujian Province	Trade of precious metals, fine processing of gold, processing and retail of jewellery products, diamond and jade, recovery of metal materials	20,000,000	—	51.00%	Equity method
Kamoa	DR Congo	Barbados	Mining of copper mineral	USD14,000	—	49.5%	Equity method
Associates							
Ting River Hydropower	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Hydroelectric power generation	69,000,000	—	49%	Equity method
Wuping Zijin Hydropower	Wuping County, Fujian Province	Wuping County, Fujian Province	Hydroelectric power generation and investment in hydropower industry	60,000,000	—	48%	Equity method
Qinghai Copper	Xining City, Qinghai Province	Xining City, Qinghai Province	Refinery of copper	800,000,000	—	34%	Equity method
Haixia Technology	Yongan City, Fujian Province	Yongan City, Fujian Province	Production of explosives for civilian use	231,500,000	—	16.06%	Equity method
Shanghang Xinyuan	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Pipe water supply	300,000,000	—	38%	Equity method
Hunchun Jindi	Hunchun City, Yanbian Korean Autonomous Prefecture	Hunchun City, Yanbian Korean Autonomous Prefecture	Analysis and testing of geological exploration for mineral, technology development, consultation and transfer, sale of mineral products	100,000,000	—	51%	Equity method
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture	Yanbian Korean Autonomous Prefecture	Provision of loan guarantees for SMEs and individuals	200,000,000	—	25%	Equity method
Kanas Travel	Buerjin County, Xinjiang	Buerjin County, Xinjiang	Catering and travel services	107,000,000	—	21.09%	Equity method
Longyan Makeng	Longyan City, Fujian Province	Longyan City, Fujian Province	Iron and molybdenum mining	700,000,000	41.5%	—	Equity method
Songpan Zijin	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sale of industrial materials, equipment and instruments, development, manufacture and sales of general machinery	80,000,000	34%	—	Equity method
Wancheng Commercial	Wulatehouqi, Bayannaer City, Inner Mongolia	Wulatehouqi, Bayannaer City, Inner Mongolia	Mining, processing and sale of zinc, lead, vitriol, copper and iron	73,440,000	10%	37.5%	Equity method
Tibet Yulong	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Mining of copper mineral and geological studies	625,000,000	22%	—	Equity method
Xinjiang Tianlong	Fukang City, Xinjiang	Fukang City, Xinjiang	Limestone mining, cement production, intensive processing and refining of non-ferrous metals	868,935,192	—	16.42%	Equity method
Wuxin Copper	Fukang City, Xinjiang	Fukang City, Xinjiang	Sale, processing and refinery of copper, gold, silver and other non-ferrous metals	830,000,000	—	34%	Equity method

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*2015 *(continued)*

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Directly	Indirectly	
Associates <i>(continued)</i>							
Luoyang Huayin	Luoyang City, Henan Province	Luoyang City, Henan Province	Provision of guarantee for financing, bill discounted acceptance and performance	10,000,000	—	20%	Equity method
Xiamen Modern Terminals	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Dock construction, operation of dock and other port facilities; cargo loading and storage operation (under permission in license)	355,580,000	—	25%	Equity method
Wengfu Zijin	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive	782,000,000	—	38.87%	Equity method
Zijin Tongguan	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products, refinery of copper	1,350,000,000	45%	—	Equity method
Kuitun Yutong	Kuitun City, Xinjiang	Kuitun City, Xinjiang	Logistics and transportation service	5,000,000	—	20%	Equity method
Longyan Zijin AVIC	Longyan City, Fujian Province	Longyan City, Fujian Province	Development, operation and management of real estate, property management, car park service	20,408,163	—	49%	Equity method
Zisen (Xiamen)	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Supply chain management, management and consultation of investment; business information consultation; investment consultation	10,000,000	—	49%	Equity method

Note 1: Pursuant to the articles of association of Shandong Guoda, the board of directors of Shandong Guoda consists of five directors, including two appointed by the Group and three appointed by Shandong Zhaojin Group Zhaoyuan Gold Smelting Company Limited. The operating decisions of Shandong Guoda are effective only when approved by two-thirds of the directors. Therefore, the management of the Group considers that the Group has joint control over Shandong Guoda, and accounts for it as a joint venture.

Note 2: Pursuant to the shareholders' agreement related to Gold Eagle Mining, the board of directors of Gold Eagle Mining consists of five directors, including two appointed by the Group and three appointed by Jinchuan Group. The operating decisions of Gold Eagle Mining are effective only when approved by two-thirds of the directors. Therefore, the management of the Group considers that the Group has joint control over Gold Eagle Mining, and accounts for it as a joint venture.

Note 3: In December 2014, Guizhou Zijin and Fujian Coal and Electric Company Limited jointly established Guizhou Funeng Zijin with respective shareholding ratios of 50% and 50%. Pursuant to the agreement between the two parties, the board of directors of Guizhou Funeng Zijin consists of five directors, including two appointed by the Group and three appointed by Fujian Coal and Electric Company Limited. The operating decisions of Guizhou Funeng Zijin are effective only when approved by two-thirds of the directors. Therefore, the management of the Group considers that the Group has joint control over Guizhou Funeng Zijin, and accounts for it as a joint venture.

Note 4: On 3 February 2015, Southern Investment, a wholly-owned subsidiary of the Company, and Fujian JincuiFu Jewellery Development Company Limited ("JincuiFu") jointly established Zijin Cuifu with respective shareholding ratios of 51% and 49%. The board of directors of Zijin Cuifu consists of five directors, including three appointed by Southern investment (one of them being appointed as the chairman) and two appointed by JincuiFu. The operation of Zijin Cuifu is carried out under contracted operation by the general manager delegated by JincuiFu. Pursuant to the articles of association of Zijin Cuifu, the operating decisions of Zijin Cuifu are effective only when approved by over two-thirds of the directors. Therefore, the management of the Group considers that the Group has joint control over Zijin Cuifu, and accounts for it as a joint venture.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

Note 5: Pursuant to the articles of association of Haixia Technology, the board of directors of Haixia Technology consists of six directors, including one appointed by the Group, three appointed by Fujian Province Mechanical and Electrical (Holding) Company Limited and two appointed by Fujian Energy Group Company Limited. The chairman of supervisory committee, deputy general manager and the chief financial officer of Haixia Technology are appointed by the Group. Therefore, the management of the Group considers that the Group has significant influence over the financial and operational decisions of Haixia Technology, and accounts for it as an associate.

Note 6: In June 2015, Hunchun Zijin entered into an agreement with Jilin Hunchun Border Economic Cooperation Zone Infrastructure Investment Company Limited ("Cooperation Zone"). Cooperation Zone transferred 11% equity interest in Hunchun Jindi to Hunchun Zijin. After the increase in shareholding, the proportion of directors delegated by Hunchun Zijin in the board of directors of Hunchun Jindi remained unchanged. Hunchun Zijin cannot conclude the operating decisions of Hunchun Jindi and therefore no controlling power of Hunchun Jindi is assumed. Therefore, the management of the Group considers that the Group merely has significant influence over Hunchun Jindi, and accounts for it as an associate.

Note 7: In January 2016, Fujian Histron Group Company Limited, Fujian Intelligent Mining Hi-Tech Information Technology Company Limited, Xiamen Zijin Engineering Design Company Limited ("Xiamen Zijin Engineering") and the Company entered into an agreement. They jointly invested in and established Jinyue Huichuang. The Company and Xiamen Zijin Engineering hold 10% and 20% equity interest in Jinyue Huichuang respectively. The Group's wholly-owned subsidiary, Xiamen Investment Company, holds 100% equity interest in Xiamen Zijin Engineering, which makes the Group indirectly hold 30% equity interest in Jinyue Huichuang in total.

Note 8: In April 2016, the Group's subsidiary, Capital Investment Company, entered into a capital increase agreement with Science, and Capital Investment Company subscribed for 25% equity interest in Science in cash consideration of RMB166,600,000.

Note 9: Pursuant to the articles of association of Fujian Longhu Fishery, the board of directors consists of three directors, including two appointed by the Group. The resolutions of the board of directors must be approved by more than two-thirds (excluding two-thirds) of the directors. Therefore, the management of the Group considers that the Group has joint control over Fujian Longhu Fishery, and accounts for it as a joint venture.

The significant joint ventures of the Group include Shandong Guoda, Xiamen Zijin Zhonghang, Gold Eagle Mining, Kamo and Sprott Fund, which are accounted for using the equity method.

The financial information of the above significant joint ventures is set out below, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies:

2016

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining	Kamo	Sprott Fund
Current assets	860,629,153	581,491,840	752,985,378	275,644,594	670,913,301
<i>Including: Cash and cash equivalents</i>	308,124,447	277,476,072	676,563,336	255,250,366	—
Non-current assets	457,525,428	122,514,312	4,048,316,643	6,833,329,284	—
Total assets	1,318,154,581	704,006,152	4,801,302,021	7,108,973,878	670,913,301
Current liabilities	(697,341,256)	(348,376,470)	(1,342,668,315)	(105,813,144)	(2,364,685)
Non-current liabilities	(6,866,057)	(8,480,704)	(100,073,394)	(3,689,974,140)	—
Total liabilities	(704,207,313)	(356,857,174)	(1,442,741,709)	(3,795,787,284)	(2,364,685)
Non-controlling interests	—	—	(37,686,935)	(361,124,358)	—
Equity attributable to owners of the parent	613,947,268	347,148,978	3,396,247,247	3,674,310,952	668,548,616
Share of net assets based on proportion of equity interest	184,491,154	173,574,489	1,528,311,261	1,818,783,921	668,548,616
Adjustments					
Impairment provision	(12,350,855)	—	—	—	—
Book value of equity investments	172,140,299	173,574,489	1,528,311,261	1,818,783,921	668,548,616

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The financial information of the above significant joint ventures is set out below, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies (continued):

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining	Kamoa	Sprott Fund
Operating income	3,482,032,941	71,928,896	—	631,761	300,188,896
Financial expenses	21,375,052	(4,772,338)	41,404,663	214,656,848	—
Including: Interest income	(1,563,270)	(4,787,421)	—	(735,555)	—
Including: Interest expenses	22,938,322	15,083	1,371	215,392,403	—
Income tax expenses	6,498,804	11,896,605	—	—	—
Net profit/(loss)	24,671,019	(659,610)	482,973	(291,521,322)	256,458,879
Other comprehensive income	—	—	—	—	—
Total comprehensive income/(loss)	24,671,019	(659,610)	482,973	(291,521,322)	256,458,879
Dividends received	(5,601,535)	—	—	—	(175,380,938)

2015

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining	Kamoa
Current assets	885,911,835	897,731,109	697,065,269	86,845,406
Including: Cash and cash equivalents	146,897,651	552,496,088	649,625,241	63,877,543
Non-current assets	450,190,720	619,935	3,215,376,497	307,887,550
Total assets	1,336,102,555	898,351,044	3,912,441,766	394,732,956
Current liabilities	(730,803,899)	(550,542,456)	(1,222,191,809)	(53,702,072)
Non-current liabilities	(5,915,754)	—	(27,225,000)	(2,420,684,208)
Total liabilities	(736,719,653)	(550,542,456)	(1,249,416,809)	(2,474,386,280)
Non-controlling interests	—	—	—	—
Equity attributable to owners of the parent	599,382,902	347,808,588	2,663,024,957	(2,079,653,324)
Share of net assets based on proportion of equity interest	180,114,562	173,904,294	1,198,361,231	(1,029,428,395)
Adjustments				
Impairment provision	(12,350,855)	—	—	—
Book value of equity investments	167,763,707	173,904,294	1,146,745,610	1,557,725,650
Operating income	2,626,897,404	1,916,615,793	40,799,304	—
Financial expenses				
Including: Interest income	(2,878,844)	(4,577,973)	—	—
Including: Interest expenses	22,820,196	17,763	36,240,590	11,644,407
Income tax expenses	6,498,804	183,959,108	—	—
Net (loss)/profit	(14,028,133)	561,294,794	(10,264,491)	(13,995,996)
Other comprehensive income	—	—	(36,038,692)	—
Total comprehensive (loss)/income	(14,028,133)	561,294,794	(46,303,183)	(13,995,996)
Dividends received	8,442,102	210,714,300	—	—

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The significant associates of the Group include Longyan Makeng, Tibet Yulong, Zijin Tongguan, Haixia Technology, Xiamen Modern Terminals, Wuxin Copper, Xinjiang Tianlong, Wengfu Zijin and Science, which are accounted for using the equity method.

The financial information of the above significant associates is set out below, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies:

2016

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Haixia Technology	Xiamen Modern Terminals	Wuxin Copper	Xinjiang Tianlong	Wengfu Zijin	Science
Current assets	349,349,398	286,355,873	47,786,919	607,801,144	40,855,501	1,902,544,931	888,970,532	689,319,303	221,923,369
Non-current assets	3,696,710,763	5,197,444,827	1,609,987,368	1,443,602,433	983,245,779	2,238,607,428	4,097,884,126	2,108,781,475	119,172,226
Total assets	4,046,060,161	5,483,800,700	1,657,774,287	2,051,403,577	1,024,101,280	4,141,152,359	4,986,854,658	2,798,100,778	341,095,595
Current liabilities	(1,069,079,523)	(993,954,087)	(476,927,776)	(526,490,065)	(76,840,651)	(3,228,636,451)	(2,465,803,390)	(1,190,274,517)	(70,670,011)
Non-current liabilities	(1,877,889,450)	(3,819,463,464)	(9,220,902)	(51,950,037)	(412,033,641)	(1,022,062,786)	(262,184,392)	(939,543,877)	(94,960,328)
Total liabilities	(2,946,968,973)	(4,813,417,551)	(486,148,678)	(578,440,102)	(488,874,292)	(4,250,699,237)	(2,727,987,782)	(2,129,818,394)	(165,630,339)
Non-controlling interests	—	—	—	176,618,986	—	—	—	—	22,500,000
Equity attributable to owners of the parent	1,099,091,188	670,383,149	1,171,625,609	1,296,344,489	535,226,988	(109,546,878)	2,258,866,876	668,282,384	152,965,256
Share of net assets based on proportion of equity interest	456,122,843	147,484,293	527,231,524	208,192,925	133,806,747	(37,245,939)	370,905,941	259,761,363	38,241,314
Adjustments									
Impairment provision	—	—	(162,757,584)	—	—	—	—	—	—
Goodwill	331,615,363	—	—	—	—	—	—	—	130,516,975
Book value of equity investments	787,738,206	147,484,293	364,473,940	208,192,925	133,806,747	—	370,905,941	259,761,363	168,758,289
Operating income	461,813,463	751,528,502	—	1,083,820,886	144,748,669	1,553,256,391	1,717,620,033	1,213,788,507	98,973,224
Income tax expenses	3,045,551	—	—	20,522,036	10,416,163	—	—	(1,389,405)	2,046,256
Net profit/(loss)	8,036,030	73,771,752	5,569,627	32,192,305	30,296,924	(127,537,883)	30,725,175	(99,865,301)	10,679,409
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income/(loss)	8,036,030	73,771,752	5,569,627	32,192,305	30,296,924	(127,537,883)	30,725,175	(99,865,301)	10,679,409
Dividends received	—	—	—	(6,440,000)	(6,250,000)	—	—	—	—

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES (continued)

2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The financial information of the above significant associates is set out below, which was adjusted to book value per consolidated financial statements in accordance with the Group's accounting policies (continued):

2015

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Haixia Technology	Xiamen Modern Terminals	Wuxin Copper	Xinjiang Tianlong	Wengfu Zijin
Current assets	401,428,785	423,375,723	3,928,019	1,175,997,195	132,547,314	1,364,519,179	2,325,559,279	432,465,244
Non-current assets	3,251,629,800	4,552,046,583	1,588,428,884	755,281,939	910,726,509	2,221,522,075	1,889,707,255	2,186,441,042
Total assets	3,653,058,585	4,975,422,306	1,592,356,903	1,931,279,134	1,043,273,823	3,586,041,254	4,215,266,534	2,618,906,286
Current liabilities	(1,571,112,084)	(1,835,475,260)	(394,737,430)	(549,230,000)	(44,393,518)	(2,666,230,405)	(1,689,531,372)	(1,014,307,722)
Non-current liabilities	(1,082,450,000)	(2,522,959,819)	(26,486,627)	(84,010,000)	(468,950,241)	(844,822,872)	(297,565,946)	(859,813,457)
Total liabilities	(2,653,562,084)	(4,358,435,079)	(421,224,057)	(633,240,000)	(513,343,759)	(3,511,053,277)	(1,987,097,318)	(1,874,121,179)
Non-controlling interests	—	—	111,118,950	310,552,943	—	—	—	—
Equity attributable to owners of the parent	999,496,501	616,987,227	1,060,013,896	987,486,191	529,930,064	74,987,977	2,228,169,216	744,785,107
Share of net assets based on proportion of equity interest	414,791,048	135,737,190	527,009,781	208,465,085	132,482,516	25,495,912	365,860,929	289,497,971
Adjustments								
Impairment provision	—	—	(162,757,584)	—	—	—	—	—
Goodwill	331,615,363	—	—	—	—	—	—	—
Book value of equity investments	746,406,411	135,737,190	364,252,197	208,465,085	132,482,516	25,495,912	365,860,929	289,497,971
Operating income	451,643,083	346,944,354	—	1,244,578,844	152,344,903	2,095,847,832	1,577,237,309	1,651,489,960
Income tax expenses	2,855,168	1,914,624	1,698,442	33,595,250	4,516,738	11,333	—	698,721
Net profit/(loss)	7,857,378	64,569,054	(8,997,045)	58,557,794	31,261,244	(556,815,346)	(174,508,723)	(37,592,742)
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income/(loss)	7,857,378	64,569,054	(8,997,045)	58,557,794	31,261,244	(556,815,346)	(174,508,723)	(37,592,742)
Dividends received	20,741,700	—	—	9,660,000	—	—	—	—

The following table illustrates the aggregate financial information of the Group's joint ventures and associates that are not individually significant:

	2016	2015
Joint ventures		
Aggregate book value of the Group's investments in joint ventures	107,108,231	627,329,029
Items below were calculated by the proportion of equity interest		
Share of net loss of joint ventures	(182,377,910)	(104,354,735)
Share of other comprehensive income of joint ventures	—	—
Share of total comprehensive loss of joint ventures	(182,377,910)	(104,354,735)
Associates		
Aggregate book value of the Group's investments in associates	999,439,437	999,455,151
Items below were calculated by the proportion of equity interest		
Share of net loss of associates	(13,899,251)	(5,137,204)
Share of other comprehensive income of associates	—	—
Share of total comprehensive loss of associates	(13,899,251)	(5,137,204)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

3. JOINT OPERATION

Company name	Principal place of business	Place of registration	Principal activities	Proportion of ownership interest	Proportion of voting rights	Strategic or not
BNL	Papua New Guinea	Port Moresby, Papua New Guinea	Mining, processing and sale of gold ores	50%	50%	Yes

The Group has determined that BNL is jointly controlled by Gold Mountains (H.K.), a wholly-owned subsidiary of the Company, and Barrick (PD) Australia Pty Limited, and each of the parties has rights to the assets and obligations for the liabilities of BNL, and is eligible to BNL's products and recognises the expenses incurred in the proportion of 50% each. Therefore, the Group defined its investment in BNL as an investment in a joint operation.

VIII. FINANCIAL INSTRUMENTS AND RISKS

1. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the date of financial position are as follows:

2016

Financial assets

	Financial assets at fair value through profit or loss		Loans and receivables	Available-for-sale investments	Total
	Designated as such upon initial recognition	Held for trading			
Cash and cash equivalents	—	—	4,955,619,103	—	4,955,619,103
Financial assets at fair value through profit or loss	—	1,251,779,930	—	—	1,251,779,930
Bills receivable	—	—	875,760,717	—	875,760,717
Trade receivables	—	—	783,067,488	—	783,067,488
Other receivables	—	—	891,224,770	—	891,224,770
Current portion of non-current assets	—	—	366,489,750	—	366,489,750
Other current assets	—	—	215,847,449	1,201,389,289	1,417,236,738
Available-for-sale investments	—	—	—	533,450,722	533,450,722
Other non-current assets	—	—	2,458,701,529	—	2,458,701,529
	—	1,251,779,930	10,546,710,806	1,734,840,011	13,533,330,747

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

1. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2016 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss		Other financial liabilities	Total
	Designated as such upon initial recognition	Held for trading		
Short-term borrowings	—	—	12,350,040,250	12,350,040,250
Financial liabilities at fair value through profit or loss	—	93,140,487	—	93,140,487
Bills payable	—	—	252,074,617	252,074,617
Trade payables	—	—	4,727,394,558	4,727,394,558
Dividends payable	—	—	27,165,124	27,165,124
Other payables	—	—	3,914,219,839	3,914,219,839
Current portion of non-current liabilities	—	—	4,218,609,112	4,218,609,112
Other current liabilities	—	—	5,000,000,000	5,000,000,000
Long-term borrowings	—	—	5,775,423,277	5,775,423,277
Bonds payable	—	—	16,270,310,335	16,270,310,335
Long-term payables	—	—	309,939,860	309,939,860
	—	93,140,487	52,845,176,972	52,938,317,459

2015

Financial assets

	Financial assets at fair value through profit or loss		Loans and receivables	Available-for-sale investments	Total
	Designated as such upon initial recognition	Held for trading			
Cash and cash equivalents	—	—	5,431,986,927	—	5,431,986,927
Financial assets at fair value through profit or loss	—	548,352,730	—	—	548,352,730
Bills receivable	—	—	264,373,037	—	264,373,037
Trade receivables	—	—	864,682,728	—	864,682,728
Other receivables	—	—	1,030,013,596	—	1,030,013,596
Current portion of non-current assets	—	—	458,040,000	—	458,040,000
Other current assets	—	—	312,680,226	110,569,810	423,250,036
Available-for-sale investments	—	—	—	425,110,763	425,110,763
Other non-current assets	—	—	1,701,430,603	—	1,701,430,603
	—	548,352,730	10,063,207,117	535,680,573	11,147,240,420

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

1. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2015 *(continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss		Other financial liabilities	Total
	Designated as such upon initial recognition	Held for trading		
Short-term borrowings	—	—	5,394,474,750	5,394,474,750
Financial liabilities at fair value through profit or loss	—	6,804,872,854	—	6,804,872,854
Bills payable	—	—	231,175,265	231,175,265
Trade payables	—	—	4,442,840,507	4,442,840,507
Dividends payable	—	—	119,000,981	119,000,981
Other payables	—	—	4,243,074,457	4,243,074,457
Current portion of non-current liabilities	—	—	6,053,652,249	6,053,652,249
Other current liabilities	—	—	1,004,821,498	1,004,821,498
Long-term borrowings	—	—	9,251,188,420	9,251,188,420
Bonds payable	—	—	8,300,000,000	8,300,000,000
Long-term payables	—	—	1,079,749,275	1,079,749,275
	—	6,804,872,854	40,119,977,402	46,924,850,256

2. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2016, the Group endorsed commercial acceptance bills with a carrying amount of RMB83,500,000 (31 December 2015: Nil) to its suppliers in order to settle the trade payables due to such suppliers; the Group endorsed certain bank acceptance bills (the "Endorsed Bills") with a carrying amount of RMB6,750,000 (31 December 2015: Nil) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). During the year of 2016, the Group operated a number of discounting businesses through several banks in China. As at 31 December 2016, the Group discounted commercial acceptance bills with a carrying amount of RMB19,500,000 (31 December 2015: Nil) to banks. In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregated carrying amount of the trade payables settled by the Endorsed Bills was RMB109,750,000 (31 December 2015: Nil) as at 31 December 2016.

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

As at 31 December 2016, the Group endorsed certain bank acceptance bills (the "Derecognised Bills") with a carrying amount of RMB92,907,034 (31 December 2015: RMB73,831,072) to certain of its suppliers in order to settle the trade payables due to such suppliers. During the year of 2016, the Group operated a number of discounting business through several banks in China. The Group discounted bank acceptance bills with a carrying amount of RMB44,000,000 (31 December 2015: RMB179,500,000) to banks. The Derecognised Bills had a maturity of 1 to 12 months as at the date of statement of financial position. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the Group, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2016, the Group has not recognised any gain or loss at the date of transfer of the Derecognised Bills. No gains or expenses were recognised from the Continuing Involvement in the derecognised financial assets, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

3. RISK OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments, other than derivative financial instruments, include cash and cash equivalents, loans and receivables, financial assets/liabilities at fair value through profit or loss, available-for-sale investments, borrowings, trade payables, bonds payable, and others. The main purpose of these financial instruments is to support the Group's operations.

The Group also enters into derivative transactions, including forward contracts. The purpose is to manage the market risks arising from the Group's operation. The Group will manage the market risk of the derivative financial instruments in accordance with the variance between actual metal prices in the active market and estimated target prices, etc.

The Group's principal risks of financial instruments are credit risk, liquidity risk, and market risk. Policies of the risk management of the Group are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprises cash and cash equivalents, available-for-sale investments, loans and receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk for providing financial guarantees. Detailed information is disclosed in Note XI.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

There is no significant past due relating to those financial assets that were not impaired individually or aggregately.

As at 31 December 2016, trade receivables that were not past due nor impaired were related to a large number of dispersed customers without recent default record.

Liquidity risk

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of the financial instruments and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of debentures, bank borrowings and other borrowings. As at 31 December 2016, approximately 58% of the Group's debts would mature in less than one year (31 December 2015: 59%).

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

3. RISK OF FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the date of statement of financial position based on the contractual undiscounted cash flows:

2016

	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	12,465,486,622	—	—	12,465,486,622
Financial liabilities at fair value through profit or loss	93,140,487	—	—	93,140,487
Bills payable	252,074,617	—	—	252,074,617
Trade payables	4,727,394,558	—	—	4,727,394,558
Dividends payable	27,165,124	—	—	27,165,124
Other payables	3,914,219,839	—	—	3,914,219,839
Current portion of non-current liabilities	4,307,393,493	—	—	4,307,393,493
Other current liabilities	5,072,045,139	—	—	5,072,045,139
Long-term borrowings	200,905,718	4,963,540,881	1,400,846,288	6,565,292,887
Bonds payable	596,175,000	18,176,475,000	—	18,772,650,000
Long-term payables	5,100,527	153,261,455	284,758,001	443,119,983
	31,661,101,124	23,293,277,336	1,685,604,289	56,639,982,749

2015

	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	5,433,963,830	—	—	5,433,963,830
Financial liabilities at fair value through profit or loss	6,804,872,854	—	—	6,804,872,854
Bills payable	231,175,265	—	—	231,175,265
Trade payables	4,442,840,507	—	—	4,442,840,507
Dividends payable	119,000,981	—	—	119,000,981
Other payables	4,243,074,457	—	—	4,243,074,457
Current portion of non-current liabilities	6,187,250,940	—	—	6,187,250,940
Other current liabilities	1,028,821,498	—	—	1,028,821,498
Long-term borrowings	297,804,295	8,332,366,152	1,685,776,379	10,315,946,826
Bonds payable	425,200,000	9,460,316,667	—	9,885,516,667
Long-term payables	22,420,674	993,858,510	246,657,403	1,262,936,587
	29,236,425,301	18,786,541,329	1,932,433,782	49,955,400,412

Market risk

Interest rate risk

The Group's exposure to the risk of change in market interest rates primarily relates to the Group's debt obligations with floating interest rates.

The Group maintains an appropriate fixed rate and variable rate debts portfolio to manage the interest costs. As at 31 December 2016, approximately 81% (31 December 2015: 61%) of the interest-bearing borrowings were fixed rate debts.

The table below demonstrates the sensitivity analysis of the impact (of floating rate borrowings) on the net profit and other comprehensive income after tax when reasonable and possible fluctuations of interest rate occurred, under the assumption that other variables were held constant.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

3. RISK OF FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate risk (continued)

	Increase/(decrease) in basis points	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total Increase/(decrease) in equity
2016				
RMB	100/(100)	(8,916,542)/8,916,542	—	(8,916,542)/8,916,542
USD	100/(100)	(39,959,660)/39,959,660	—	(39,959,660)/39,959,660
EUR	100/(100)	(3,278,993)/3,278,993	—	(3,278,993)/3,278,993
AUD	100/(100)	(5,613,385)/5,613,385	—	(5,613,385)/5,613,385
CAD	100/(100)	(3,484,445)/3,484,445	—	(3,484,445)/3,484,445

	Increase/(decrease) in basis points	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total Increase/(decrease) in equity
2015				
RMB	100/(100)	(7,415,174)/7,415,174	—	(7,415,174)/7,415,174
USD	100/(100)	(89,149,579)/89,149,579	—	(89,149,579)/89,149,579
EUR	100/(100)	(3,396,402)/3,396,402	—	(3,396,402)/3,396,402
AUD	100/(100)	(4,793,698)/4,793,698	—	(4,793,698)/4,793,698
CAD	100/(100)	(3,166,600)/3,166,600	—	(3,166,600)/3,166,600

Currency risk

There are limited hedging instruments available in the PRC that can be used to reduce the currency risk arising from transactions between RMB and other currencies. This year, the Group adopted cross currency swap to manage the currency risks.

The table below demonstrates the sensitivity analysis of the impact on the net profit and other comprehensive income after tax when there were reasonable and possible changes in the exchange rates against United States dollar, the Great British Pound, Hong Kong dollar, Canadian dollar, Australian dollar and Euro, under the assumption that other variables held constant.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income after tax	Total increase/ (decrease) in equity
2016				
If RMB weakens against USD	10%	(287,644,985)	737,383	(286,907,602)
If RMB strengthens against USD	(10%)	287,644,985	(737,383)	286,907,602
If RMB weakens against GBP	10%	845,804	—	845,804
If RMB strengthens against GBP	(10%)	(845,804)	—	(845,804)
If RMB weakens against HKD	10%	6,017,603	—	6,017,603
If RMB strengthens against HKD	(10%)	(6,017,603)	—	(6,017,603)
If RMB weakens against CAD	10%	64,300,787	51,663,949	115,964,736
If RMB strengthens against CAD	(10%)	(64,300,787)	(51,663,949)	(115,964,736)
If RMB weakens against AUD	10%	(88,222,082)	—	(88,222,082)
If RMB strengthens against AUD	(10%)	88,222,082	—	88,222,082
If RMB weakens against EUR	10%	(300,092,608)	—	(300,092,608)
If RMB strengthens against EUR	(10%)	300,092,608	—	300,092,608

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

3. RISK OF FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

2015	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/(decrease)	
			in other comprehensive income after tax	Total increase/ (decrease) in equity
If RMB weakens against USD	10%	(1,470,340,637)	—	(1,470,340,637)
If RMB strengthens against USD	(10%)	1,470,340,637	—	1,470,340,637
If RMB weakens against GBP	10%	767,392	107,873	875,265
If RMB strengthens against GBP	(10%)	(767,392)	(107,873)	(875,265)
If RMB weakens against HKD	10%	5,561,291	—	5,561,291
If RMB strengthens against HKD	(10%)	(5,561,291)	—	(5,561,291)
If RMB weakens against CAD	10%	(31,305,985)	41,547,103	10,241,118
If RMB strengthens against CAD	(10%)	31,305,985	(41,547,103)	(10,241,118)
If RMB weakens against AUD	10%	(61,354,244)	—	(61,354,244)
If RMB strengthens against AUD	(10%)	61,354,244	—	61,354,244
If RMB weakens against EUR	10%	(186,584,835)	—	(186,584,835)
If RMB strengthens against EUR	(10%)	186,584,835	—	186,584,835

Equity instruments price risk

Equity instruments price risk is the risk that the fair values of equity securities change as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (Note V.2) and available-for-sale investments (Note V.10) as at 31 December 2016. The Group's listed investments are listed on the Shanghai, Shenzhen, Toronto, New York, London, Hong Kong and Australian stock exchanges, etc., and are valued at quoted market prices at the date of statement of financial position.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the date of statement of financial position, and their respective highest and lowest closing points during the year were as follows:

	End of 2016	Highest/lowest 2016	End of 2015	Highest/lowest 2015
Shanghai – A Share Index	3,104	3,362/2,656	3,539	5,166/2,927
Shenzhen– A Share Index	2,060	2,237/1,703	2,416	3,288/1,492
Hong Kong – Hang Seng Index	22,001	24,100/18,320	21,914	28,443/20,557
Toronto TSX Venture Exchange	762	839/474	526	707/496
Toronto Stock Exchange	15,288	15,422/11,843	13,010	15,451/12,696
New York Stock Exchange	11,057	11,237/9,030	10,143	11,240/9,601
London Stock Exchange Index	7,143	7,143/5,500	6,242	7,104/5,874
Australian Securities Exchange Index	5,666	5,666/4,881	5,296	5,929/5,022

The table below is the sensitivity analysis of the impact on the net profit and other comprehensive income after tax if the fluctuation was 10% on the basis of the carrying amount as at 31 December 2016 towards fair value of equity instruments, under the assumption that other variables were held constant and any tax impact was excluded. For available-for-sale investments (and only for the purpose of this sensitivity analysis), the impact was regarded as the variables arising from fair value, which excluded the impairment impact to the statement of profit or loss.

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

3. RISK OF FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Equity instruments price risk (continued)

	Carrying amount of equity investments	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total increase/(decrease) in equity
2016				
Financial assets at fair value through profit or loss				
Shanghai Stock Exchange	84,235,830	6,317,687/(6,317,687)	—	6,317,687/(6,317,687)
Hong Kong Stock Exchange	14,926,688	1,119,502/(1,119,502)	—	1,119,502/(1,119,502)
Toronto Stock Exchange	232,573	17,443/(17,443)	—	17,443/(17,443)
Toronto TSX Venture Exchange	1,008,375,709	75,628,178/(75,628,178)	—	75,628,178/(75,628,178)
Shenzhen Stock Exchange	19,391,694	1,454,377/(1,454,377)	—	1,454,377/(1,454,377)
Australian Securities Exchange	1,700,474	127,536/(127,536)	—	127,536/(127,536)
Available-for-sale investments				
Toronto TSX Venture Exchange	516,639,490	—	38,747,962/(38,747,962)	38,747,962/(38,747,962)
Hong Kong Stock Exchange	9,437,402	—	707,805/(707,805)	707,805/(707,805)
Johannesburg Stock Exchange	7,373,830	—	553,037/(553,037)	553,037/(553,037)

	Carrying amount of equity investments	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total increase/(decrease) in equity
2015				
Financial assets at fair value through profit or loss				
Shanghai Stock Exchange	12,560,950	1,256,095/(1,256,095)	—	1,256,095/(1,256,095)
Hong Kong Stock Exchange	13,472,289	1,347,229/(1,347,229)	—	1,347,229/(1,347,229)
Toronto Stock Exchange	67,022	6,702/(6,702)	—	6,702/(6,702)
Toronto TSX Venture Exchange	220,617,882	22,061,788/(22,061,788)	—	22,061,788/(22,061,788)
New York Stock Exchange	2,544,973	254,497/(254,497)	—	254,497/(254,497)
Australian Securities Exchange	14,367,512	1,436,751/(1,436,751)	—	1,436,751/(1,436,751)
Available-for-sale investments				
Toronto TSX Venture Exchange	415,471,035	—	41,547,104/(41,547,104)	41,547,104/(41,547,104)
London Stock Exchange	1,078,734	—	107,873/(107,873)	107,873/(107,873)
Shanghai Stock Exchange	8,560,994	—	856,099/(856,099)	856,099/(856,099)

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

3. RISK OF FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

Commodity price risk

The Group's exposure to commodity price risk principally relates to the market price fluctuation in major metals, such as gold, copper, zinc and silver. The price fluctuation can affect the Group's operating results.

The Group has carried out hedging operations on the future sale of gold, copper, zinc and silver. The board of directors has approved the maximum position quantity of hedging derivative transactions of gold, copper, zinc and silver, and the hedging decision-making group and hedging business team are responsible for the organisation and implementation, and constantly pay attention to the price fluctuation of commodity futures contract.

4. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

	2016	2015
Total assets	89,217,700,259	83,914,033,655
Total liabilities	58,101,192,073	51,985,778,403
Debt-to-asset ratio	65%	62%

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

IX. DISCLOSURE OF FAIR VALUE

1. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

2016

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Measured at fair value				
Financial assets at fair value through profit or loss				
Held for trading equity investments	1,128,862,968	—	—	1,128,862,968
Derivative financial assets	26,106,248	52,383,555	—	78,489,803
Others	44,427,159	—	—	44,427,159
Available-for-sale investments				
Listed available-for-sale equity instruments	533,450,722	—	—	533,450,722
Total assets measured at fair value	1,732,847,097	52,383,555	—	1,785,230,652
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	36,351,548	36,610,323	—	72,961,871
Cross currency swap	—	20,178,616	—	20,178,616
Total liabilities measured at fair value	36,351,548	56,788,939	—	93,140,487

2015

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Measured at fair value				
Financial assets at fair value through profit or loss				
Held for trading equity investments	263,630,628	—	—	263,630,628
Derivative financial assets	143,268,440	—	—	143,268,440
Cross currency swap	—	14,359,008	—	14,359,008
Others	127,094,654	—	—	127,094,654
Available-for-sale investments				
Listed available-for-sale equity instruments	425,110,763	—	—	425,110,763
Total assets measured at fair value	959,104,485	14,359,008	—	973,463,493
Financial liabilities at fair value through profit or loss				
Gold leasing	6,411,589,909	—	—	6,411,589,909
Derivative financial liabilities	393,282,945	—	—	393,282,945
Total liabilities measured at fair value	6,804,872,854	—	—	6,804,872,854

In the years 2016 and 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out from Level 3.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

IX. DISCLOSURE OF FAIR VALUE *(continued)*

2. ASSETS AND LIABILITIES DISCLOSED AT FAIR VALUE

2016

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Long-term receivables	—	—	2,825,191,279	2,825,191,279
Borrowings	—	21,686,303,145	—	21,686,303,145
Bonds payable	—	16,270,310,335	—	16,270,310,335
Long-term payables	—	—	967,709,354	967,709,354

2015

	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Long-term receivables	—	2,159,470,603	—	2,159,470,603
Borrowings	—	17,567,063,456	—	17,567,063,456
Bonds payable	—	11,412,251,963	—	11,412,251,963
Long-term payables	—	1,099,749,275	—	1,099,749,275

3. ESTIMATION OF FAIR VALUE

The net book values of the Group's financial instruments were approximate to their fair values.

The management has assessed the fair values of cash and cash equivalents, bills receivable, trade receivables, other receivables, other current assets, bills payable, trade payables, dividends payable, other payables, current portion of non-current liabilities and other current liabilities, which were approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are the amount at which the instrument could be exchanged or debts could be settled in an arm's length transaction between knowledgeable and willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of other non-current assets, short-term and long-term borrowings, long-term payables and bonds payable have been calculated by discounting the expected future cash flows using market rates of return currently available from other financial instruments with similar terms, credit risk and remaining maturities. As at 31 December 2016, the Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant. The fair values of listed equity investments are measured at quoted market prices.

The Group has entered into derivative financial instrument contracts with various counterparties (mainly financial institutions with high credit ratings). Derivative financial instruments, including forward contracts and cross currency swap contracts, are measured using valuation techniques similar to forward pricing and swap models and the present value method. The models incorporate various market observable inputs including the credit quality of counterparties, spot and forward foreign exchange rates and interest rates curves. The carrying values of forward contracts and cross currency swap contracts are the same as their fair values.

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)***X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. THE LARGEST SHAREHOLDER OF THE COMPANY**

Company name	Place of registration	Nature of business	Registered capital	Proportion of the Company's ownership	Proportion of the Company's voting powers	Ultimate controlling entities
Minxi Xinghang	No. 110 Zhenxing Road, Linjiang Village, Shanghang County, Longyan City, Fujian Province	Investment in Fujian	RMB368 million	26.33%	26.33%	Minxi Xinghang

2. SUBSIDIARIES OF THE COMPANY

Information about major subsidiaries of the Company is disclosed in Note VII.1.

3. JOINT VENTURES AND ASSOCIATES

Information about the joint ventures and associates of the Company is disclosed in Note VII.2.

4. JOINT OPERATION

Information about joint operation of the Company is disclosed in Note VII.3.

5. OTHER RELATED PARTIES OF THE COMPANY

Name of related parties	Relationship between the related parties and the Company
Sichuan Bureau of Geology and Mineral Exploration ("Sichuan Geology")	A non-controlling shareholder of Sichuan Ganzi Zijin Mining Company Limited ("Ganzi Zijin")
Hongyang Mining	A non-controlling shareholder of Guizhou Zijin
Chongli Finance Bureau State-owned Asset Management Centre	A non-controlling shareholder of Chongli Zijin
Jilin The Sixth Geological Survey	A non-controlling shareholder of Tumen Shuguang Mining Company Limited
Shanghang County Jinshan Trading	A non-controlling shareholder of the Company
Xinjiang Non-ferrous Metal Industrial Materials Group Company Limited ("Xinjiang Non-ferrous Materials")	A subsidiary of Xinjiang Non-ferrous Metal Industry (Group) Company Limited, a non-controlling shareholder of Xinjiang Ashele

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. RELATED PARTY TRANSACTIONS

(A) Sales and purchases of products, and rendering and receipt of services to and from related parties

Purchases of products/receipt of services from related parties

	Nature of transaction	Pricing method and decision making procedures of the related party transaction	2016	2015
Wancheng Commercial	Purchase of zinc concentrates	Market price	164,456,959	251,271,907
Haixia Technology	Purchase of raw materials	Market price	1,984,760	77,848,425
Sichuan Geology	Exploration service	Market price	—	488,471
Xiamen Zijin Zhonghang	Construction service	Market price	40,752,917	126,629,708
Southwest Zijin Gold	Purchase of low-purity gold	Market price	812,776,896	1,089,461,458
Zisen (Xiamen)	Purchase of raw materials	Market price	52,165,809	—
Shanghang County Jinshan Trading	Purchase of raw materials	Market price	—	5,773,423
			1,072,137,341	1,551,473,392

Sales of products/rendering of services to related parties

	Nature of transaction	Pricing method and decision making procedures of the related party transaction	2016	2015
Shandong Guoda	Sale of gold and copper ore	Market price	53,295,159	101,895,146
Wengfu Zijin	Sale of vitriol	Market price	41,857,667	119,493,851
Zisen (Xiamen)	Sale of copper cathodes	Market price	167,973,860	—
Southwest Zijin Gold	Sale of copper cathodes	Market price	335,196,190	—
Xinjiang Non-ferrous Materials	Sale of copper concentrates [#]	Market price	503,411,632	—
Wuxin Copper	Sale of copper concentrates	Market price	5,290,524	365,068,980
			1,107,025,032	586,457,977

[#] Continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)***X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***6. RELATED PARTY TRANSACTIONS** *(continued)***(B) Related party guarantees**

- (1) Provision of guarantees by related parties for bank loans of the Group

In 2016 and 2015, there was no related party guarantee provided for bank loans of the Group.

- (2) The Group's provision of guarantees for bank loans of related parties

2016

Guarantor	Guaranteed party	Amount of guarantee	Inception date of guarantee	Due date of guarantee	Whether performance of guarantee has been completed
The Company	Wengfu Zijin (Note XI.2 (note 1))	177,240,000	28 April 2011	27 April 2019	No

2015

Guarantor	Guaranteed party	Amount of guarantee	Inception date of guarantee	Due date of guarantee	Whether performance of guarantee has been completed
The Company	Wengfu Zijin (Note XI.2 (note 1))	253,200,000	28 April 2011	27 April 2019	No

(C) Borrowings from/to related parties

Borrowings from related parties

2016

Borrower	Note	Amount of borrowings	Inception date	Due date	Annual interest rate
The Company	Note 1	57,000,000	29 December 2015	28 December 2026	1.20%
The Company	Note 1	28,000,000	10 December 2015	9 December 2027	1.20%
		85,000,000			

2015

Borrower	Note	Amount of borrowings	Inception date	Due date	Annual interest rate
The Company	Note 1	30,000,000	10 December 2015	9 December 2027	1.20%

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. RELATED PARTY TRANSACTIONS (continued)

(C) Borrowings from/to related parties (continued)

Borrowings to related parties

2016

Borrowers	Notes	Amount of borrowings	Inception date	Due date	Annual interest rate
Ting River Hydropower	Note 2 [#]	7,500,000	16 January 2014	15 January 2017	4.99%
Zijin Tongguan	Note V.6 (note 1)	9,000,000	13 April 2012	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	109,350,000	20 June 2012	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	9,000,000	14 January 2013	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	13,500,000	31 October 2013	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	5,400,000	31 July 2014	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	4,500,000	21 January 2015	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	6,300,000	29 May 2015	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	6,975,000	23 July 2015	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	2,286,000	15 December 2015	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	3,429,000	15 January 2016	31 December 2017	—
Zijin Tongguan	Note V.6 (note 1)	21,276,000	29 June 2016	31 December 2017	—
Gold Eagle Mining	Note 3	212,344,857	11 July 2012	30 June 2018	LIBOR+2.6%
Gold Eagle Mining	Note 3	358,989,750	16 May 2014	15 May 2017	LIBOR+2.6%
Longyan Zijin AVIC	Note V.6 (note 4)	49,039,358	8 April 2016	—	—
Longyan Zijin AVIC	Note 5	419,440,000	18 March 2016	17 March 2019	6.50%
Kamoa	Note 4	1,256,686,352	8 December 2015	—	LIBOR+7%
Kamoa	Note 4	34,685,008	2 January 2016	—	LIBOR+7%
Kamoa	Note 4	53,588,865	15 March 2016	—	LIBOR+7%
Kamoa	Note 4	142,159,974	15 August 2016	—	LIBOR+7%
Kamoa	Note 4	130,642,568	14 October 2016	—	LIBOR+7%
Kamoa	Note 4	78,713,935	21 December 2016	—	LIBOR+7%
Longyan Makeng	Note V.6 (note 3)	50,000,000	21 September 2016	20 September 2017	4.35%
		2,984,806,667			

2015

Borrowers	Notes	Amount of borrowings	Inception date	Due date	Annual interest rate
Ting River Hydropower	Note 2 [#]	3,000,000	23 October 2013	22 October 2016	5.25%
Ting River Hydropower	Note 2 [#]	6,600,000	1 November 2013	31 October 2016	4.99%
Ting River Hydropower	Note 2 [#]	9,000,000	8 November 2013	7 November 2016	4.99%
Ting River Hydropower	Note 2 [#]	8,500,000	16 January 2014	15 January 2017	6.30%
Zijin Tongguan	Note V.6 (note 1)	9,000,000	13 April 2012	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	109,350,000	20 June 2012	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	9,000,000	14 January 2013	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	13,500,000	31 October 2013	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	5,400,000	31 July 2014	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	4,500,000	21 January 2015	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	6,300,000	29 May 2015	31 December 2016	—
Zijin Tongguan	Note V.6 (note 1)	6,975,000	23 July 2015	31 December 2016	—

[#] Continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. RELATED PARTY TRANSACTIONS (continued)

(C) Borrowings from/to related parties (continued)

Borrowings to related parties (continued)

Borrowers	Notes	Amount of borrowings	Inception date	Due date	Annual interest rate
Zijin Tongguan	Note V.6 (note 1)	2,286,000	15 December 2015	31 December 2016	—
Gold Eagle Mining	Note 3	147,274,848	11 July 2012	30 June 2018	LIBOR+2.60%
Gold Eagle Mining	Note 3	336,043,800	16 May 2014	15 May 2017	LIBOR+2.60%
Longyan Zijin AVIC	Note 5	27,440,000	12 September 2014	11 September 2016	10.00%
Longyan Zijin AVIC	Note 5	39,200,000	27 June 2014	26 June 2016	10.00%
Longyan Zijin AVIC	Note 5	343,000,000	20 March 2014	19 March 2016	10.00%
Longyan Zijin AVIC	Note 5	4,900,000	21 October 2014	20 October 2016	10.00%
Longyan Zijin AVIC	Note 5	4,900,000	17 December 2014	16 December 2016	10.00%
Kamoa	Note 4	1,176,336,893	8 December 2015	—	LIBOR+7%
		2,272,506,541			

Note 1: The Company applied for national special fund loans from China Development Bank through the shareholder Minxi Xinghang. The balance of the loan in 2015 was RMB30,000,000. During the year, the Company repaid an amount of RMB2,000,000 and further borrowed RMB57,000,000. The loan is unsecured.

Note 2: Finance Company, a subsidiary of the Company, provided loans of RMB18,600,000 and RMB8,500,000 to Ting River Hydropower in 2013 and 2014 respectively, and these loans are unsecured. During the year, Ting River Hydropower repaid all loans borrowed in 2013 and repaid RMB1,000,000 for 2014 in advance. As at 31 December 2016, the balance of the borrowings to Ting River Hydropower was RMB7,500,000.

Note 3: In 2012, Jin Jian Global Mining Limited ("Jin Jian Global"), a subsidiary of the Group, entered into an agreement with Gold Eagle Mining. Pursuant to the agreement, Jin Jian Global provided a loan of USD22,680,000 to Gold Eagle Mining. As at 31 December 2016, the total amount of loan principal and accrued interest was equivalent to RMB212,344,857 (2015: RMB147,274,848). In 2014, Jin Jian Global provided an additional loan of USD51,750,000 to Gold Eagle Mining. As at 31 December 2016, the total amount of loan principal and accrued interest was equivalent to RMB358,989,750 (2015: RMB336,043,800). The above loans were both unsecured with an interest rate of the one-year London Interbank Offered Rate plus 260 basis points.

Note 4: Pursuant to the equity transfer agreement, part of the original shareholders' loans of Kamoa with the amount of USD181,157,035 was transferred to the Group's subsidiary, Gold Mountains (H.K.). As at 31 December 2016, the amount was equivalent to RMB1,256,686,352 (31 December 2015: RMB1,176,336,893). Gold Mountains (H.K.) provided five additional loans based on the working capital requirements for Kamoa, which totalled RMB439,790,350. These loans were without fixed terms of repayment and unsecured with an interest rate of the one-year London Interbank Offered Rate plus 700 basis points. As at 31 December 2016, the total interest yet to be paid by Kamoa was RMB130,525,240.

Note 5: In the year of 2016, Longyan Zijin AVIC repaid the five loans provided by the Company, totalling RMB419,440,000. The Company newly granted Longyan Zijin AVIC a loan of RMB419,440,000, which is unsecured with an annual interest rate of 6.50%.

(D) Other major related party transactions

(1) Compensation of key management and remuneration of directors accrued during the year

	2016	2015
Remuneration of directors	17,151,789	20,067,873
Compensation of key management	6,707,760	10,581,000
	23,859,549	30,648,873

Details of remuneration of directors are disclosed in Note XII.3.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. RELATED PARTY TRANSACTIONS *(continued)*

(D) Other major related party transactions *(continued)*

- (2) Commitments between the Group and related parties

In 2016, there was no commitment between the Group and related parties.

- (3) Joint external investments of the Group and related parties

In 2016, there was no joint external investment of the Group and related parties.

7. AMOUNTS DUE FROM RELATED PARTIES

	2016		2015	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Trade receivables				
Zisen (Xiamen)	40,085,525	—	—	—
Wengfu Zijin	15,507,257	—	8,236,935	—
	55,592,782	—	8,236,935	—
Prepayments				
Xiamen Zijin Zhonghang	53,466,945	—	58,643,463	—
Wancheng Commercial	3,576,109	—	3,576,109	—
Haixia Technology	2,025,414	—	153,572	—
Tibet Yulong	—	—	1,853	—
Shanghang County Jinshan Trading	2,325,421	—	2,547,110	—
	61,393,889	—	64,922,107	—
Other receivables				
Chongli Finance Bureau State-owned Asset Management Centre	20,000,000	—	—	—
Longyan Makeng	50,066,458	—	—	—
Longyan Zijin AVIC	49,039,358	—	—	—
Sichuan Geology	—	—	2,000,000	—
Wancheng Commercial	30,503	—	30,503	—
Jilin The Sixth Geological Survey	1,196,735	—	4,000,000	—
Xinjiang Tianlong	72,719	—	—	—
Zijin Tongguan	205,229,024	140,992,416	175,755,365	140,992,416
	325,634,797	140,992,416	181,785,868	140,992,416
Current portion of non-current assets				
Longyan Zijin AVIC	—	—	419,440,000	—
Gold Eagle Mining	358,989,750	—	—	—
Ting River Hydropower	7,500,000	—	18,600,000	—
	366,489,750	—	438,040,000	—

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. AMOUNTS DUE FROM RELATED PARTIES (continued)

	2016		2015	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other non-current assets				
Tibet Yulong	132,000,000	—	132,000,000	—
Ting River Hydropower	—	—	8,500,000	—
Gold Eagle Mining	212,344,857	—	516,603,709	—
Longyan Zijin AVIC	419,440,000	—	—	—
Kamoa	1,827,001,942	—	1,176,336,893	—
	2,590,786,799	—	1,833,440,602	—

8. AMOUNTS DUE TO RELATED PARTIES

	2016	2015
Trade payables		
Haixia Technology	34,551,075	30,256,572
Southwest Zijin Gold	24,982,579	29,857,946
	59,533,654	60,114,518
Advances from customers		
Xinjiang Non-ferrous Materials	46,367,123	—
Wuxin Copper	—	2,925,868
Wengfu Zijin	—	1,912,332
Shandong Guoda	—	14,830,674
	46,367,123	19,668,874
Other payables		
Sichuan Geology	—	488,471
Hongyang Mining	24,989,600	22,376,244
	24,989,600	22,864,715
Long-term payables		
Minxi Xinghang	85,000,000	30,000,000

Except for amounts due from Ting River Hydropower, Gold Eagle Mining, Longyan Makeng and Longyan Zijin AVIC which were interest-bearing and had a fixed term of repayment, the amount due from Kamoa was interest-bearing and without a fixed term of repayment and the amount due from Zijin Tongguan was interest-free and had a fixed term of repayment, other amounts due from/to related parties were interest-free, unsecured and had no fixed terms of repayment.

There were no loans provided by the Group to the directors as at 31 December 2016.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XI. COMMITMENTS AND CONTINGENCIES

1. COMMITMENTS

	2016	2015
Contracted, but not provided		
Capital commitments (Note 1)	812,184,210	1,315,854,359
Investment commitments (Note 2)	—	195,727,500
	812,184,210	1,511,581,859

Note 1: As at 31 December 2016, the amounts of the capital commitments relating to the acquisition and construction of property, plant, machinery and equipment, and mining assets were RMB810,525,353 (2015: RMB1,315,285,955).

Note 2: As at 31 December 2016, the Group had no investment commitments of which the contracts had been signed but yet to be paid.

2. CONTINGENCIES

	2016	2015
Guarantees provided to third parties		
Wengfu Zijin (Note 1)	177,240,000	253,200,000
Xinjiang Investment and Development (Group) Company Limited ("Xinjiang Investment and Development") (Note 2)	—	106,728,700
Fujian Rare Earth (Group) Company Limited ("Fujian Rare Earth") (Note 3)	331,585,000	—
Subtotal	508,825,000	359,928,700
Contingencies arising from pending litigation		
Xinyi Zijin (Note 4)	43,144,709	43,144,709
Total	551,969,709	403,073,409

Note 1: As at 31 December 2016, the Company granted to Wengfu Zijin, an associate of the Group, joint guarantees in respect of bank loans at a cap of RMB450,000,000 (31 December 2015: RMB450,000,000). As at 31 December 2016, Wengfu Zijin utilised RMB177,240,000 of the guarantee facility (31 December 2015: RMB253,200,000).

Note 2: Zijin Mining Group Northwest Company Limited ("Northwest Company"), a subsidiary of the Company, cancelled the financial guarantee for Xinjiang Tianlong, an associate of the Group in 2016 (31 December 2015: RMB106,728,700). Xinjiang Investment and Development is the controlling shareholder of Xinjiang Tianlong, and provided Xinjiang Tianlong full guarantees for its financing in 2015. Northwest Company, a subsidiary of the Company, provided counter guarantee for Xinjiang Investment and Development based on its percentage of equity held in Xinjiang Tianlong.

Note 3: Makeng Mining, an associate of the Company, applied for a bank loan of RMB7,600,000,000 and its controlling shareholder, Fujian Rare Earth provided guarantee for its financing. The Company pledged its 41.5% equity interest in Makeng Mining and the interests derived from such shareholdings to provide counter guarantee for Fujian Rare Earth. As at 31 December 2016, the guarantee provided the Company amounted to RMB331,585,000 (31 December 2015: Nil).

Note 4: On 21 September 2010, the mud and rock flow resulting from the No.11 severe typhoon "Fanapi" caused the collapse of the tailing dam of Yinyan tin mine in Xinyi City, Guangdong Province of Xinyi Zijin, a wholly-owned subsidiary of the Company, resulting in casualties and property losses in the houses, farmlands, water resources facilities downstream (the "Xinyi Dam Collapse Incident"). Later, the Company and Xinyi Zijin were sued in succession by the Xinyi Municipal Government, victims and entities affected by the Incident. A compensation of RMB12,674,539 for casualties was paid off.

On 12 September 2012, Xinyi Municipal Government and the Government of Qianpai Town, Xinyi City, reached an agreement with Xinyi Zijin on behalf of the victims. All property losses within the jurisdiction of Xinyi City caused by the 9.21 Dam Collapse Incident (except for the claims from nine hydropower stations including Shihuadi Hydropower Station and one water supply plant) shall be settled with an one-off compensation of RMB245,000,000 paid by Xinyi Zijin. The plaintiff then withdrew the lawsuits. As at 31 December 2014, Xinyi Zijin had already paid off the compensation of RMB245,000,000.

Six hydropower stations including those from Shihuadi and one water supply plant claimed compensation for property losses of RMB70,663,798 from the Company and Xinyi Zijin.

As at 31 December 2015, Xinyi Municipal Court made the first verdict, ruling that Xinyi Zijin needs to compensate RMB27,519,089 for the victims, at the same time, the Company bore a supplementary liability for the compensation within an amount of RMB100,000,000 for the principal and interest. The Company and Xinyi Zijin had filed an appeal and the second hearing started but not adjudicated yet.

As at 31 December 2016, Xinyi Zijin made a provision of RMB27,519,089 according to the first verdict.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XI. COMMITMENTS AND CONTINGENCIES *(continued)*

2. CONTINGENCIES *(continued)*

Based on the Group's evaluation of the credit rating and repayment ability of the recipients of the guarantees, the management of the Group considered that the probability that recipients of the guarantees could not repay the liabilities and settle the obligations was remote, and it was unnecessary to accrue the related contingent liabilities in financial statements.

XII. OTHER SIGNIFICANT EVENTS

1. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has nine reportable operating segments as follows:

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and gold bullion in the business of physical gold trading;
- (3) the gold concentrates segment engages in the production of gold concentrates that are up to smelting standard by processing gold ore produced by the Group;
- (4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;
- (5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;
- (6) the copper concentrates segment engages in the production of copper concentrates that are up to smelting standard by processing copper ore produced by the Group;
- (7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron concentrates;
- (8) the zinc bullion segment engages in the production of zinc bullion; and
- (9) segment of others comprises, principally, the production such as vitriol, copperplate, silver and iron.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted operating profit before tax. The adjusted operating profit before tax is measured consistently with the Group's operating profit before tax except that interest income, finance costs, dividend income, fair value gains or losses from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, equity investments at fair value through profit or loss, derivative financial instruments, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude financial liabilities at fair value through profit or loss, derivative financial instruments, bank and other borrowings, deferred tax liabilities, taxes payable, bonds payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties.

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

1. OPERATING SEGMENT INFORMATION *(continued)*

*Segment profit/loss, which excluded intersegment transaction revenue/cost, is the operating profit/loss from external customers.

Geographical information

Over 92% (2015: 96%) of the Group's operating income was derived from customers of Mainland China, and over 71% (2015: 79%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2016, the Group's income from Shanghai Gold Exchange was RMB38,098,986,224 (2015: RMB38,702,306,601), which was mainly derived from gold bullion segment, processed, refinery and trading gold segment and gold concentrates segment.

2. LEASING

As lessor

As at the date of statement of financial position, the information of irrevocable operating lease contracts entered into by the Group is as follows:

	2016	2015
Within 1 year (1 year inclusive)	20,230,455	6,611,274
Over 1 year but within 2 years (2 years inclusive)	21,296,961	6,324,714
Over 2 years but within 3 years (3 years inclusive)	23,781,860	4,382,388
Over 3 years but within 5 years (5 years inclusive)	42,462,322	2,230,085
Over 5 years	109,254,948	2,216,678
	217,026,546	21,765,139

The assets for operating leases above are accounted for as investment properties of the Group.

*The operating lease income included in profit or loss in 2016 was RMB10,722,743 (2015: RMB6,957,087).

As lessee

Significant operating leases: Pursuant to the operating lease agreements entered into with lessors, the minimum lease payments under irrevocable operating leases are fall due as follows:

	2016	2015
Within 1 year (1 year inclusive)	5,780,968	9,258,425
Over 1 year but within 2 years (2 years inclusive)	5,181,005	5,595,490
Over 2 years	1,673,368	—
	12,635,341	14,853,915

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*XII. OTHER SIGNIFICANT EVENTS *(continued)*

*3. DIRECTORS' AND SUPERVISORS' REMUNERATION

Remuneration of directors accrued during the year	2016	2015
Fees	367,778	475,000
Other emoluments:		
Basic salaries	14,803,705	13,480,000
Discretionary bonuses [#]	1,881,262	6,010,000
Pension scheme contributions	99,044	102,873
	16,784,011	19,592,873
	17,151,789	20,067,873

[#] The discretionary bonuses were determined by a certain percentage of the increased amount of the Group's net assets.

There were no emoluments paid by the Group to a director or a supervisor as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2015: Nil).

(a) Independent non-executive directors/non-executive directors

The fees accrued for and paid to the independent non-executive directors/non-executive directors during the year are as follows:

	2016	2015
Mr. Qiu Guanzhou (Note 1)	—	175,000
Mr. Sit Hoi Wah, Kenneth	150,000	150,000
Mr. Lu Shihua	—	—
Mr. Ding Shida (Note 2)	—	—
Mr. Li Jian	150,000	150,000
Mr. Zhu Guang (Note 3)	67,778	—
Mr. Cai Meifeng (Note 4)	—	—
	367,778	475,000

Note 1: Resigned as independent non-executive director of the Company on 20 June 2016.

Note 2: Resigned as independent non-executive director of the Company on 29 December 2016.

Note 3: Appointed as independent non-executive director of the Company on 20 June 2016.

Note 4: Appointed as independent non-executive director of the Company on 30 December 2016.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

*3. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

(b) Executive directors

The directors' remuneration accrued for executive directors during the year are as follows:

	Basic salaries	Discretionary bonuses	Pension scheme contributions	Total
2016				
Executive directors				
Mr. Chen Jinghe	2,400,000	(100,963)	25,111	2,324,148
Mr. Wang Jianhua (Note 1)	3,070,000	474,376	—	3,544,376
Mr. Qiu Xiaohua (Note 2)	1,200,000	(417,242)	—	782,758
Mr. Lan Fusheng (Note 3)	1,800,000	787,075	23,376	2,610,451
Mr. Zou Laichang	1,790,000	535,839	29,937	2,355,776
Mr. Lin Hongfu	1,786,000	551,474	20,620	2,358,094
Mr. Fang Qixue	2,757,705	50,703	—	2,808,408
Ms. Lin Hongying (Note 4)	—	—	—	—
	14,803,705	1,881,262	99,044	16,784,011
2015				
Executive directors				
Mr. Chen Jinghe	2,375,000	1,240,000	25,111	3,640,111
Mr. Wang Jianhua (Note 1)	3,085,000	1,650,000	—	4,735,000
Mr. Qiu Xiaohua (Note 2)	1,200,000	300,000	—	1,500,000
Mr. Lan Fusheng	1,800,000	600,000	23,434	2,423,434
Mr. Zou Laichang	1,800,000	630,000	27,164	2,457,164
Mr. Lin Hongfu	1,780,000	690,000	27,164	2,497,164
Mr. Fang Qixue	1,440,000	900,000	—	2,340,000
	13,480,000	6,010,000	102,873	19,592,873

Pursuant to the remuneration policy of the Company, the remuneration, allowances, benefits in kind and discretionary bonuses accrued for the executive directors are subject to the approval of the remuneration committee and shareholders at the annual general meeting.

There was no agreement pursuant to which a director waived or agreed to waive any remuneration during the year.

Note 1: Resigned as president and executive director of the Company on 29 December 2016.

Note 2: Resigned as vice-chairman and executive director of the Company on 29 December 2016.

Note 3: Appointed as president of the Company on 30 December 2016.

Note 4: Appointed as vice-president and executive director of the Company on 30 December 2016.

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)***XII. OTHER SIGNIFICANT EVENTS** *(continued)****3. DIRECTORS' AND SUPERVISORS' REMUNERATION** *(continued)***(c) Supervisors**

The remuneration accrued for supervisors during the year are as follows:

	Basic salaries	Discretionary bonuses	Pension scheme contributions	Fees	Total
2016					
Mr. Lin Shuiqing	1,800,000	(74,257)	13,506	—	1,739,249
Mr. Xu Qiang	—	—	—	120,000	120,000
Mr. Fan Wensheng	—	—	—	72,000	72,000
Mr. Liu Wenhong	—	—	—	72,000	72,000
Mr. Zhang Yumin (Note 1)	—	—	—	72,000	72,000
Ms. Lan Liying (Note 2)	—	—	—	—	—
	1,800,000	(74,257)	13,506	336,000	2,075,249
2015					
Mr. Lin Shuiqing	1,800,000	580,000	—	—	2,380,000
Mr. Xu Qiang	—	—	—	120,000	120,000
Mr. Fan Wensheng	—	—	—	72,000	72,000
Mr. Liu Wenhong	—	—	—	72,000	72,000
Mr. Zhang Yumin (Note 1)	—	—	—	72,000	72,000
	1,800,000	580,000	—	336,000	2,716,000

Note 1: Resigned as supervisor representing workers and staff of the Company on 27 December 2016.

Note 2: Appointed as supervisor representing workers and staff of the Company on 28 December 2016.

***4. THE FIVE HIGHEST PAID EMPLOYEES OF THE GROUP DURING THE YEAR**

The five highest paid employees of the Group during the year included five directors (2015: five directors). Details of the remuneration are as follows:

	2016	2015
Basic salaries	11,203,705	10,840,000
Discretionary bonuses	2,399,467	4,810,000
Pension scheme contributions	73,933	102,873
	13,677,105	15,752,873

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

*4. THE FIVE HIGHEST PAID EMPLOYEES OF THE GROUP DURING THE YEAR *(continued)*

The number of highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2016	2015
RMB2,000,001 - RMB2,500,000	2	3
RMB2,500,001 - RMB3,000,000	2	—
RMB3,000,001 - RMB3,500,000	—	—
RMB3,500,001 - RMB4,000,000	1	1
RMB4,000,001 - RMB4,500,000	—	—
RMB4,500,001 - RMB5,000,000	—	1
	5	5

*5. PENSION SCHEME CONTRIBUTIONS

	2016	2015
Net payment of pension scheme contributions	145,054,160	140,584,263

In 2016, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2015: Nil).

*6. NET CURRENT (LIABILITIES)/ASSETS

	31 December 2016 Group	31 December 2015 Group	31 December 2016 Company	31 December 2015 Company
Current assets	24,140,208,828	21,794,847,042	15,530,416,358	18,119,648,348
Less: Current liabilities	33,851,986,645	31,526,388,423	13,939,687,396	8,579,326,745
Net current (liabilities)/assets	(9,711,777,817)	(9,731,541,381)	1,590,728,962	9,540,321,603

*7. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2016 Group	31 December 2015 Group	31 December 2016 Company	31 December 2015 Company
Total assets	89,217,700,259	83,914,033,655	55,951,346,794	46,555,230,825
Less: Current liabilities	33,851,986,645	31,526,388,423	13,939,687,396	8,579,326,745
Total assets less current liabilities	55,365,713,614	52,387,645,232	42,011,659,398	37,975,904,080

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY

1. TRADE RECEIVABLES

The trade receivables are interest-free with a credit period of one to six months.

An ageing analysis of the trade receivables is as follows:

	2016	2015
Within 1 year	1,132,335,737	646,983,445
Over 1 year but within 2 years	126,928,560	481,656,390
Over 2 years but within 3 years	37,098,547	26,917,390
Over 3 years	249,014	165,815
	1,296,611,858	1,155,723,040
Less: Bad debt provision of trade receivables	122,345	169,799
	1,296,489,513	1,155,553,241

The movements of bad debt provision of the trade receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
2016	169,799	—	—	(47,454)	122,345
2015	142,120	29,020	—	(1,341)	169,799

	2016					2015				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been provided individually	1,269,277,828	97.89	—	—	1,269,277,828	1,119,994,798	96.91	—	—	1,119,994,798
Individually not significant but for which bad debt provision has been provided individually	27,334,030	2.11	122,345	0.45	27,211,685	35,728,242	3.09	169,799	0.48	35,558,443
	1,296,611,858	100.00	122,345	0.01	1,296,489,513	1,155,723,040	100.00	169,799	0.01	1,155,553,241

In 2016, there was no provision for bad debt (2015: RMB29,020), and there was no provision for bad debt was reversed (2015: Nil).

In 2016, the trade receivables written-off amounted to RMB47,454 (2015: RMB1,341).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

1. TRADE RECEIVABLES *(continued)*

The five entities with the largest balances of trade receivables at 31 December 2016 are as follows:

Name of entity	Closing balance of trade receivables	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Zijin Copper	703,136,020	54.23	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years	—
Fujian Zijin Copper Company Limited	340,532,639	26.26	Within 1 year/ over 1 year but within 2 years	—
Zijin Mining Logistics Co., Ltd.	225,609,169	17.40	Within 1 year	—
Wuping Zijin	4,643,726	0.36	Within 1 year/ over 1 year but within 2 years	—
Heilongjiang Duobaoshan Company	3,857,860	0.30	Within 1 year/ over 1 year but within 2 years	—
	1,277,779,414	98.55		—

The five entities with the largest balances of trade receivables at 31 December 2015 are as follows:

Name of entity	Closing balance of trade receivables	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Zijin Copper	957,173,044	82.82	Within 1 year/ over 1 year but within 2 years	—
Fujian Zijin Copper Company Limited	163,391,410	14.14	Within 1 year/ over 1 year but within 2 years	—
Fujian Jinshan Gold Refinery Company Limited	7,038,208	0.61	Within 1 year	—
Wuping Zijin	600,286	0.05	Within 1 year	—
Longyan City Rongan Engineering Construction Co., Ltd.	574,068	0.05	Within 1 year	—
	1,128,777,016	97.67		—

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. OTHER RECEIVABLES

Ageing analysis of the other receivables is as follows:

	2016	2015
Within 1 year	4,107,173,115	3,972,632,030
Over 1 year but within 2 years	1,617,316,373	1,344,654,231
Over 2 years but within 3 years	932,503,326	495,553,093
Over 3 years	2,850,964,876	4,543,524,765
	9,507,957,690	10,356,364,119
Less: Bad debt provision of other receivables	145,987,988	145,987,988
	9,361,969,702	10,210,376,131

The movements of bad debt provision of other receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2016	145,987,988	—	—	—	145,987,988
2015	147,350,792	567,383	(1,903,951)	(26,236)	145,987,988

	2016					2015				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been provided individually	9,037,313,784	95.05	140,992,416	1.56	8,896,321,368	10,194,418,499	98.44	140,992,416	1.38	10,053,426,083
Individually not significant but for which bad debt provision has been provided individually	470,643,906	4.95	4,995,572	1.06	465,648,334	161,945,620	1.56	4,995,572	3.08	156,950,048
	9,507,957,690	100	145,987,988	1.54	9,361,969,702	10,356,364,119	100	145,987,988	1.42	10,210,376,131

As at 31 December 2016, other receivables, which were individually significant and for which bad debt provision had been provided individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	191,016,000	140,992,416	73.81	No progress for the project for which the borrowing is used

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

2. OTHER RECEIVABLES *(continued)*

As at 31 December 2015, other receivables, which were individually significant and for which bad debt provision had been provided individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for providing bad debt provision
Zijin Tongguan	166,541,460	140,992,416	84.66	No progress for the project for which the borrowing is used

Category of other receivables by nature is as follows:

	2016	2015
Securities and deposits	31,801,965	30,158,908
Advanced material costs	51,442,581	24,419,461
Deferred expenses	18,387,583	16,125,907
Receivables from settlement of futures	14,052,319	39,932,234
Staff advances and reserve funds	441,436	2,061,333
Due from subsidiaries	8,813,549,822	9,566,834,568
Due from associates and joint ventures	419,803,059	589,251,046
Others	158,478,925	87,580,662
	9,507,957,690	10,356,364,119
Less: Bad debt provision of other receivables	145,987,988	145,987,988
	9,361,969,702	10,210,376,131

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*2. OTHER RECEIVABLES *(continued)*

The five entities with the largest balances of other receivables at 31 December 2016 are as follows:

Name of entity	Nature	Closing balance of other receivables	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Gold Mountains (H.K.)	Due from subsidiaries	2,026,714,278	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	21.32	—
Zijin Real Estate	Due from subsidiaries	661,924,768	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	6.96	—
ZGC	Due from subsidiaries	605,139,398	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	6.36	—
Heilongjiang Longxing	Due from subsidiaries	583,638,688	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	6.14	—
Jinhao Iron	Due from subsidiaries	545,386,662	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	5.74	—
		4,422,803,794		46.52	—

Notes to Financial Statements *(continued)*

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

2. OTHER RECEIVABLES *(continued)*

The five entities with the largest balances of other receivables at 31 December 2015 are as follows:

Name of entity	Nature	Closing balance of other receivables	Ageing	Proportion of other receivables (%)	Closing balance of bad debt provision
Gold Mountains (H.K.)	Due from subsidiaries	1,276,880,083	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years	12.33	—
Southern Investment	Due from subsidiaries	1,078,807,515	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	10.42	—
Zijin Real Estate	Due from subsidiaries	1,000,708,368	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	9.66	—
Northwest Company	Due from subsidiaries	658,790,056	Within 1 year/ over 1 year but within 2 years/ over 3 years	6.36	—
Heilongjiang Longxing	Due from subsidiaries	608,183,656	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	5.87	—
		4,623,369,678		44.64	—

3. AVAILABLE-FOR-SALE INVESTMENTS

	2016			2015		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale equity instruments:						
Measured at fair value	—	—	—	—	—	—
Measured at cost	184,750,000	—	184,750,000	184,750,000	—	184,750,000
	184,750,000	—	184,750,000	184,750,000	—	184,750,000

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Available-for-sale investments measured at cost are as follows:

2016

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Shanghai Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	16,800,000
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	—
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	300,000
Xingcheng Guarantee	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
	184,750,000	—	—	184,750,000	—	—	—	—		17,100,000

2015

	Carrying amount				Impairment provision				Proportion of equity interest (%)	Cash dividends received for the year
	At 1 January	Additions	Reductions	At 31 December	At 1 January	Additions	Reductions	At 31 December		
Shanghai Rural Commercial Bank	89,900,000	—	—	89,900,000	—	—	—	—	10.00	15,600,000
Hunan Nonferrous Metals	30,000,000	—	(30,000,000)	—	—	—	—	—	—	—
Nanjing China Net	25,000,000	—	—	25,000,000	—	—	—	—	8.62	—
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	4,000,000
Xingcheng Guarantee	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
	214,750,000	—	(30,000,000)	184,750,000	—	—	—	—		19,600,000

4. LONG-TERM EQUITY INVESTMENTS

	2016			2015		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Investments in subsidiaries	15,362,221,465	(286,919,351)	15,075,302,114	11,790,391,400	(286,919,351)	11,503,472,049
Investments in associates	1,548,205,377	(162,757,584)	1,385,447,793	1,487,998,524	(162,757,584)	1,325,240,940
	16,910,426,842	(449,676,935)	16,460,749,907	13,278,389,924	(449,676,935)	12,828,712,989

(i) Investments in subsidiaries

	1 January 2015	Additions	Reductions	31 December	Additions	Reductions	31 December	Provision for impairment at
				2015			2016	31 December 2016
Zijin Copper	2,120,647,343	—	—	2,120,647,343	—	—	2,120,647,343	—
Southwest Zijin	1,184,821,221	1,946,778	—	1,186,767,999	1,405,689	—	1,188,173,688	—
Qinghai West	936,000,000	—	—	936,000,000	—	—	936,000,000	—
Gold Mountains (H.K.)	802,313,038	49,330,361	—	851,643,399	—	—	851,643,399	—
Luoyang Kunyu	700,000,000	1,316,274	—	701,316,274	288,749	(25,000,000)	676,605,023	—
Northeast Asia	672,896,373	510,319	—	673,406,692	—	(673,406,692)	—	—
Finance Company	475,000,000	—	—	475,000,000	—	—	475,000,000	—

Notes to Financial Statements (continued)

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(i) Investments in subsidiaries (continued)

	1 January 2015	Additions	Reductions	31 December 2015	Additions	Reductions	31 December 2016	Provision for impairment at 31 December 2016
Xiamen Investment Company	402,061,613	—	(5,000,000)	397,061,613	—	—	397,061,613	—
Longnan Zijin	370,505,723	—	—	370,505,723	28,064	—	370,533,787	(43,019,351)
Bayannaer Zijin	329,844,784	—	—	329,844,784	—	—	329,844,784	—
Northwest Company	324,535,956	2,210,245	—	326,746,201	801,123,274	—	1,127,869,475	—
Southern Investment	588,989,827	5,000,000	(275,785,150)	318,204,677	936,984,205	—	1,255,188,882	—
Huanmin Mining	306,000,000	—	—	306,000,000	—	—	306,000,000	—
Zijin Real Estate	300,000,000	—	—	300,000,000	—	—	300,000,000	—
Shanghang Jinshan Mining Company Limited	—	275,785,150	—	275,785,150	—	—	275,785,150	—
Xinyi Zijin	243,900,000	—	—	243,900,000	—	—	243,900,000	(243,900,000)
Capital Investment Company	—	200,000,000	—	200,000,000	200,000,000	—	400,000,000	—
Zijin International Mining	188,579,656	19,357,058	—	207,936,714	680,459,972	—	888,396,686	—
Hunchun Zijin	185,437,500	—	—	185,437,500	110,956	(46,359,375)	139,189,081	—
Jilin Zijin Copper	—	—	—	—	46,359,375	—	46,359,375	—
Fujian Zijin Copper Company Limited	—	145,808,417	—	145,808,417	—	—	145,808,417	—
Chongli Zijin	142,500,000	—	—	142,500,000	1,896	—	142,501,896	—
Xinjiang Ashele	139,335,849	—	—	139,335,849	—	—	139,335,849	—
Henan Jinda	129,880,000	—	—	129,880,000	—	—	129,880,000	—
Shanxi Zijin	127,284,118	—	—	127,284,118	—	—	127,284,118	—
Luoyang Yinhui	105,000,000	—	—	105,000,000	—	—	105,000,000	—
Yunnan Huaxi	86,830,000	—	—	86,830,000	—	—	86,830,000	—
Ankang Zijin	86,036,088	1,751,383	—	87,787,471	—	—	87,787,471	—
Longsheng County Dexin Mining Company Limited	53,550,000	—	—	53,550,000	—	—	53,550,000	—
Xiamen Zijin Mining and Metallurgy Technology Company Limited	50,000,000	—	—	50,000,000	—	—	50,000,000	—
Xinjiang Jinneng Mining Co., Ltd.	50,000,000	—	—	50,000,000	—	—	50,000,000	—
Shenzhen Zijin Global Metals Exchange Company Limited	46,000,000	—	—	46,000,000	—	—	46,000,000	—
Zijin Mining Group Gansu Mining Development Company Limited	30,000,000	13,460,000	—	43,460,000	—	—	43,460,000	—
Guizhou Zijin	30,600,000	—	—	30,600,000	74,252	—	30,674,252	—
Tongling Zijin Mining Company Limited	25,500,000	—	—	25,500,000	—	—	25,500,000	—
Xiamen Boshang Zijin E-Commerce Company Limited	25,500,000	—	—	25,500,000	—	—	25,500,000	—
Ganzi Zijin	24,000,000	—	—	24,000,000	—	—	24,000,000	—
Zijin Mining Group (Xiamen) Sales Company Limited	20,000,000	—	—	20,000,000	—	—	20,000,000	—
Wuping Zijin	19,465,037	—	—	19,465,037	—	—	19,465,037	—
Zijin Xiangyu (Longyan) Logistics Company Limited	13,000,000	—	—	13,000,000	38,539,700	—	51,539,700	—
Fujian Zijin Hotel Management Company Limited	10,000,000	—	—	10,000,000	—	—	10,000,000	—
Fujian Zijin Metallurgy Testing Technology Company Limited	5,000,000	—	—	5,000,000	—	—	5,000,000	—
Inner Mongolia Zijin	100,000,000	—	(100,000,000)	—	—	—	—	—
Fujian Jinyi Copper Co., Ltd	144,924,016	413,949	(144,924,016)	413,949	—	—	413,949	—
NKWE	—	3,272,490	—	3,272,490	—	—	3,272,490	—
Heilong Mining	—	—	—	—	1,561,220,000	—	1,561,220,000	—
Gold Refinery Company	—	—	—	—	50,000,000	—	50,000,000	—
Total	11,595,938,142	720,162,424	(525,709,166)	11,790,391,400	4,316,596,132	(744,766,067)	15,362,221,465	(286,919,351)

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. LONG-TERM EQUITY INVESTMENTS (continued)

(ii) Investments in associates

2016

	Movements during the year										
	At 1 January 2016	Additions	Reductions	Investment income under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Others	At 31 December 2016	Provision for impairment at 31 December 2016
Investee											
Longyan Makeng	746,406,411	41,500,000	—	(168,205)	—	—	—	—	—	787,738,206	—
Tibet Yulong	135,737,190	—	—	11,747,103	—	—	—	—	—	147,484,293	—
Songpan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Zijin Tongguan	364,252,197	—	—	221,743	—	—	—	—	—	364,473,940	(162,757,584)
Wancheng Commercial	39,595,357	—	—	5,937,346	—	—	—	—	—	45,532,703	—
Jinyue Huchuang	—	1,000,000	—	(31,134)	—	—	—	—	—	968,866	—
Total	1,325,240,940	42,500,000	—	17,706,853	—	—	—	—	—	1,385,447,793	(162,757,584)

2015

	Movements during the year										
	At 1 January 2015	Additions	Reductions	Investment income under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	Provision for impairment losses	Others	At 31 December 2015	Provision for impairment at 31 December 2015
Investee											
Longyan Makeng	763,887,299	—	—	3,260,812	—	—	(20,741,700)	—	—	746,406,411	—
Tibet Yulong	121,531,998	—	—	14,205,192	—	—	—	—	—	135,737,190	—
Songpan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Zijin Tongguan	319,013,928	—	—	(4,048,670)	—	49,286,939	—	—	—	364,252,197	(162,757,584)
Wancheng Commercial	39,371,463	—	—	723,894	—	—	(500,000)	—	—	39,595,357	—
Total	1,283,054,473	—	—	14,141,228	—	49,286,939	(21,241,700)	—	—	1,325,240,940	(162,757,584)

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

5. FIXED ASSETS

2016

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2016	608,094,375	3,747,952,077	51,598,963	824,968,928	91,436,570	91,728,563	5,415,779,476
Purchase additions	2,411,119	93,192,746	1,133,711	157,808,022	724,971	2,019,617	257,290,186
Transferred from construction in progress	314,283,031	430,492,954	62,791	13,885,939	—	—	758,724,715
Disposals or write-off	(77,171,076)	(44,117,840)	(63,733)	(120,833,443)	(10,481,723)	(5,787,770)	(258,455,585)
At 31 December 2016	847,617,449	4,227,519,937	52,731,732	875,829,446	81,679,818	87,960,410	6,173,338,792
Accumulated depreciation							
At 1 January 2016	149,230,678	1,343,650,648	25,917,753	473,335,809	55,006,793	59,333,232	2,106,474,913
Depreciation for the year	36,846,013	287,468,681	2,024,215	68,951,954	12,556,494	6,785,162	414,632,519
Disposals or write-off	(7,013,416)	(21,688,929)	(24,821)	(35,316,614)	(4,400,389)	(4,867,309)	(73,311,478)
At 31 December 2016	179,063,275	1,609,430,400	27,917,147	506,971,149	63,162,898	61,251,085	2,447,795,954
Impairment provision							
At 1 January 2016	—	286,562	13,157	2,871,555	—	1,632	3,172,906
Impairment provided for the year	—	—	—	95,883	—	—	95,883
Disposals or write-off	—	(1,444)	—	(376,009)	—	—	(377,453)
At 31 December 2016	—	285,118	13,157	2,591,429	—	1,632	2,891,336
Net book value							
At 31 December 2016	668,554,174	2,617,804,419	24,801,428	366,266,868	18,516,920	26,707,693	3,722,651,502
At 1 January 2016	458,863,697	2,404,014,867	25,668,053	348,761,564	36,429,777	32,393,699	3,306,131,657

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. FIXED ASSETS (continued)

2015

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2015	560,837,147	3,230,437,138	47,306,602	782,918,494	82,893,360	90,920,875	4,795,313,616
Purchase additions	1,287,293	118,970,264	627,538	58,939,100	12,263,754	4,059,656	196,147,605
Transferred from construction in progress	57,751,230	434,105,021	3,722,023	6,534,957	—	348,428	502,461,659
Disposals or write-off	(11,781,295)	(35,560,346)	(57,200)	(23,423,623)	(3,720,544)	(3,600,396)	(78,143,404)
At 31 December 2015	608,094,375	3,747,952,077	51,598,963	824,968,928	91,436,570	91,728,563	5,415,779,476
Accumulated depreciation							
At 1 January 2015	117,974,690	1,089,625,150	24,096,327	419,368,233	46,595,861	53,820,842	1,751,481,103
Depreciation for the year	40,881,651	264,336,465	1,849,369	74,966,430	11,571,885	8,882,465	402,488,265
Disposals or write-off	(9,625,663)	(10,310,967)	(27,943)	(20,998,854)	(3,160,953)	(3,370,075)	(47,494,455)
At 31 December 2015	149,230,678	1,343,650,648	25,917,753	473,335,809	55,006,793	59,333,232	2,106,474,913
Impairment provision							
At 1 January 2015	—	—	13,157	2,367,386	—	967	2,381,510
Impairment provided for the year	—	286,562	—	527,137	—	665	814,364
Disposals or write-off	—	—	—	(22,968)	—	—	(22,968)
At 31 December 2015	—	286,562	13,157	2,871,555	—	1,632	3,172,906
Net book value							
At 31 December 2015	458,863,697	2,404,014,867	25,668,053	348,761,564	36,429,777	32,393,699	3,306,131,657
At 1 January 2015	442,862,457	2,140,811,988	23,197,118	361,182,875	36,297,499	37,099,066	3,041,451,003

Fixed assets that are fully depreciated but still in use are as follows:

	2016		2015	
	Cost	Net book value	Cost	Net book value
Buildings	22,900,357	—	894,952	4,400
Mining assets	663,183,761	3,862,612	509,839,347	995,454
Power generation and transmission equipment	12,684,999	376,500	363,750	7,313
Plant, machinery and equipment	257,536,312	7,323,543	173,846,293	4,859,732
Motor vehicles	22,319,173	643,795	9,546,841	288,704
Furniture and fixtures and others	31,301,943	999,098	25,836,322	838,772
	1,009,926,545	13,205,548	720,327,505	6,994,375

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

5. FIXED ASSETS *(continued)*

Fixed assets that are temporarily idle are as follows:

2016

	Cost	Accumulated depreciation	Impairment provision	Net book value
Mining assets	299,181	(177,635)	—	121,546
Power generation and transmission equipment	257,520	(232,077)	—	25,443
Plant, machinery and equipment	59,436,479	(41,753,328)	—	17,683,151
Motor vehicles	6,119,714	(5,650,443)	—	469,271
Furniture and fixtures and others	10,479	(9,158)	—	1,321
	66,123,373	(47,822,641)	—	18,300,732

2015

	Cost	Accumulated depreciation	Impairment provision	Net book value
Mining assets	222,600	(95,109)	—	127,491
Power generation and transmission equipment	3,620	(2,268)	—	1,352
Plant, machinery and equipment	17,030,841	(5,904,870)	(2,291,607)	8,834,364
	17,257,061	(6,002,247)	(2,291,607)	8,963,207

There were no fixed assets of the Company leased or leased out under finance leases.

Fixed assets of which certificates of title have not been obtained as at 31 December 2016 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained
Buildings	294,860,116	In the process of applying

Fixed assets of which certificates of title have not been obtained as at 31 December 2015 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained
Buildings	152,939,845	In the process of applying

6. CONSTRUCTION IN PROGRESS

Carrying amount	2016		Carrying amount	2015	
	Impairment provision	Net book value		Impairment provision	Net book value
128,809,922	—	128,809,922	571,988,264	—	571,988,264

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. CONSTRUCTION IN PROGRESS (continued)

2016

	Budget	At 1 January 2016	Additions	Transferred to fixed assets	Other reductions	At 31 December 2016	Contribution in budget of construction	Progress of construction	Accumulated balance of capitalised interest as at 31 December 2016	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Zijinshan gold and copper mine infrastructure project	2,689,177,413	418,490,088	263,808,504	(553,488,670)	—	128,809,922	80%	74%	—	—	N/A	Equity fund
Zijin headquarters infrastructure project	155,867,717	152,074,246	53,161,799	(205,236,045)	—	—	125%	100%	—	—	N/A	Equity fund
Others	1,600,000	1,423,930	—	—	(1,423,930)	—	N/A	N/A	—	—	N/A	Equity fund
	2,846,645,130	571,988,264	316,970,303	(758,724,715)	(1,423,930)	128,809,922			—	—		
Impairment provision of construction in progress		—				—						
		571,988,264				128,809,922						

2015

	Budget	At 1 January 2015	Additions	Transferred to fixed assets	Other reductions	At 31 December 2015	Contribution in budget of construction	Progress of construction	Accumulated balance of capitalised interest as at 31 December 2015	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Zijinshan gold and copper mine joint open pit mining project	2,689,177,413	541,143,421	395,480,893	(501,166,520)	(16,967,706)	418,490,088	63%	67%	—	—	N/A	Equity fund
Zijin headquarters infrastructure project	155,867,717	124,847,688	28,521,697	(1,295,139)	—	152,074,246	121%	97%	—	—	N/A	Equity fund
Others	1,600,000	1,065,500	358,430	—	—	1,423,930	N/A	N/A	—	—	N/A	Equity fund
	2,846,645,130	667,056,609	424,361,020	(502,461,659)	(16,967,706)	571,988,264			—	—		
Impairment provision of construction in progress		—				—						
		667,056,609				571,988,264						

For the year ended 31 December 2016, there were no borrowing costs eligible for capitalisation of the Company (2015: Nil).

As at 31 December 2016, there was no impairment provision of construction in progress of the Company (31 December 2015: Nil).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

7. INTANGIBLE ASSETS

2016

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2016	388,099,802	96,667,701	3,975,917	488,743,420
Purchase additions	45,000	—	7,390,133	7,435,133
Disposals or write-off	—	(2,712,224)	—	(2,712,224)
At 31 December 2016	388,144,802	93,955,477	11,366,050	493,466,329
Accumulated amortisation				
At 1 January 2016	188,155,384	18,690,976	1,418,663	208,265,023
Amortisation provided for the year	4,512,301	2,250,704	1,817,867	8,580,872
Disposals or write-off	—	(822,001)	—	(822,001)
At 31 December 2016	192,667,685	20,119,679	3,236,530	216,023,894
Impairment provision				
At 1 January 2016	—	—	—	—
Impairment provided for the year	—	—	—	—
Disposals or write-off	—	—	—	—
At 31 December 2016	—	—	—	—
Net book value				
At 31 December 2016	195,477,117	73,835,798	8,129,520	277,442,435
At 1 January 2016	199,944,418	77,976,725	2,557,254	280,478,397

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. INTANGIBLE ASSETS (continued)

2015

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2015	399,845,503	84,730,001	2,264,204	486,839,708
Purchase additions	—	14,649,924	1,711,713	16,361,637
Disposals or write-off	(11,745,701)	(2,712,224)	—	(14,457,925)
At 31 December 2015	388,099,802	96,667,701	3,975,917	488,743,420
Accumulated amortisation				
At 1 January 2015	183,643,084	12,931,299	1,190,388	197,764,771
Amortisation provided for the year	4,512,300	6,483,471	228,275	11,224,046
Disposals or write-off	—	(723,794)	—	(723,794)
At 31 December 2015	188,155,384	18,690,976	1,418,663	208,265,023
Impairment provision				
At 1 January 2015	—	—	—	—
Impairment provided for the year	—	—	—	—
Disposals or write-off	—	—	—	—
At 31 December 2015	—	—	—	—
Net book value				
At 31 December 2015	199,944,418	77,976,725	2,557,254	280,478,397
At 1 January 2015	216,202,419	71,798,702	1,073,816	289,074,937

8. LONG-TERM DEFERRED ASSETS

2016

	At 1 January 2016	Additions	Amortisation	Other reductions	At 31 December 2016
Land compensation costs (Note 1)	31,952,186	13,678,257	(7,584,277)	—	38,046,166
Others (Note 2)	161,852,142	49,077,397	(44,086,999)	(11,687,406)	155,155,134
	193,804,328	62,755,654	(51,671,276)	(11,687,406)	193,201,300

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

8. LONG-TERM DEFERRED ASSETS *(continued)*

2015

	At 1 January 2015	Additions	Amortisation	Other reductions	At 31 December 2015
Land compensation costs (Note 1)	41,128,083	—	(9,175,897)	—	31,952,186
Others (Note 2)	122,879,872	77,224,294	(38,252,024)	—	161,852,142
	164,007,955	77,224,294	(47,427,921)	—	193,804,328

Note 1: The land compensation costs relating to the compensation for the occupation of forest lands at mining sites for production and construction need. The amortisation period ranges from 5 to 50 years.

Note 2: Other long-term deferred assets mainly included forest compensation expenditure of RMB55,237,098 (31 December 2015: RMB52,426,978). The amortisation period is 10 years.

9. OTHER NON-CURRENT ASSETS

	2016	2015
Exploration and development costs	127,098,392	124,699,720
Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	18,941,966,183	10,790,083,061
	19,069,064,575	10,914,782,781

Note 1: The Company's balance of prepaid investment costs, prepayment for exploration and mining rights and others mainly comprised prepayment for investment costs of RMB130,900,000 (31 December 2015: RMB530,900,000) and long-term receivables of RMB18,797,691,879 (31 December 2015: RMB10,253,039,388).

10. PROVISION FOR IMPAIRMENT OF ASSETS

2016

	At 1 January 2016	Additions	Reductions		At 31 December 2016
			Reversal	Write-off	
Bad debt provision	146,612,016	—	—	(47,454)	146,564,562
<i>Including: Trade receivables</i>	169,799	—	—	(47,454)	122,345
<i>Other receivables</i>	145,987,988	—	—	—	145,987,988
<i>Prepayments</i>	454,229	—	—	—	454,229
Inventory provision	2,407,696	1,371,750	—	(47,805)	3,731,641
Impairment provision of long-term equity investments	449,676,935	—	—	—	449,676,935
Impairment provision of fixed assets	3,172,906	95,883	—	(377,453)	2,891,336
Impairment provision of other non-current assets	45,000,000	—	—	—	45,000,000
	646,869,553	1,467,633	—	(472,712)	647,864,474

Notes to Financial Statements (continued)

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (continued)

10. PROVISION FOR IMPAIRMENT OF ASSETS (continued)

2015

	At 1 January 2015	Additions	Reductions		At 31 December 2015
			Reversal	Write-off	
Bad debt provision	147,492,912	1,050,632	(1,903,951)	(27,577)	146,612,016
<i>Including: Trade receivables</i>	<i>142,120</i>	<i>29,020</i>	<i>—</i>	<i>(1,341)</i>	<i>169,799</i>
<i>Other receivables</i>	<i>147,350,792</i>	<i>567,383</i>	<i>(1,903,951)</i>	<i>(26,236)</i>	<i>145,987,988</i>
<i>Prepayments</i>	<i>—</i>	<i>454,229</i>	<i>—</i>	<i>—</i>	<i>454,229</i>
Inventory provision	1,974,727	576,129	(1,320)	(141,840)	2,407,696
Impairment provision of long-term equity investments	449,676,935	—	—	—	449,676,935
Impairment provision of fixed assets	2,381,510	814,364	—	(22,968)	3,172,906
Impairment provision of other non-current assets	45,000,000	—	—	—	45,000,000
	646,526,084	2,441,125	(1,905,271)	(192,385)	646,869,553

11. TRADE PAYABLES

Trade payables are interest-free and are normally settled within three months.

As at 31 December 2016, the Company had no significant balance of trade payables with aging over one year (31 December 2015: Nil).

12. BONDS PAYABLE

In 2013, the Company registered the maximum credit limit of medium-term notes of RMB6 billion and RMB4 billion respectively with the National Association of Financial Market Institutional Investors. In 2014, the Company wrote off credit limit of RMB1.7 billion. The Company issued medium-term notes with face values of RMB2.5 billion on 23 October 2013, RMB2.5 billion on 5 September 2014 and RMB3.3 billion on 11 September 2015 respectively, with aggregated amount of RMB8.3 billion, maturity of five years, and coupon rates of 5.7%, 5.5% and 4.4% respectively. Coupons on the bonds are payable annually in arrears.

On 18 March 2016, the Company issued corporate bonds with a face value of RMB2 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years and an annual coupon rate of 3.37%. On 18 March 2016, the Company issued corporate bonds with a face value of RMB3 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years, with terms that the issuer has an option of adjusting the coupon rate and investors have an option of redemption at the end of the third year, and annual coupon rate of 2.99%; on 15 July 2016, the Company issued corporate bonds with a face value of RMB1.8 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years, with terms that the issuer has an option of adjusting the coupon rate and investors have an option of redemption at the end of the third year, and annual coupon rate of 3.05%; on 15 July 2016, the Company issued corporate bonds with a face value of RMB1.2 billion on the Shanghai Stock Exchange. The bonds have a duration of 5 years and annual coupon rate of 3.45%. The coupons of the above bonds shall be settled annually and the principal shall be repaid upon their maturity.

As at 31 December 2016, there were no bonds that were due but not yet paid (31 December 2015: Nil).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)

XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

13. LONG-TERM PAYABLES

	2016	2015
Entrusted investment	94,206,740	234,206,740
Deposit for restoration and improvement of ecological environment in mines	68,320,794	68,320,794
Loan from a shareholder	85,000,000	30,000,000
	247,527,534	332,527,534
Including: Current portion of long-term payables	(56,661,740)	(10,000,000)
	190,865,794	322,527,534

Maturity analysis of long-term payables is as follows:

	2016	2015
Within 1 year or repayable on demand	56,661,740	10,000,000
Over 1 year but within 2 years	17,545,000	11,745,000
Over 2 years but within 5 years	105,000,000	163,250,990
Over 5 years	68,320,794	147,531,544
	247,527,534	332,527,534

14. OPERATING INCOME AND OPERATING COSTS

	2016		2015	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	3,109,167,245	2,157,732,997	15,265,145,228	13,590,167,452
Other operations	262,624,322	224,095,438	233,438,301	177,200,399
	3,371,791,567	2,381,828,435	15,498,583,529	13,767,367,851

15. FINANCIAL EXPENSES

	2016	2015
Interest expenses:	1,015,605,826	680,209,848
<i>*Including: Bank loans</i>	319,969,707	349,976,514
<i>Bonds payable</i>	580,939,033	324,366,667
<i>Ultra short-term financing bonds</i>	114,697,086	5,866,667
Less: Interest income	1,033,685,160	840,406,781
Exchange gains	(75,941,568)	(24,064,417)
Bank charges	59,919,292	60,014,448
	(34,101,610)	(124,246,902)

In 2016, the Company incurred no capitalised interest expenses (2015: Nil), and there was no interest income arose from impaired financial assets (2015: Nil).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

16. IMPAIRMENT LOSSES ON ASSETS

	2016	2015
Bad debt provision	—	(853,319)
Provision for decline in value of inventories	1,371,750	574,809
Impairment provision on fixed assets	95,883	814,364
	1,467,633	535,854

17. INVESTMENT (LOSSES)/INCOME

	2016	2015
Gains from long-term equity investments under the cost method and gains from available-for-sale investments measured at cost	236,271,007	627,699,597
Investment income from long-term equity investments under the equity method	17,706,853	14,141,228
Gains on disposal of subsidiaries	—	19,613,067
(Losses)/Gains on disposal of financial assets and financial liabilities at fair value through profit or loss (Note 1)	(1,063,225,996)	515,454,424
Gains on disposal of available-for-sale investments	—	17,400,000
Others	—	(8,330,517)
	(809,248,136)	1,185,977,799

Note 1: The gains or losses on disposal of financial assets and financial liabilities at fair value through profit or loss included the investment loss from gold leasing amounting to RMB508,406,553 (2015: gains of RMB415,468,140), the investment loss from hedging derivative financial instruments amounting to RMB549,903,652 (2015: gains of RMB108,232,594), and other investment losses amounting to RMB4,915,791 (2015: losses of RMB8,246,310).

18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2016	2015
Net (loss)/profit	(450,369,732)	1,736,789,458
Add: Provision for impairment losses of assets	1,467,633	535,854
Depreciation of fixed assets	414,632,519	402,488,265
Amortisation of intangible assets	8,580,872	11,224,046
Amortisation of long-term deferred assets	51,671,276	47,427,921
Losses on disposal of fixed assets, intangible assets and other long-term assets	26,188,008	9,725,254
Losses/(Gains) on changes in fair values	77,243,609	(137,859,197)
Financial expenses	(34,101,610)	740,224,296
Investment losses/(income)	293,423,054	(1,381,691,957)
Changes in other comprehensive income	—	—
(Increase)/decrease in deferred tax assets	(199,241,947)	12,189,086
(Decrease)/increase in deferred tax liabilities	(27,630,156)	27,630,156
Decrease in inventories	97,144,481	233,798,366
Increase in receivables from operating activities	(482,509,073)	(1,486,559,473)
Increase in payables from operating activities	424,010,427	307,483,683
Net cash flow from operating activities	200,509,361	523,405,758

Notes to Financial Statements *(continued)*

For the year ended 31 December 2016

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XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS *(continued)*

(1) Supplementary information to the statement of cash flows *(continued)*

Movements of cash and cash equivalents

	2016	2015
Closing balance of cash	1,765,445,387	2,238,665,178
Less: Opening balance of cash	2,238,665,178	2,281,561,710
Add: Closing balance of cash equivalents	746,290,026	2,273,675,083
Less: Opening balance of cash equivalents	2,273,675,083	1,010,747,450
(Decrease)/increase in cash and cash equivalents	(2,000,604,848)	1,220,031,101

(2) Cash and cash equivalents

	2016	2015
Cash	1,765,445,387	2,238,665,178
<i>Including: Cash on hand</i>	104,940	98,122
<i>Cash in bank that can be readily drawn on demand</i>	1,765,340,447	2,238,567,056
Cash equivalents	746,290,026	2,273,675,083
Closing balance of cash and cash equivalents	2,511,735,413	4,512,340,261

19. COMMITMENTS

	2016	2015
Capital commitments		
Contracted, but not provided (Note 1)	52,009,565	230,198,337

Note 1: As at 31 December 2016, the amounts of the capital commitments relating to the acquisition and construction of property, plant, machinery and equipment, and mining assets were RMB52,009,565 (31 December 2015: RMB230,198,337).

Supplementary Information to Financial Statements

For the year ended 31 December 2016

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I. SUMMARY OF NON-RECURRING PROFIT OR LOSS

Item	2016
Net profit attributable to owners of the parent	1,839,798,820
Add/(Less): Non-recurring profit or loss attributable to owners of the parent	
Net losses on disposal of non-current assets	285,763,310
Government grants recognised in the statement of profit or loss	(169,989,699)
Gains on bargain purchase as the consideration for acquiring a subsidiary was less than the shared fair value of the identifiable net assets of the acquired subsidiary	(53,053,260)
Gains or losses on changes in fair value arising from held for trading financial assets and financial liabilities at fair value through profit or loss, investment gains or losses on disposal of held for trading financial assets and financial liabilities and available-for-sale investments except for the effective portion of normal transactions qualified for hedge accounting, gold leasing and forward contracts (Note 1)	(869,141,461)
Capital utilisation fee received from non-financial enterprises which is included in the current profits and losses	(168,380,526)
Impairment on available-for-sale investments	3,888,677
Other non-operating income and expenses other than the aforesaid items	123,144,367
	992,030,228
Impact on income tax	(23,731,593)
	968,298,635
Impact on the non-controlling interests (after tax)	21,775,878
	990,074,513

The non-recurring profit or loss of the Group was recognised under the China Securities Regulatory Commission ("CSRC") Announcement [2008] No. 43, *Explanatory Announcement No.1 on Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities – Non-recurring Profit or Loss*. The effective hedging business, gold leasing and forward contract transactions of the Group are directly related to the ordinary operating activities, of which the underlying assets are the mineral products or similar metal products of the Group, which are aimed at reducing the risk of significant profitability fluctuation from ordinary operations in light of price fluctuation. Effective hedging business, gold leasing and forward contract transactions are frequent and the Group has continued and will continue to engage in such transactions in the foreseeable future. For the above-mentioned reasons, the profit or loss on effective hedging business, gold leasing and forward contract transactions is not classified as non-recurring profit or loss.

Note to significant non-recurring profit or loss items:

Note 1: Including the gains on changes in fair values of trading stocks, funds and currency swaps amounting to RMB793,390,793 and gains on disposal of stocks, funds, currency swaps and wealth management products amounting to RMB75,750,668.

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

2016

	Return on net assets (%)			Basic earnings per share [#]
	Fully diluted	Weighted average		
Net profit attributable to ordinary shareholders of the parent	1,839,798,820	6.63	6.66	0.09
Net profit after non-recurring profit or loss attributable to ordinary shareholders of the parent	990,074,513	3.57	3.59	0.05

Supplementary Information to Financial Statements *(continued)*

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II. RETURN ON NET ASSETS AND EARNINGS PER SHARE *(continued)*

2015

		Return on net assets (%)		Basic earnings per share [#]
		Fully diluted	Weighted average	
Net profit attributable to ordinary shareholders of the parent	1,655,671,617	6.01	6.01	0.08
Net profit after non-recurring profit or loss attributable to ordinary shareholders of the parent	1,865,182,942	6.77	6.77	0.09

Net assets attributable to ordinary shareholders of the Company

	2016	2015
Net assets at 31 December attributable to ordinary shareholders of the Company	27,762,474,794	27,537,173,972
Weighted average net assets attributable to ordinary shareholders of the Company	27,607,187,345	27,557,058,230

The above-mentioned return on net assets and earnings per share were calculated according to the *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 revision)* issued by the CSRC.

[#]There were no potential dilutive ordinary shares for the year ended 31 December 2016 and 31 December 2015.



紫金礦業集團股份有限公司
ZIJIN MINING GROUP COMPANY LIMITED*

