



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)

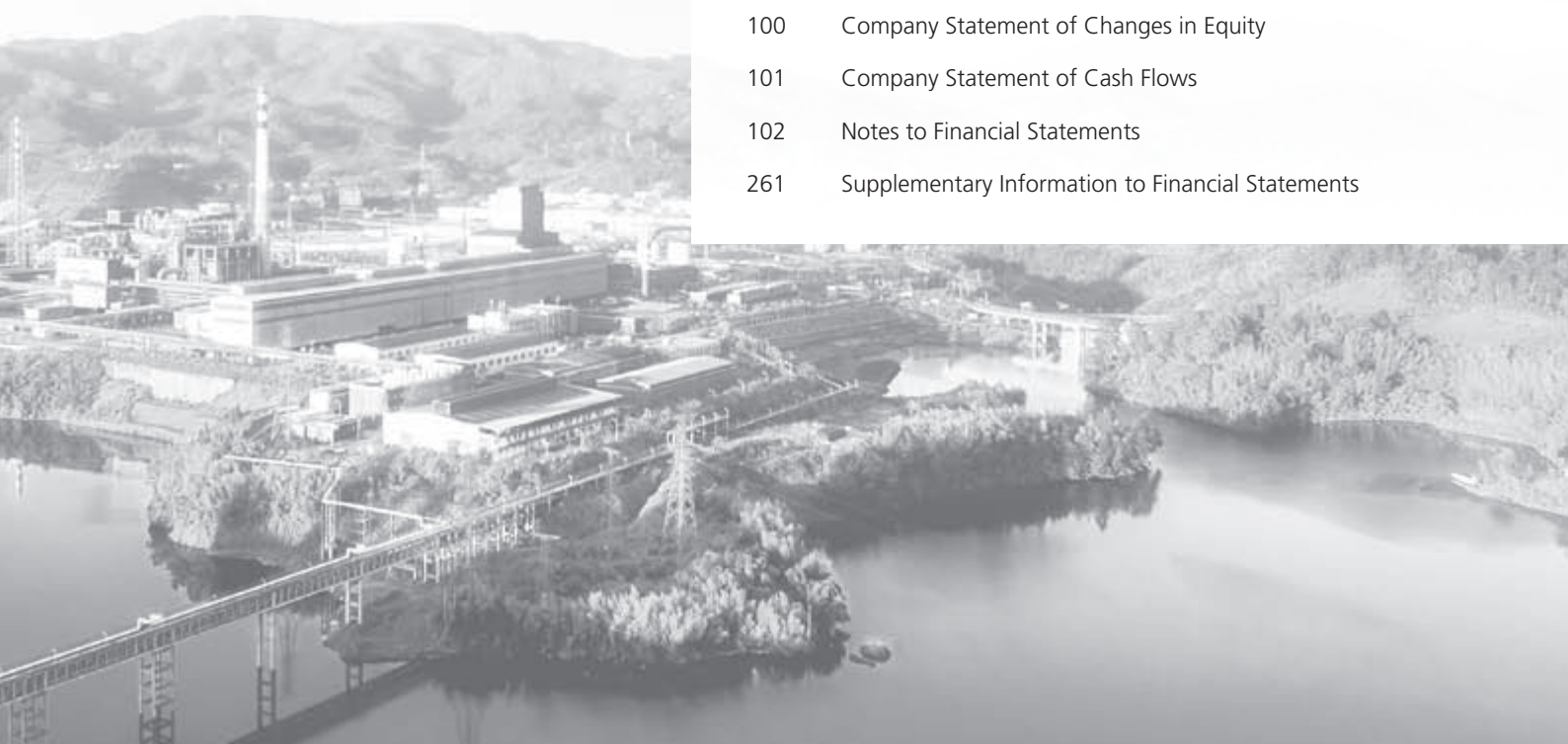
(Stock Code : 2899)

2017

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*)
Zou Laichang
Lin Hongfu
Fang Qixue
Lin Hongying

NON-EXECUTIVE DIRECTOR

Li Jian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lu Shihua
Zhu Guang
Sit Hoi Wah, Kenneth
Cai Meifeng

AUDIT AND INTERNAL CONTROL COMMITTEE

Lu Shihua
Lan Fusheng
Li Jian
Zhu Guang
Sit Hoi Wah, Kenneth
Cai Meifeng

AUTHORISED REPRESENTATIVE

Chen Jinghe
Lan Fusheng

SUPERVISORS

Lin Shuiqing
Xu Qiang
Fan Wensheng
Liu Wenhong
Lan Liying

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
Ankang Jinfeng Mining	Ankang Jinfeng Mining Company Limited, a subsidiary of the Company
Ashele Copper, Xinjiang Ashele, Xinjiang Ashele Copper	Xinjiang Habahe Ashele Copper Company Limited, a subsidiary 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
Fujian Makeng Mining	Fujian Makeng Mining Company Limited, an associate 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
Heilongjiang Zijin Copper	Heilongjiang Zijin Copper 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
Jinhao Iron	Xinjiang Aletai Jinhao Iron Company Limited, a 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
Longsheng Dexin Mining	Longsheng County Dexin Mining Company Limited, a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Musonoie	La Compagnie Minière de Musonoie Global SAS, a subsidiary of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
PRC	The People's Republic of China but for the purpose of this report, excludes Hong Kong SAR, Macau SAR and Taiwan
Qinghai West	Qinghai West Copper Company Limited, a wholly-owned subsidiary of the Company
Qinghai Zijin	Zijin Mining Group Qinghai Company Limited, a wholly-owned subsidiary of the Company
Russia Longxing, Longxing Company	Russia Longxing Company Limited, a subsidiary of the Company
Shanxi Zijin	Shanxi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a 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 Precious Metal Materials	Fujian Zijin Precious Metal Materials Company Limited, a subsidiary of the Company
Zijin Zinc Industry, Xinjiang Zijin Zinc Industry	Xinjiang Zijin Zinc Industry Co., Ltd., a wholly-owned 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, for 4 consecutive years the Company continuously applied reserves to issue new shares, and in April 2008, the Company issued 1.4 billion 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 were 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. The Company issued 1,490,475,241 Renminbi-denominated ordinary A Shares under non-public issuance in 2017. The registered capital increased by RMB149,047,524.1. The registered capital of the Company correspondingly changed to RMB2,303,121,889.1. As at 31 December 2017, the registered capital of the Company was RMB2,303,121,889.1 comprising 5,736,940,000 H Shares, representing about 24.91% of the total issued shares, and 17,294,278,891 A Shares, representing about 75.09% of the total issued shares.

The Company and its subsidiaries (the "Group") are mainly engaged in the exploration and mining of gold, copper, zinc and other metal 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. The Group 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.

As at the end of 2017, the Group owned 188 exploration rights covering a total area of 1,860.81 square kilometers and 226 mining rights covering a total area of 744.92 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").

2013 TO 2017 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

RMB

	2017	2016	2015	2014	2013
OPERATING INCOME	94,548,619,098	78,851,137,811	74,303,573,739	58,760,533,928	49,771,511,898
Less: Operating costs	81,371,973,684	69,782,246,837	68,007,729,583	50,881,767,555	40,846,480,113
Taxes and surcharges	1,352,340,359	907,955,846	809,662,007	838,416,174	719,196,040
Selling expenses	748,942,449	667,483,736	691,861,398	905,512,920	525,665,748
Administrative expenses	2,994,070,229	2,822,472,260	2,620,740,626	2,175,124,236	2,165,817,191
Financial expenses	2,012,950,292	581,525,541	945,668,268	767,954,016	733,059,904
Impairment losses on assets	2,220,905,893	560,842,460	470,685,123	362,952,805	792,141,366
Add: Gains/(Losses) on changes in fair value	750,200,343	756,641,718	(125,512,228)	(141,213,373)	18,736,057
Investment income/(losses)	155,670,082	(1,973,336,425)	1,312,774,399	772,566,108	13,767,646
Including: Share of (losses)/profits of associates and joint ventures	(29,259,162)	92,415,676	(44,237,294)	21,433,814	117,156,560
Gains on disposal of non-current assets	44,456,123	1,053,649	—	—	—
Other income	228,882,015	—	—	—	—
OPERATING PROFIT	5,026,644,755	2,312,970,073	1,944,488,905	3,460,158,957	4,021,655,239
Add: Non-operating income	57,610,854	251,616,241	419,019,949	236,741,221	223,486,351
Less: Non-operating expenses	516,295,416	438,534,608	277,336,663	372,762,188	410,440,020
PROFIT BEFORE TAX	4,567,960,193	2,126,051,706	2,086,172,191	3,324,137,990	3,834,701,570
Less: Income tax expenses	1,320,410,996	438,783,804	743,484,427	688,695,999	973,432,498
NET PROFIT	3,247,549,197	1,687,267,902	1,342,687,764	2,635,441,991	2,861,269,072
Attributable to owners of the parent	3,507,717,627	1,839,798,820	1,655,671,617	2,345,062,669	2,125,353,823
Attributable to non-controlling shareholders	(260,168,430)	(152,530,918)	(312,983,853)	290,379,322	735,915,249
OTHER COMPREHENSIVE INCOME/(LOSS)	60,783,965	158,270,647	(411,333,512)	(7,344,471)	(91,457,539)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,308,333,162	1,845,538,549	931,354,252	2,628,097,520	2,769,811,533
Attributable to:					
Owners of the parent	3,547,511,861	2,027,288,735	1,272,835,433	2,357,500,157	2,052,125,431
Non-controlling shareholders	(239,178,699)	(181,750,186)	(341,481,181)	270,597,363	717,686,102

Financial Highlights *(continued)*

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As at 31 December

	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	89,315,263	89,217,700	83,914,034	75,159,588	66,898,389
Total liabilities	51,672,418	58,101,192	51,985,779	41,490,665	33,812,937
Non-controlling interests	2,643,122	3,354,033	4,391,081	5,609,468	5,473,194
Equity attributable to owners of the parent	34,999,723	27,762,475	27,537,174	28,059,455	27,612,258

LIQUIDITY

	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	5,754,344	4,712,823	4,845,698	3,511,760	4,020,933
Current ratio (%)	99.6	71.3	69.1	83.5	89.8
Trade receivables turnover (days)	4.04	3.85	5.17	5.46	5.04

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 2017 as follows:

OVERVIEW OF THE COMPANY'S OPERATION

I. 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 metal 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. The Group 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.

2. Operating model

Obtain mineral resources by exploration or acquisition. The Company's solid mineral surveying is qualified as grade A by authoritative institutions in the PRC. Resources reserve are obtained at low cost by carrying out exploration at the current projects. Moreover, to ensure sustainable development of resources reserve, the Company also insists on acquiring resources at suitable times.

Obtain mineral resources by development of mines. The Company always focuses on development and utilisation of mineral resources as its key business, with gold, copper and zinc being the most advantageous mineral products, and strives to develop mines in a low-cost, high-tech and efficient manner.

Achieve value enhancement in refining and processing business. The Company carries on refining and processing business of gold, copper and zinc in an optimal scale to supplement its mining business. Steps are taken to perfect the industrial chain and expand business scale for realising extra income.

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. Its designing entities are qualified as grade A, and it has a strong mine construction capacity.

Combine mining with finance and trade. The Company has established 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 industry and finance, and strives to build the platforms for selling, trading and marketing gold and other metal products.

3. Position in the industry

In 2017, the Company ranked the 1,200th place in Forbes' "Global 2,000 Leading Companies", the 18th place in global non-ferrous metal mining companies, and the 3rd place in global gold corporations. It also ranked the 82nd place in "China's 500 Leading Companies" published by Fortune.

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. Apart from a higher gold production volume than other listed domestic gold corporations, the Company's production volumes 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 2017)	Total volume of mines in the PRC	Proportion of the Group's volume to the total volume of mines in the PRC
Retained gold resources reserve (tonnes)	1,320.07	12,166.98	10.85%
Volume of mine-produced gold (tonnes)	37.48	369.17	10.15%
Retained copper resources reserve (million tonnes)	31.4751	101.1063	31.13%
Volume of mine-produced copper (million tonnes)	0.2080	1.6564	12.56%
Retained zinc resources reserve (million tonnes)	7.8304	177.9889	4.40%
Volume of mine-produced zinc (million tonnes)	0.2700	3.2685	8.26%

Note: China's total resources reserve volume of gold, copper and zinc are extracted from the "2017 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 from China Gold Association, and China's total production volumes of mine-produced copper and mine-produced zinc are from China Nonferrous Metals Industry Association.

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

The total consolidated assets of the Company as at 31 December 2017 was RMB89.315 billion, representing a 0.11% growth compared with the end of last year. In which, overseas assets amounted to RMB21.231 billion, representing 23.77% of the total consolidated assets.

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

III. Analysis on the 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 achievements of itself for further innovative breakthroughs.

The Company possesses core technologies and competitive edges in the industry in the aspects of geological exploration and survey, conventional mining and processing, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on.

Advantages in system and structure

The Company operates under a separation of ownership and management. It has the benefits of a variety of advantages owing to the status of being a mixed ownership enterprise, which align the operation and management of the Company with modern corporate standard. The shareholders' general meetings and the Board are capable of making decisions quickly in response to market conditions; execution of decisions is effective and highly efficient owing to efficacious interaction between the executives and the decision-making bodies; a relatively independent supervisory system also enables effective supervision.

Advantage in strategic planning and execution

The Company has clear goals and precise positioning. Corporate strategies are executed in a persistent and firm manner.

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 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, 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 are formed. In 2017, the Company, together with its subsidiaries, namely Guizhou Zijin, Zijin Zinc Industry and Shanxi Zijin, etc., were recognised as the "High and New Technology Enterprises" of the state.

Advantage in cost

Owing to the possession of premium mineral resources, actual production capacity, a batch of well-developed mines and refineries of copper and zinc, as well as those under construction, the investment cost in major projects and the costs of key mineral products of the Company are lower than the average of the industry, gross profit margins of the mineral products are also comparatively high. These bring good operating cash flows and financial credibility to the Company.

Advantage in corporate culture

The Company has fostered an innovation-based corporate culture. Moreover, the innovation capacity in technology and management is high, and a collaborative, harmonious and mutual development belief has earned broad recognition and support from the society. In 2017, the Company was an awardee of the title of the Fifth National Civilised Unit.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

Market overview during the reporting period

In 2017, recovery was stable among the developed economies. China's economy was sound and trending positively, and grew at a rate higher than market expectation. In general, the progress of interest rate hike and shrinking of balance sheet by the US Federal Reserve was moderate and in line with market expectation, as a result metal prices were immune from major impacts. Weaker US dollar also lent a certain degree of support to the prices of gold and non-ferrous metals. Due to labour disputes of miners in major production countries, a change in export policies, China's supply-side reform and strict environmental policies imposed by the Chinese government, global supply of base metal raw materials remained tight, when demand was still on the rise.

Gold price remained stable in 2017, whilst the prices of non-ferrous metals reported substantial growth.

In early 2017, international gold price began to rebound from near US\$1,120/ounce. It climbed up to around US\$1,360/ounce, fell slightly afterwards, and closed at US\$1,303/ounce at the end of 2017. The average price of the year was US\$1,258/ounce, representing 0.8% growth year-on-year. Domestic gold price rebounded from near RMB260/gramme. It then moved up to around RMB285/gramme and had since been hovering around the same level. The closing price at the end of 2017 was RMB273/gramme. The average price of the year was RMB275/gramme, representing a 2.6% growth year-on-year.

Copper price underwent a period of consolidation in the first quarter of 2017, but surged rapidly since the beginning of May. Copper price in London closed at US\$7,252/tonne. The average price of the year was US\$6,173/tonne, representing 26.83% growth year-on-year. Copper price in Shanghai closed at RMB54,618/tonne at the end of 2017. The average price of the year was RMB49,256/tonne, representing 29.2% growth year-on-year.

Zinc was once again the best performer among the base metals. After experiencing considerable growth in the second half of 2016, zinc price in London was basically at a consolidation stage in the first half of 2017, but it resumed rapid growth in the second half of the year and closed at US\$3,316/tonne at the end of 2017. The average price of the year was US\$2,893/tonne, representing 38% growth year-on-year. Zinc price in Shanghai closed at RMB25,035/tonne at the end of 2017. The average price of the year was RMB24,089/tonne, representing 42.8% growth year-on-year.

Chairman's Statement *(continued)*

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Condition of the industry

Gold

The statistics of World Gold Council shows that in 2017, the global gold production from mines was 3,268.7 tonnes, representing an increase of less than 6 tonnes from the 3,263 tonnes reported in 2016, which is the smallest growth since 2008. Aggregate global demand for gold was 4,071.7 tonnes in 2017, representing a decrease of 7% compared with the same period last year.

According to the statistics of China Gold Association, in 2017, the national gold production was 426.142 tonnes (among which 369.168 tonnes were mine-produced and 56.974 tonnes were non-ferrous by-product), representing a decrease of 6.03% compared with the same period last year, which was the first decline recorded in recent years. Gold consumption in China was 1,089.07 tonnes in 2017, representing an increase of 9.41% compared with the same period last year. In which, the use in gold jewellerys, gold bars, gold coins, and industrial and other uses accounted for 696.50 tonnes, 276.39 tonnes, 26 tonnes and 90.18 tonnes respectively. In 2017, China has been the largest gold producing and consuming country for a succession of 11 years and 5 years respectively.

Copper, zinc and other non-ferrous metals

According to the statistics of International Copper Study Group ("ICSG"), the production volume of global mine-produced copper was 19.98 million tonnes in 2017, representing a decrease of 1.9% compared with the same period last year; the global production of refined copper was 23.51 million tonnes in 2017, representing an increase of 0.6% compared with the same period last year; the global consumption of refined copper was 23.67 million tonnes in 2017, representing an increase of 0.7% compared with the same period last year.

According to the statistics of International Lead and Zinc Study Group ("ILZSG"), the production volume of global mine-produced zinc was 13.23 million tonnes in 2017, representing an increase of 3.61% compared with the same period last year; the global production of refined zinc was 13.72 million tonnes in 2017, representing a decrease of 0.1% compared with the same period last year; the global consumption of refined zinc was 14.22 million tonnes in 2017, representing an increase of 2.58% compared with the same period last year.

According to the statistics of China Nonferrous Metals Industry Association, in 2017, the national production volumes of copper and zinc from mines were 1.6564 million tonnes and 3.2685 million tonnes respectively, representing an increase of 7.7% and a decrease of 8.6% compared with the same period last year respectively; the national production volumes of refined copper and refined zinc were 8.8895 million tonnes and 6.2202 million tonnes respectively, representing an increase of 7.7% and a decrease of 0.7% compared with the same period last year respectively.

In 2017, the operating income and profit of non-ferrous metal mining enterprises above designated size in China were RMB6.0444 trillion and RMB255.1 billion respectively, representing an increase of 13.8% and 27.5% compared with the same period last year respectively; the aggregate import and export value of non-ferrous metals in China reached US\$134.83 billion, representing an increase of 15.1% compared with the same period last year.

Business overview

During the reporting period, the Company tightly grasped the favourable timing and opportunities of the recovery of mining market, further strengthened "clinging to reforms, maintaining growth and boosting development" as the main focus of work and strategic guidance, continued to encourage the business-segment centered reform in management and systems to enable new development motivation and dynamics, and carried out a series of effective initiatives to achieve an overall development of "positive progress with stability and quality enhancement". During the reporting period, the Company's resources reserve of copper further increased. The Company's sales income, net assets and net profit attributable to owners of the parent achieved substantial growth. The production volume of key products, such as copper and zinc, reported considerable increase. The volumes of mine-produced gold, copper and zinc produced by the Company were all ranking top three in domestic industry, various financial indicators of the Company also continued to lead the peers in the industry. Moreover, as the pace of internationalisation is speeding up, the development and operation of international business segment also keeps improving, providing steadily increasing contribution to the earnings of the Company. With the completion of the non-public issuance of A Shares, a total of RMB4.635 billion was raised. Influential institutions within the industry and capital market were introduced, the Company's asset and shareholding structures were optimised. The employee stock ownership scheme was carried out, which boosted the market's confidence on the Company. By seizing the favourable rise in the market, the Company disposed some non-core assets, successfully raising its overall asset quality.

Chairman's Statement *(continued)*

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During the reporting period, the price of the Company's A Share rose from RMB3.34 per share at the end of 2016 to RMB4.59 per share at the end of 2017, representing an increase of 37%; the price of the Company's H Share rose from HK\$2.50 per share to HK\$2.95 per share, representing an increase of 18%. The total market capitalisation of the Company increased 44% from RMB64.8 billion to RMB93.5 billion, offering considerable return to the investors.

During the reporting period, the Group realised operating income of RMB94.549 billion, representing an increase of 19.91% when compared with the same period last year (2016: RMB78.851 billion); net profit attributable to owners of the parent was RMB3.508 billion, representing an increase of 90.66% when compared with the same period last year (2016: RMB1.840 billion). As at the end of December 2017, the Group's total assets was RMB89.315 billion, representing an increase of 0.11% compared with the beginning of the year (beginning of the year: RMB89.218 billion); net assets was RMB37.643 billion, in which the net assets attributable to owners of the parent was RMB35.0 billion, representing an increase of 26.07% compared with the beginning of the year (beginning of the year: RMB27.762 billion).

During the reporting period, owing to increase in the production volume and prices of mineral products, and improvement in the Company's operational and management efficiency, the net profit attributable to owners of the parent achieved considerable growth. However, the movement in exchange rates caused unrealised losses in the portion of the Company's liabilities which are denominated in foreign currencies. In addition, to lay down a solid foundation for future development and improve asset quality, the Company provided impairment for certain assets which showed indication of impairment based on their individual conditions.

Table comparing the production volumes of the Company's major mineral products for 2015-2017

	Mine-produced gold (tonnes)	Mine-produced copper ('000 tonnes)	Mine-produced zinc ('000 tonnes)
2015	37.16	150.3	198.2
2016	42.55	155.0	250.0
2017	37.48	208.0	270.0

GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 213,765kg (6,872,699 ounces) of gold, representing a decrease of 0.39% compared with the same period last year (2016: 214,604kg).

Among which, 37,483kg (1,205,106 ounces) was mine-produced gold, representing a decrease of 11.91% compared with same period last year (2016: 42,551kg).

	Name	Interest held by the Group	Mine-produced gold (kg)
Major enterprises or mines	Porgera gold mine in Papua New Guinea	47.5%	7,824
	Norton Gold Fields Limited in Australia	100%	6,267
	JV Zeravshan LLC in Tajikistan	75%	4,014
	Fujian Zijinshan gold and copper mine	100%	3,875
	Jilin Hunchun Shuguang gold and copper mine	100%	2,571
	Henan Luoyang Kunyu Gold Company Limited	70%	1,833
	Guizhou Zijin Mining Company Limited	56%	1,606
	Altynten Limited Liability Company in Kyrgyzstan	60%	1,424
	Shanxi Zijin Yixingzhai gold mine	100%	1,355
	Inner Mongolia Jinzhong Mining Company Limited	100%	1,305
	Hebei Chongli Zijin Mining Company Limited	60%	1,140
	Henan Luoning Huatai Mining Company Limited	70%	1,091
	Total production volume of other gold producing enterprises of the Group		
Total			37,483

Chairman's Statement *(continued)*

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176,282kg (5,667,594 ounces) of refinery, processed and trading gold was produced, representing an increase of 2.46% compared with same period last year (2016: 172,053kg).

Sales income from the gold business represented about 49.33% (after elimination) of the total operating income during the reporting period. Gross profit of the gold business represented about 24.87% 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 636,008 tonnes of copper, representing an increase of 13.32% compared with the same period last year (2016: 561,270 tonnes).

Among which, 207,987 tonnes of copper was produced from mines (including 18,429 tonnes of mine-produced copper cathodes), representing an increase of 34.22% compared with the same period last year (2016: 154,958 tonnes).

	Name	Interest held by the Group	Mine-produced copper (tonne)	Note
Major enterprises or mines	Fujian Zijinshan gold and copper mine	100%	75,850	Including: 18,149 tonnes of copper cathodes
	Xinjiang Ashele copper mine	51%	44,057	
	Heilongjiang Duobaoshan copper mine	100%	33,735	Including: 280 tonnes of copper cathodes
	Kolwezi copper mine in the DR Congo	72%	21,940	
	Jilin Hunchun Shuguang gold and copper mine	100%	11,745	
	Qinghai Deerni copper mine	100%	9,767	
Total production volume of other mines			10,893	
Total			207,987	Including: 18,429 tonnes of mine-produced copper cathodes

428,022 tonnes of copper was produced from refineries, representing an increase of 5.34% compared with the same period last year (2016: 406,312 tonnes).

Sales income from the copper business represented about 22.35% (after elimination) of the total operating income during the reporting period. Gross profit of the copper business represented about 33.57% of the gross profit of the Group.

LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 466,998 tonnes, representing an increase of 0.53% compared with the same period last year (2016: 464,537 tonnes). In which, the Group produced mine-produced zinc in concentrate form of 269,989 tonnes, representing an increase of 7.99% compared with same period last year (2016: 250,013 tonnes). 197,009 tonnes of zinc bullion was produced from refineries, representing a decrease of 8.16% compared with the same period last year (2016: 214,524 tonnes).

During the reporting period, the Group produced lead in concentrate form of 36,243 tonnes, representing an increase of 0.83% compared with the same period last year (2016: 35,944 tonnes).

Chairman's Statement *(continued)*

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	Name	Interest held by the Group	Mine-produced zinc (tonne)	Mine-produced lead (tonne)	Mine-produced zinc + mine-produced lead (tonne)
Major enterprises or mines	Longxing Company in Tuva, Russia	70%	93,272	3,298	96,570
	Wulatehouqi Zijin Mining Company Limited	95%	87,529	16,574	104,103
	Xinjiang Zijin Zinc Industry	100%	79,398	11,851	91,249
	Xinjiang Ashele Copper Company Limited	51%	7,790	—	7,790
Total production volume of other mines			2,000	4,520	6,520
Total			269,989	36,243	306,232

Sales income from lead and zinc mine business represented about 8.08% (after elimination) of the total operating income during the reporting period. Gross profit of the lead and zinc mine business represented about 24.25% of the gross profit of the Group.

SILVER, IRON MINE AND OTHER BUSINESS

During the reporting period, the Group produced silver of 661,122kg, representing an increase of 12.30% compared with the same period last year (2016: 588,689kg), of which 423,028kg of silver was produced from refinery as by-product, representing an increase of 14.76% compared with the same period last year (2016: 368,606kg); 238,094kg of silver was produced from mines, representing an increase of 8.18% compared with the same period last year (2016: 220,083kg).

	Name	Interest held by the Group	Mine-produced silver (kg)
Major enterprises or mines	Fujian Wuping Zijin Mining Company Limited	77.5%	67,366
	Fujian Zijinshan gold and copper mine	100%	31,357
	Xinjiang Ashele Copper Company Limited	51%	30,080
Total production volume of other mines			109,291
Total			238,094

During the reporting period, the Group produced iron concentrates of 2.43 million tonnes, representing an increase of 285.71% (2016: 0.63 million tonnes). In addition, the iron concentrates produced by Fujian Makeng Mining (an associate, in which the Group holds 41.5% interests) attributable to the Group on equity basis was 0.52 million tonnes, representing an increase of 11.83% year-on-year (2016: 0.465 million tonnes).

	Name	Interest held by the Group	Iron concentrates (million tonne)
Major enterprises or mines	Xinjiang Jinbao Mining Company Limited	56%	2.43

Sales income from iron mines, silver and other products represented about 20.24% (after elimination) of the total operating income during the reporting period, and the gross profit represented about 17.31% of the gross profit of the Group.

Chairman's Statement *(continued)*

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Key measures during the reporting period:

Continued to improve corporate governance and deepened reform in the Company

During the reporting period, the new term of the Board and management of the Company convened a strategic working conference at the famous historical site of the Gutian Meeting. At the conference, they learnt the spirit of a series speeches made by Mr. Xi Jinping, the General Secretary; learnt the new spirit of the Gutian Meeting; and reviewed the Company's development history. By reflecting on the experience and lessons learnt from the Company's course of development, and analysing the prevailing trends of domestic and global economy and mining industry, they pointed out the major challenges and problems which the Company are confronted with, raised specific solutions in response to such challenges and problems, and defined the Company's development strategy more clearly. Moreover, the "Thirteenth Five-year Plan and the 2030 Development Framework (Outline)" was formulated, according to which innovation was defined as the core competitiveness of the Company. Additionally, stronger faith in the Company's development strategy, capacity and culture was emphasised; the business segment-centered reform in management and systems was deepened to stimulate the dynamics of various business sectors; reform was carried out in employees' remuneration scheme, and the recruitment and nurturing of globalised, multi-disciplinary talents was emphasised, as a result a system for senior management candidates and young talents was basically in place. The operation mechanism of the board of directors at the subsidiary level was formalised, implementation of reform package was emphatically driven both at the Group and subsidiary levels. The leadership and development of the Party were fully strengthened, with the Company's meeting rules being amended, and the meeting policies of the executive Directors, senior management and Party Committee being improved.

Synergy among various business segments contributed to higher production volume and better efficiency

During the reporting period, the Company rightly captured the favourable market opportunities arising from the stabilisation of gold price, and the substantial rise in copper and zinc prices. As a result, production volume and efficiency were both improved, with mining, refining and processing segments all achieving outstanding production and operating results. By strengthening control over production process and rigorously implementing economic accountability appraisal, domestic mining segment achieved better core indicators than the same period last year. As for the refining segment, due to improvement in planning and budgeting, enhancement in management and operational efficiency, and strict control of risks, the segment operating results set a new record. Benefitted from enhancement in management and positive turn of the market, the international business segment achieved growth in both production volume and earnings indicators, making the segment an important source of profits for the Group. Moreover, the promising returns from overseas equity investments also substantially contributed to the Group's total profits.

Growth in the contribution of overseas operations allowed the Group to begin reaping the fruits of its internationalisation development

During the reporting period, the contribution of overseas operations to the Company's results was growing. The Kolwezi copper mine in the DR Congo, the flotation processing system of which commenced trial production during the period, has emerged to become an important production base and new profit driver for the Group's copper business within a short period of time; the resource exploration in the Kamoakakula copper discovery in the DR Congo achieved groundbreaking results, with the total resources volume of copper increased to 42.49 million tonnes grading 2.56% averagely, making the project one of the largest high-grade copper mines yet to be developed in the world. With further exploration underway, the project is anticipated to have an even better prospect of resources. The project's first phase construction has already begun. Upon completion of construction and commencement of production, the project will have vital impacts not only on the development of the Company, but also on that of global copper industry. In respect of other overseas projects, Russia Longxing achieved consistent increase and significant improvement in its major economic and technical indicators, whilst Norton realised substantial reduction in operating costs.

In 2017, 19.65 tonnes of gold was produced from the Company's overseas mines, representing 52.42% of the Group's total output of mine-produced gold; 29,300 tonnes of copper was produced from overseas mines, representing 14% of the Group's total output of mine-produced copper; 93,300 tonnes of zinc was produced from overseas mines, representing 34.56% of the Group's total output of mine-produced zinc. The gold, copper, lead and zinc resources reserve of overseas projects were 687.65 tonnes, 20.3987 million tonnes and 0.9427 million tonnes respectively, representing 52.09%, 64.81% and 10.17% of the Group's total resources reserve respectively. In the meanwhile, the Company is actively seizing multiple opportunities of overseas merger and acquisition to speed up its internationalisation progress.

Chairman's Statement *(continued)*

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Attached equal significance to mining development and environmental conservation, actively performed social responsibility

During the reporting period, based on the requirements on eco-development in the new era, and adhering to the targets of "zero death in workplace, zero occupational disease and zero environmental incident", the Company remained highly vigilant on sustaining safety and environmental protection standards, implemented safety accountability for all workers, strengthened management on safety, environmental protection and occupational health, and promulgated the "Development Framework of Eco-mining" and "Employee Occupational Health and Work Safety Plan"; a group-wide conference on the safety of production sites, which was convened at Xinjiang Ashele copper mine, achieved promising results; moreover, the safety management of contractors was attached with great importance. Learning from the important experience of Xinjiang Ashele, contractors' work safety was incorporated into the Company's system for a unified management, with the purpose of resolving the issues relating to the working and living conditions of contractors' employees, which would be helpful for substantially reducing their turnover, and extensively raising the staff's awareness on and knowledge of safety; a joint safety management force comprising workers from the Company and its contractors was established, stronger emphasis was placed on safety training and management, and the work safety score-based system was implemented in that regard; the Company and its various subsidiaries successfully passed the environmental protection inspections and nationwide production safety surveillance, which were administered by the central authority; also, the Company prioritised legal compliance and matters related to permit and licence application, achieving considerable improvement in compliance.

The Company extensively promoted the development of eco-mining, enhanced environmental management and carried out revegetation, and strived to build an eco-friendly mining business. It also continued to pursue eco-refining and promoted the scientific development of eco-refining. During the reporting period, the Company received the title of "Pioneering Enterprise in China for the Eco-development of Non-ferrous Metal Industry"; Zijin Copper, the Company's wholly-owned subsidiary, was also selected to be among the first batch of the State's Model Green Enterprises.

The Company is highly committed to serving the community, developing the localities at which its operations are based, carrying out poverty alleviation, and engaging in charity work. For more details, please refer to the Company's 2017 Social Responsibility Report.

Project construction proceeded in good order, management was tightened

During the reporting period, the Company's cumulative investment on project construction reached RMB3.461 billion. The construction work of major projects proceeded smoothly. Management on invitation to tender, submission of tender, budgeting and accounting was tightened and achieved significant improvement. Projects such as phase two expansion of Duobaoshan copper mine in Heilongjiang, copper refining plant of Heilongjiang Zijin Copper, and deep border development of Ashele copper mine, etc., proceeded steadily. These projects are anticipated to be the new growth drivers for the Group. Other projects including Zijin Copper's capacity expansion project for comprehensive recovery of end materials in production, and Zijin Precious Metal Materials' fine processing project for gold and silver, etc., commenced production in turn during the reporting period. Moreover, various preparatory work for Zijin Zinc Industry's phase three technological upgrade project, Xinjiang Zijin Non-ferrous Company's zinc refining plant, and Zijin Copper's comprehensive utilisation of resources from copper refining and harmless treatment project are currently underway.

Resources exploration obtained promising results, important progress was made in the expansion of overseas resources

During the reporting period, the main focus of the Group's geological exploration was to expand resources reserve through prospecting. By concentrating capital and technology to seek breakthroughs, fruitful results were obtained from the prospecting efforts, further strengthening the Company's competitive advantage in sustainable development.

In 2017, the Group invested RMB226 million in geological exploration on equity basis. 235,100 meters of drilling and 7,500 meters of tunnel exploration were completed. The aggregate volume of resources reserve of mineral resources (grade 333 or above, on equity basis) newly added from exploration were 59.21 tonnes of gold, 1.707 million tonnes of copper, 218,900 tonnes of lead and zinc, 224.75 tonnes of silver, 2,300 tonnes of tungsten (WO_3), and 33,300 tonnes of cobalt. In particular, the Company's overseas projects in the DR Congo achieved significant prospecting results – the Kakula Discovery of the Kamoia copper mine has an ongoing increase in resources reserve, the Kolwezi copper-cobalt mine also obtained an additional 284,800 tonnes of copper metal resources and 33,300 tonnes of cobalt metal resources. Material breakthroughs were also achieved in domestic prospecting – the Yixingzhai-Yilian gold mine in Fanshi, Shanxi obtained an additional 38.45 tonnes of gold metal resources, the Sanguiko lead and zinc mine in Inner Mongolia obtained an additional 195,700 tonnes of lead and zinc metal resources, and the Shangong gold mine in Kunyu, Henan also obtained an additional 9.52 tonnes of gold metal resources. Other mines including Xinjiang Ashele copper mine and Yueyang silver and polymetallic mine in Wuping, Fujian, etc., achieved significant results in prospecting as well.

Chairman's Statement *(continued)*

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As at the end of 2017, the Group owned 188 exploration rights covering a total area of 1,860.81 square kilometers, and 226 mining rights covering a total area of 744.92 square kilometers.

The table below sets out the retained resources reserve volume (reviewed) of the Group on equity basis at the end of 2017.

Summary of resources reserve volume of the Group's major mines as at the end of 2017

Type of mineral	Unit	Resources reserve volume (grade 333 or above)		Growth rate compared with same period last year (%)
		End of 2017	End of 2016	
Gold	t (metal)	1,161.22	1,183.25	-1.86
Gold associated with other metals	t (metal)	158.85	164.17	-3.24
Sub-total of gold	t (metal)	1,320.07	1,347.41	-2.03
Copper	Mt (metal)	31.4751	30.0638	4.69
Silver	t (metal)	836.05	934.06	-10.49
Molybdenum	Mt (metal)	0.6809	0.6797	0.18
Zinc	Mt (metal)	7.8304	8.0087	-2.23
Lead	Mt (metal)	1.4403	1.4955	-3.69
Tungsten	WO ₃ , t	75,600	80,000	-5.50
Tin	Mt (metal)	0.1397	0.1397	0.00
Iron	Mt (ore)	206	209	-1.44
Coal	Mt	69	457	-84.90
Platinum	t (metal)	235.80	249.23	-5.39
Palladium	t (metal)	148.76	157.24	-5.39

Outstanding scientific and technological achievements were made, further strengthening the Company's advantages in innovation

During the reporting period, the Company convened the fifth Scientific and Technological Conference. Many famous academicians and leading experts within the industry attended the conference. According to the "Outline of Medium- to Long-term Technological Development Framework" formulated by the Company, the technical service and technological innovation sharing scheme was launched, which incentivised staff specialising in scientific and technological work to pursue further innovation. China's first ever hot-pressure pre-oxidation facility, which was independently developed by the Company and has reached internationally advanced standard, officially commenced production in Guizhou Zijin; other technologies such as Musonoie's processing technique for refractory oxidised copper ore, Tuva's effective flotation separation technique in ore processing, Zijin Copper's upgraded technique for the treatment of anode slime and extraction of rare and precious metals, as well as the groundbreaking results obtained from the studies in new back-filling technique initiated by a number of the Company's mining entities, realised industrial application, and created promising economic values for the Company. The quality of the Company's technological development and the relevant work mechanism was further enhanced. A number of operations, including the Company, and its subsidiaries namely Guizhou Zijin, Zijin Zinc Industry, and Shanxi Zijin, etc., were recognised as the "High and New Technology Enterprises" of the state.

Conclusion of non-public issuance of A Shares optimised asset and shareholding structures

During the reporting period, owing to the high recognition of the capital market on the potentials of the Company's shares, the non-public issuance of A Shares was completed with success, with a total of RMB4.635 billion of proceeds raised. Influential institutions within the industry and capital market were introduced, and the Company's asset and shareholding structures were optimised. The implementation of employee stock ownership scheme increased the market's confidence. Moreover, the Company was included as one of the first 222 large-cap constituent companies of the A Share market in the MSCI Index. The Group's financial business, which has a high degree of synergy with the Company's principal business, has begun to develop in size. A number of core business-related financial entities have been established, which help raise the Company's financing capacity and reduce its financing costs to a level lower than the industry average.

Chairman's Statement *(continued)*

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DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Landscape and development trend in the industry

China is the world's largest consumer of mineral raw materials of metals, taking up as much as 30% to 50% of the world's total consumption. It is also the world's largest producer of mineral raw materials. Nevertheless, due to the country's heavy reliance on external supply for certain base metals, namely copper, aluminium and iron, it is also the largest importer for mineral raw materials of metals. All these factors contribute to the important influence which the Chinese market has over the global mining industry. However, with uneven distribution of mineral resources across the world, most of the premium and sizeable mineral resources are primarily dominated by the giant mining conglomerates in the West. Chinese mining enterprises are still at a preliminary stage of their "going-out" expedition. Due to a lack of experience and talents, most of these Chinese enterprises were met with unsatisfactory results in their investments in overseas mineral projects in the past. With the Chinese economy and the country's mining enterprises increasingly growing in strength, Chinese mining enterprises have gradually emerged to be a new driving force in the global mining industry.

To seek further development, the inevitable trends for mining enterprises are to realise technological upgrade, deeply interweave informatisation and industrialisation developments, and raise the capacity for scientific and technological innovation. The technological level and equipment of domestic mining enterprises have been improving very rapidly. With the state imposing more stringent requirements and supervision on safety and environmental protection, the small-sized and substandard enterprises will gradually exit the mining market, which will be favourable for raising industrial concentration. Even with a significant increase in the current prices of mineral products, no apparent increase was observed in the quantity of processed mineral products, certain data even indicated a decline. This suggests that the measures on environmental protection, safety supervision and supply-side reform have achieved significant effectiveness.

The Company will implement its internationalisation 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 requirements for the ongoing development of Chinese mining industry. A capable mining company should insist on the "going out" strategy to enhance its overall competitiveness through overseas development, and actively contribute to the development of Chinese mining industry.

(II) Development strategies of the Company

In 2014, the Company began a new round of business development, and proposed to achieve the strategic 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". Looking forward, the Company will insist on a combination of internationalisation, project upsizing and asset securitisation as its key strategy, focusing on internationalisation as the crucial direction for the Company's future development, project upsizing as the future source of growth, and the capital market as the foundation for achieving further expansion of business.

(III) Business plans

Business environment

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. Since 2015, the US Federal Reserve has raised the interest rate for many times, which have been fully factored in by the market and reflected completely on gold price. With increasing outbreaks of "black swan" events and international geopolitical conflicts, the international gold market will probably continue to see a strong demand. These will accentuate the monetary characteristics of gold and give effective support to gold price.

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. Together with China's policy emphasis on the implementation of supply-side reform and stronger environmental protection management, these factors will contribute positively to the performance of the prices of copper, zinc and other metal products. It is also noticeable that the development of new energy vehicles may steadily increase the demand for copper, while 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 influence the supply and price of copper. As for zinc price, owing to a global supply shortage, it will possibly see more upside and limited downside, and more drastic volatility in the near term.

Chairman's Statement *(continued)*

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Business plans

The planned production volumes of major mineral products of the Company for year 2018 are: mine-produced gold of 37 tonnes, mine-produced copper of 244,000 tonnes, mine-produced lead and zinc of 311,700 tonnes (including mine-produced zinc of 274,100 tonnes and mine-produced lead of 37,600 tonnes), mine-produced silver of 213 tonnes and iron concentrates of 2.6 million 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. The above plan was made on the basis of the production capacity of the Company's current mines, without taking into account the production capacity of the projects which the Company may potentially acquire.

Specific business strategies for 2018

In 2018, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will focus on "clinging to reforms, stabilising growth and boosting development" as the main focus of work, emphatically promote a spirit of innovation, accelerate the implementation of internationalisation strategy, carefully proceed with the reforms in corporate governance and management system, ensure compliance in operation, and fully accomplish the operation and production targets for 2018.

1. Continue to drive reform in management structure, establish a regulated and highly effective management mechanism

The Company will implement the concepts of development in the new era, extensively strengthen the combination between the Company's management system and the leadership of the Party, and establish a highly effective, unified management mechanism with clear allocation of responsibilities and efficacious supervision. It will improve the internal governance structure, formalise the scope of powers and obligations of relevant parties, make good use of the service and management functions of various business-segment based divisions, and focus on synergising finance, logistics and human resources, etc., to create extra values. Moreover, the Company will adhere to five major principles of development, namely production safety, environmental protection, ecological conservation, compliance and sustainability, in order to raise the efficiency and quality of development.

2. Pursue growth targets with stability and quality, improve the overall operating results

The Company will strive to capture the favourable market conditions to increase production volume, develop and manage mineral resources on the basis of maximising value. The significance of the mines, being a core and basic business segment of the Company, will be strengthened. In addition to focusing on gold, copper and zinc as the core resources, the Company will also pay close attention to the opportunities arising from other kinds of strategically important minerals. Moreover, to meet the planned production targets, the projects which are in operation will further tap into their potentials, raise efficiency and improve technical indicators. On the other hand, the projects which are currently under construction will also be proceeded in full swing so as to make contributions to the Company's results as soon as possible.

Domestic mining entities: keep raising productivity and improving production techniques, and continue to be the key driver for the Company's earnings; operational targets for performance assessment should be set in a scientific manner by applying ore loss rate, dilution rate, processing recovery rate, equipment operation rate and labour productivity as the key indicators. The construction work of Duobaoshan Copper's phase two expansion and Xinjiang Zijin Zinc Industry's technological upgrade of 20,000 tonnes/day mining and processing capacity shall be carried on.

Overseas mining entities: benchmark against the practices of top players in the field and enhance the quality of globalised operation and management. Moreover, the construction and development of important overseas projects will be accelerated. Looking forward, the Kamoia-Kakula copper mine project in the DR Congo will become the key growth driver of the Company, the development progress of the project will be on schedule; the construction of the hydrometallurgical system for the Kolwezi copper and cobalt mine will also be speeded up to enhance the recovery and utilisation of copper and cobalt resources; Russia Longxing's proposal for phase two underground mining for its Tuva zinc and polymetallic mine will be optimised to ensure smooth transition from open-pit mining to underground mining; Norton will continue to improve its proposal on the development and utilisation of low-grade resources; and the study and investigation in respect of ZGC's large-scale open-pit mining for its Taror gold mine will also be speeded up.

Chairman's Statement *(continued)*

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Refining and processing entities: synergise refining and processing business to improve the profitability of the segment. Key projects to be implemented include Zijin Copper's potential raising and efficiency enhancement expansion project (phase two) for an additional handling capacity of 100,000 tonnes of copper cathodes, Zijin Copper's comprehensive utilisation of resources and harmless treatment for copper refining, Heilongjiang Zijin Copper's copper refining project, and Xinjiang Zijin Zinc Industry's 100,000 tonnes/year ancillary zinc refining project.

Other types of entities: pursue synergy among finance, construction, trading and logistics entities, pay attention to the development trends and alternative opportunities from new materials which are associated with mining industry, and carry out differential assessment based on market standards. Projects not relating to main business and small in size will be disposed of more rapidly.

3. Realise material breakthroughs in merger and acquisition, rapidly expand the Company's resources and earnings

By adhering to the "going-out" development strategy, the Company will target at acquiring companies or projects having a large resources reserve, existing production volume and earnings, and combine the use of the capital market to achieve rapid growth in the Company's key indicators, especially the rapid growth in the resources and production volume of gold and copper. In addition, a broader vision will be adopted on merger and acquisition. Equity investments which have a strategic significance, preferably those which can be readily consolidated to the Company's profits, will be given priority. Steps will also be taken to boost the Company's market value by reaping benefit from the differential valuations in local and overseas capital markets.

4. Tackle human resources-related challenges, promote balanced development between the corporation, employees and the community

The Company will expedite the recruitment and introduction of globalised, multi-disciplinary talents, with more emphasis placed on the development of senior management candidates and young talents. It also aims at fostering a team of workers who possess high quality, top competence and with Zijin characteristics. The recruitment and appraisal mechanism of technical staff will be formalised and carried out on a regular basis. Moreover, the remuneration of frontline workers will be improved, to allow them to have a stronger sense of achievement, happiness and satisfaction.

5. Strengthen innovation and scientific and technological work and promote the upgrading of development quality

The Company will comprehensively implement new development concepts and promote high-quality development by encouraging and rewarding innovation in the whole Group. The Company will also implement the fault-tolerant exemption mechanism in innovation and technological research. The Company should adhere to market-oriented reforms, with focus on value creation, and conduct management innovation by stimulating the dynamics and creativity of management. And it will strive to achieve technological breakthroughs in key techniques and key areas, with emphasis on tackling challenges which are closely related to production. The Company will vigorously promote informatisation, automation and intelligent development. Fully equipped with modern technology, the Company will build a batch of contemporary model mines with Zijin features.

6. Attach great importance to safety and environmental protection, occupational health and ecological construction, and build an exemplary image in the industry

The Company will implement requirements in the new era, to rigorously manage production safety and environmental protection, and establish a new benchmark for green development in the industry. Therefore, the Company will build the brand of safety, environmental protection and ecological construction, in particular establish a global image of green development. The Company will comprehensively promote the construction of green mines, with emphasis on the state's red line requirements of ecological protection, and accelerate the implementation of ecological conservation measures. In addition, the Company will continuously strengthen occupational health and safety management, enhance source control and technology upgrading. In this way, the occurrence of occupational diseases will be eliminated thoroughly.

Chairman's Statement *(continued)*

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(IV) Possible risks

1. Metals price risks

Metal products such as gold, copper and zinc are the major sources of the Company's revenue and earnings. The price movements of the aforesaid products will create substantial impacts on the Company's operating results. Decline in product prices may cause greater pressure on the Company's production and operation. To ensure a stable operation, the Company will fully leverage on its technological and managerial strength to raise efficiency and control costs strictly. Moreover, the Company will observe the market closely and make judgment. Where appropriate, and based on the necessity for risk control, it will make reasonable use of financial derivatives to hedge price fluctuation risks.

2. Financial market risks

The Company has a certain amount of financial assets and assets denominated in foreign currencies. As a result, movements in interest rates, exchange rates and stock prices in the market could cause risks in the value of the Company's asset or operating results. The Company will strengthen management over its financial assets, optimise the Company's asset and liability structure in foreign currencies, thoroughly study the relevant measures for controlling the risks of financial assets, establish and perfect the management and risk control policies on financial assets, and make early judgement and rapid response to mitigate any impact of market volatility.

3. Safety and environmental protection risks

Mining companies have relatively higher safety and environmental protection risks. The Company always adheres to the principle of "safety first, emphasis on precautions and comprehensive management" when strengthening the implementation of production safety responsibilities and continuously improving the safety standardisation operating system. By comprehensively applying system, management, and economic measures, the Company ensures the continuity and stability of production safety of the Company. The Company attaches great importance to and continues to improve environmental protection. It adheres to the environmental protection concept of "lucid waters and lush mountains are invaluable assets". The Company earnestly puts environmental protection and ecological restoration into practice, emphatically promotes eco-development, and remains highly committed to moving forward the eco-development trend.

4. State and community risks

Internationalisation is the main direction of the Company's future development. Some of the Company's overseas projects are located in countries with political instability, inadequate legal policies, or discordant local communities. These factors lead to a certain level of state and community risks. Company will proactively study laws and policies of the countries where the projects are situated, proactively seek solutions to problems and difficulties which hinder the enterprise in its "going-out" development through diplomatic means at the state level and closer communication with local government and communities, and a promotion of co-development concepts, namely "negotiation, cooperation, sharing and win-win".

(V) Others

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

In accordance with the Company's preliminary plan, it is expected that in 2018, the Company will invest approximately RMB4.15 billion in project construction (including technological innovation); approximately RMB12.05 billion will be put into investment, merger and acquisition; and RMB190 million will be invested in geological exploration. All the capital expenditures mentioned above will be financed by the Group's internal funds, bank borrowings, issuance of bonds and notes and other feasible financing methods.

By order of the Board of Directors

Chen Jinghe

Chairman

Shanghai, Fujian, the PRC

23 March 2018

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 2017 operating results.

STATUS OF MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period, the Group recorded operating income of RMB94.549 billion, representing an increase of 19.91% as compared with the same period last year (2016: RMB78.851 billion).

Analysis of main businesses

1. Operating results

The table below sets out the sales by products for the two years ended 31 December 2017 and 2016:

Item	2017 (Jan - Dec)				2016 (Jan - Dec)				% increase/ decrease in unit price		
	Unit price (Tax excluded)	Sales volume	Amount (RMB'000)		Unit price (Tax excluded)	Sales volume	Amount (RMB'000)				
Mine-produced gold	249.36	RMB/g	37,377	kg	9,320,290	234.53	RMB/g	41,624	kg	9,762,130	6.32%
Refinery and processed gold	274.97	RMB/g	176,152	kg	48,436,900	264.46	RMB/g	173,080	kg	45,772,090	3.97%
Mine-produced silver	2.56	RMB/g	235,961	kg	603,240	2.38	RMB/g	216,383	kg	513,940	7.56%
Mine-produced copper	34,406	RMB/t	208,183	t	7,162,800	26,656	RMB/t	151,236	t	4,031,380	29.07%
Refinery copper	41,885	RMB/t	431,191	t	18,060,510	32,567	RMB/t	405,931	t	13,220,030	28.61%
Mine-produced zinc	14,547	RMB/t	279,562	t	4,066,710	8,079	RMB/t	244,407	t	1,974,460	80.06%
Refinery zinc	19,997	RMB/t	198,470	t	3,968,760	14,081	RMB/t	216,358	t	3,046,630	42.01%
Iron concentrates	460	RMB/t	2.4250	Mt	1,116,620	368	RMB/t	1.7180	Mt	632,280	25.00%
Others (Note 1)					23,215,550					15,746,680	
Less: Internal sales					-21,402,760					-15,848,480	
Total					94,548,620					78,851,140	

Note 1: During the reporting period, other sales income mainly included: RMB14.193 billion from trade logistics, RMB1.444 billion from refinery and processed silver, RMB846 million from copper pipe, RMB826 million from copperplate, RMB489 million from gold manufacturing products, RMB478 million from lead concentrates, etc., and RMB4.69 billion from other products, intermediate services and other services.

In 2017, the prices of the Group's mineral products increased substantially. Except that the sales and production volumes of mine-produced gold decreased compared with the same period last year, other mineral products' sales and production volumes all reported increase compared with the same period last year. The unit prices of mine-produced zinc and mine-produced copper increased significantly compared with the same period last year.

2. Analysis on cost 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 during January to December 2016 and 2017. (Note 1)

Item	Unit cost of sales				Gross profit margin (%)	
	2017	2016	Unit	Compared with same period last year (%)	2017	2016
Product name	2017	2016	Unit	Compared with same period last year (%)	2017	2016
Mine-produced gold	164.7	154.91	RMB/g	6.32	33.95	33.95
Refinery and processed gold	273.45	262.26	RMB/g	4.27	0.55	0.83
Mine-produced silver	1.56	1.31	RMB/g	19.08	39.12	44.83
Mine-produced copper	16,992	16,563	RMB/t	2.59	50.61	37.86
Refinery copper	39,547	30,470	RMB/t	29.79	5.58	6.44
Mine-produced zinc	4,838	3,946	RMB/t	22.61	66.74	51.15
Refinery zinc	18,198	12,268	RMB/t	48.34	8.99	12.87
Iron concentrates	156	165	RMB/t	-5.45	66.13	55.1
Overall (Note 2)					13.94	11.5
Overall (refinery and processing enterprises excluded)					47.24	37.95

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

Note 2: The Group's overall gross profit margin was 13.94%, representing an increase of 2.44 percentage points compared with the same period last year. The overall gross profit margin of mineral products (excluding processed and refined products) was 47.24%, representing an increase of 9.29 percentage points compared with the same period last year, which was mainly owing to the rise in the mineral products' prices.

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

Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Changes (%)
Operating income	94,548,619,098	78,851,137,811	19.91
Operating costs	81,371,973,684	69,782,246,837	16.61
Taxes and surcharges	1,352,340,359	907,955,846	48.94
Selling expenses	748,942,449	667,483,736	12.20
Administrative expenses	2,994,070,229	2,822,472,260	6.08
Financial expenses	2,012,950,292	581,525,541	246.15
Impairment losses on assets	2,220,905,893	560,842,460	295.99
Net cash flows from operating activities	9,764,355,514	8,601,671,878	13.52
Net cash flows used in investing activities	-5,947,602,813	-8,478,855,949	N/A
Net cash flows used in financing activities	-2,674,287,343	-507,890,305	N/A
Research and development expenditure	333,092,848	437,940,000	-23.94
Investment income/(losses)	155,670,082	-1,973,336,425	N/A
Share of (losses)/profits of associates and joint ventures	-29,259,162	92,415,676	N/A
Gains on disposal of non-current assets	44,456,123	1,053,649	4,119.25
Other income	228,882,015	—	N/A
Non-operating income	57,610,854	251,616,241	-77.10
Income tax expenses	1,320,410,996	438,783,804	200.93
Net losses attributable to non-controlling shareholders	-260,168,430	-152,530,918	N/A
Changes in fair value of available-for-sale investments	-109,669,097	236,688,217	N/A
Exchange differences arising from translation of financial statements denominated in foreign currencies	-18,760,719	119,025,748	N/A
Effective portion of cash flow hedging instruments	168,224,050	-168,224,050	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 and sales price of products;
- (2) Taxes and surcharges: Mainly due to the increase in resource tax;
- (3) Selling expenses: Please refer to the analysis in "Expenses";
- (4) Administrative expenses: Please refer to the analysis in "Expenses";
- (5) Financial expenses: Please refer to the analysis in "Expenses";
- (6) Impairment losses on assets: Mainly due to the impairment provision for fixed assets, intangible assets, construction in progress, etc., which had indication of impairment;
- (7) Net cash flows from operating activities: Please refer to the analysis in "Cash Flows";
- (8) Net cash flows used in investing activities: Please refer to the analysis in "Cash Flows";
- (9) Net cash flows used in financing activities: Please refer to the analysis in "Cash Flows";
- (10) Research and development expenditure: Mainly due to a decrease in capitalised research and development expenditure during the year;
- (11) Investment income/(losses): Please refer to the analysis in "Expenses";
- (12) Share of (losses)/profits of associates and joint ventures: Mainly attributable to the change of Zijin Global Fund from a joint venture to a subsidiary, hence there was a change in scope of consolidation;
- (13) Gains on disposal of non-current assets: Mainly due to the sale and transfer of fixed assets and intangible assets;
- (14) Other income: According to requirements of the Circular on Issuing Revised Accounting Standard for Business Enterprises No. 16 - Government Grants (Cai Kuai [2017] No. 15) issued by the Ministry of Finance of the PRC, the government grants existed as at 1 January 2017 shall be adjusted based on the prospective application method. The new government grants received between 1 January 2017 and the effective date of the standard shall be adjusted according to the revised standard;
- (15) Non-operating income: Mainly due to a discount in consideration of business combination not involving enterprises under common control during the same period last year;
- (16) Income tax expenses: Mainly due to the increasing profitability of the Group;
- (17) Net losses attributable to non-controlling shareholders: Due to the decrease in profitability of the non-wholly owned subsidiaries compared with the same period last year;
- (18) Changes in fair value of available-for-sale investments: Mainly due to changes in fair value recognised in other comprehensive income in the previous periods being transferred into profit or loss as a result of disposal of part of the shares during the current period;
- (19) Exchange differences arising from translation of financial statements denominated in foreign currencies: Due to the fluctuation of exchange rate of Renminbi;
- (20) Effective portion of cash flow hedging instruments: Mainly because that the effective portion of cash flow hedging instruments last year was recognised in other comprehensive income, and this year the related portion was realised and transferred into profit or loss for the current period.

Management Discussion and Analysis *(continued)*

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

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 profits from selling these products.

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

Unit: RMB'000

By product	Status of main business by product				Changes in gross profit margin compared with last year (percentage point)	
	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with last year (%)		Changes in operating costs compared with last year (%)
Mine-produced gold	9,320,290	6,155,960	33.95	-4.53	-4.53	0
Refinery, processed and trading gold	48,436,900	48,168,990	0.55	5.82	6.12	Decreased by 0.28 percentage point
Mine-produced silver	603,240	367,230	39.12	17.38	29.52	Decreased by 5.71 percentage points
Mine-produced copper	7,162,800	3,537,510	50.61	77.68	41.22	Increased by 12.75 percentage points
Refinery copper	18,060,510	17,052,380	5.58	36.61	37.87	Decreased by 0.86 percentage point
Mine-produced zinc	4,066,710	1,352,520	66.74	105.97	40.23	Increased by 15.59 percentage points
Refinery zinc	3,968,760	3,611,850	8.99	30.27	36.07	Decreased by 3.88 percentage points
Iron concentrates	1,116,620	378,210	66.13	76.60	33.21	Increased by 11.03 percentage points
Others	23,215,550	21,525,510	7.28	47.43	49.53	
Less: Internal sales	-21,402,760	-20,778,190				
Total	94,548,620	81,371,970	13.94	19.91	16.61	Increased by 2.44 percentage points

By region	Status of main businesses by region				Changes in gross profit margin compared with last year (percentage point)	
	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with last year (%)		Changes in operating costs compared with last year (%)
Mainland China	108,453,960	97,927,820	9.71	21.33	19.74	Increased by 1.20 percentage points
Outside Mainland China	7,497,420	4,222,340	43.68	41.23	20.14	Increased by 9.88 percentage points
Less: Internal sales	-21,402,760	-20,778,190				
Total	94,548,620	81,371,970	13.94	19.91	16.61	Increased by 2.44 percentage points

Management Discussion and Analysis *(continued)*

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

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

Approximately 94% of the Company's operating income was originated from customers in Mainland China, and 42.86% 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	Changes in	Changes in
				production volume compared with last year (%)	sales volume compared with last year (%)	inventory volume compared with last year (%)
Mine-produced gold (kg)	37,483	37,377	2,160	-11.91	-10.20	-41.43
Refinery, processed and trading gold (kg)	176,282	176,152	370	2.46	1.78	54.14
Mine-produced silver (kg)	238,094	235,961	5,835	8.18	9.05	40.09
Mine-produced copper (tonne)	207,987	208,183	4,952	34.22	37.65	-18.42
Refinery copper (tonne)	428,022	431,191	2,856	5.34	6.22	-52.94
Mine-produced zinc (tonne)	269,989	279,562	11	7.99	14.38	-99.28
Refinery zinc (tonne)	197,009	198,470	6,080	-8.16	-8.27	-61.95
Iron concentrates (million tonnes)	2.4252	2.425	0.231	285.54	41.15	0.07

Explanation on the status of production and sales volume

Except mine-produced gold and refinery zinc, the production and sales volume of other products all increased by various extent compared with the same period last year, owing to the Group's measures of unleashing potentials and expanding capacity to increase volume and efficiency during the reporting period.

Management Discussion and Analysis *(continued)*

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

(3) Table of cost analysis

The table below sets out the breakdown of direct costs for the two years ended 31 December 2016 and 2017

Unit: RMB'000

Product	Cost structure	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 (%)	Changes in amount for the current period compared with the same period last year (%)
Mine-produced gold	Raw materials	2,622,420	42.60	2,411,640	37.40	8.74
	Salary	842,760	13.69	927,670	14.39	-9.15
	Depreciation	1,178,110	19.14	1,212,990	18.81	-2.88
	Energy consumption	562,190	9.13	547,250	8.49	2.73
	Others	950,480	15.44	1,348,590	20.91	-29.52
Mine-produced silver	Raw materials	181,570	49.44	132,420	46.71	37.12
	Salary	43,060	11.73	33,610	11.86	28.12
	Depreciation	70,240	19.13	60,480	21.33	16.14
	Energy consumption	38,330	10.44	32,170	11.35	19.15
	Others	34,030	9.26	24,840	8.75	37.00
Mine-produced copper	Raw materials	1,693,570	47.87	743,290	29.67	127.85
	Salary	263,720	7.45	473,540	18.90	-44.31
	Depreciation	639,600	18.08	431,310	17.22	48.29
	Energy consumption	454,210	12.84	332,680	13.28	36.53
	Others	486,410	13.76	524,100	20.93	-7.19
Mine-produced zinc	Raw materials	506,900	37.48	440,090	45.63	15.18
	Salary	97,560	7.21	73,960	7.67	31.91
	Depreciation	498,170	36.83	268,130	27.80	85.79
	Energy consumption	136,300	10.08	99,310	10.30	37.25
	Others	113,590	8.40	83,020	8.60	36.82
Iron concentrates	Raw materials	234,720	62.06	147,740	52.03	58.87
	Salary	26,270	6.95	41,970	14.78	-37.41
	Depreciation	50,520	13.36	34,530	12.16	46.31
	Energy consumption	28,340	7.49	36,850	12.98	-23.09
	Others	38,350	10.14	22,830	8.05	67.98
Refinery copper	Raw materials	16,226,690	95.16	11,687,540	94.49	38.84
	Salary	106,960	0.63	95,790	0.77	11.66
	Depreciation	268,090	1.57	244,800	1.98	9.51
	Energy consumption	246,570	1.45	242,540	1.96	1.66
	Others	204,070	1.19	98,010	0.80	108.21
Refinery zinc	Raw materials	3,053,090	84.53	1,986,220	74.83	53.71
	Salary	83,500	2.31	76,680	2.89	8.89
	Depreciation	102,570	2.84	112,350	4.23	-8.70
	Energy consumption	346,020	9.58	422,760	15.93	-18.15
	Others	26,670	0.74	56,380	2.12	-52.70

Other explanations on the analysis of costs

1. In the cost structure, raw materials include the costs of purchasing raw and auxiliary materials and outsourcing, and energy consumption mainly includes coal, electricity and petroleum.
2. Most mining entities of the Group adopted outsourcing of works. Such outsourcing cost was included in raw materials.

Management Discussion and Analysis *(continued)*

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

(4) Information on major suppliers and customers

The sales income from the top five customers amounted to RMB55.156 billion, representing 58.33% of the total sales income of the year, out of which the sales amount from connected persons among the top five customers was RMB0, representing 0% of the total sales income of the year. The sale income from the largest customer represented 42.86% of the total sales income of the year.

The procurement amount from the top five suppliers amounted to RMB26.106 billion, representing 32.08% of the total procurement amount of the year, out of which the procurement amount from connected persons among the top five suppliers was RMB0, representing 0% of the total procurement amount of the year. The procurement amount of the largest supplier represented 20.89% of the total procurement amount of the year.

Other information

The Group's major customers included Shanghai Gold Exchange, Guangzhou Lianhua Industrial Company Limited, the Australian Mint, Fujian Shanghang Taiyang Copper Company Limited, Trafigura Investment Company, etc.; the major suppliers included Shanghai Gold Exchange, Louis Dreyfus Commodities Metals Trading Co., Ltd., Werco Trade AG, etc.

5. Expenses

Selling expenses

During the reporting period, the Group's selling expenses was RMB748.94 million, representing an increase of 12.20% compared with the same period last year (2016: RMB667.48 million). The increase in selling expenses was mainly due to the increase in service expenses related to sales and transportation expenses in 2017 compared with the same period last year.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2.99407 billion, representing an increase of 6.08% compared with the same period last year (2016: RMB2.82247 billion). It was mainly due to the increase in technological development expenses and staff costs in 2017 compared with the same period last year.

Financial expenses

During the reporting period, the Group's financial expenses was RMB2.01295 billion, representing an increase of 246.15% compared with the same period last year (2016: RMB581.53 million). It was mainly due to the increase in exchange losses during the current period.

Impairment losses on assets

During the reporting period, the Group's impairment losses on assets was RMB2.22090 billion, representing an increase of 295.99% compared with the same period last year (2016: RMB560.84 million). The details of the provision for impairment on assets in 2017 are as follows: bad debt provision of RMB10.47 million, provision on decline in the value of inventories of -RMB0.87 million, impairment on available-for-sale investments of RMB49.70 million, impairment on fixed assets of RMB1.05806 billion, impairment on construction in progress of RMB614.09 million, impairment on intangible assets of RMB328.55 million, impairment on other non-current assets of RMB156.71 million and impairment on construction materials of RMB4.19 million.

Investment income/(losses)

During the reporting period, the investment income of the Group was RMB155.67 million, representing an increase in income of RMB2.12901 billion compared with the same period last year (2016: losses of RMB1.97334 billion). It was mainly due to substantial decrease in the amount of hedging of mine-produced products during 2017 compared with the same period last year.

Gains on changes in fair value

As at 31 December 2017, the Group's unrealised gains from stocks, funds, futures contracts, gold leasing spot and gold leasing hedging contracts was RMB750.2 million (2016: unrealised gains of RMB756.64 million).

Management Discussion and Analysis *(continued)*

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

6. Research and development expenditure

Table of research and development expenditure

Unit: RMB

Expensed research and development expenditure for the year	299,380,476
Capitalised research and development expenditure for the year	33,712,372
Total research and development expenditure	333,092,848
Percentage of total research and development expenditure to operating income (%)	0.35
Number of research and development staff	276
Number of research and development staff to total number of staff of the Company (%)	1.53
Percentage of capitalised research and development expenditure (%)	10.12

7. Cash flows

As at 31 December 2017, the Group's cash and cash equivalents was RMB5.754 billion, representing an increase of RMB1.042 billion or 22.10% as compared with the same period last year.

During the reporting period, the total net cash inflows generated from the Group's operating activities was RMB9.764 billion, representing an increase of RMB1.162 billion as compared with the same period last year, in which, the cash inflows generated from operating activities was RMB100.933 billion, representing an increase of RMB14.977 billion as compared with the same period last year; cash outflows used in operating activities was RMB91.168 billion, representing an increase of RMB13.814 billion compared with the same period last year. The increase in net cash flows from the Group's operating activities was mainly owing to increased production capacity and prices, and significant increase in sales income compared with the same period last year.

During the reporting period, net cash outflows used in the Group's investing activities was RMB5.948 billion, representing a decrease of RMB2.531 billion as compared with the same period last year. The main investing expenditures in 2017 included: (1) cash payment of RMB5.037 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) net cash outflow of RMB254 million for acquisition, disposals and recovery of investments.

During the reporting period, net cash outflows used in the Group's financing activities was RMB2.674 billion, while the net cash outflows during the same period last year was RMB508 million. It was mainly due to significant decrease in the amount of new borrowings compared with the same period last year.

As at 31 December 2017, the Group's total borrowings amounted to RMB37.019 billion (31 December 2016: RMB42.979 billion). Among which, the amount repayable within one year was approximately RMB16.641 billion, the amount repayable within one to two years was approximately RMB4.609 billion, the amount repayable within two to five years was approximately RMB14.926 billion, and the amount repayable more than five years was approximately RMB843 million. The interest rates of all borrowings ranged from 0.55% to 5.7% 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 RMB135 billion provided by banks.

Management Discussion and Analysis *(continued)*

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Explanation on material changes in profit due to non-principal operations

Based on the changes in external environment and the operating condition of certain subsidiaries, for the purpose of reflecting the financial position and asset value of the Company more objectively, the Company performed impairment test on the assets within the scope of consolidation pursuant to the requirements of Accounting Standard for Business Enterprises No. 8 - Impairment of Assets and based on prudent principle. Accordingly, impairment was provided on the assets which had indication of impairment according to the impairment test results. RMB2.2209 billion of impairment loss was provided on different kinds of assets for the year 2017, which reduced the consolidated profit before tax during the reporting period by RMB2.2209 billion in total, and reduced the consolidated net profit attributable to owners of the parent during the reporting period by RMB1.27122 billion. Details of which include:

The state's policy of excess capacity reduction created substantial changes in the market. The management therefore adjusted the operational strategies in respect of the Company's refining and processing subsidiaries, namely Jinhao Iron and Qinghai Zijin. Based on the estimated recoverable amount, impairment provisions of RMB1.03843 billion and RMB129.55 million were made respectively on the non-current assets of the aforesaid two companies.

The mines of Qinghai West and Chongli Zijin, both of which are the Company's subsidiaries, are at the final stage of their mining life cycle. This leads to a change in their economic recoverable reserves. Based on the estimated recoverable amount, impairment provisions of RMB104.58 million and RMB16.50 million were made respectively on the non-current assets of the aforesaid two companies.

Based on review and reassessment on the resources of Ankang Jinfeng Mining, a subsidiary of the Company, impairment provision of RMB306.28 million was made on the non-current assets of the company.

Based on the results of exploration reports, the Company concluded that the mining rights and exploration rights of certain subsidiaries had indication of impairment. Therefore, total impairment provisions of RMB369.62 million were made on the intangible assets of Longsheng Dexin Mining and other subsidiaries.

Because Longyan Zijin AVIC Real Estate Development Company Limited, an associate of the Company, continued to incur losses, the Company made an impairment provision of RMB153.21 million on the long-term receivables from the company.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2017, the Group's consolidated total liabilities was RMB51,672,418,332 (RMB58,101,192,073 as at 31 December 2016), and the Group's consolidated total equity was RMB37,642,845,218 (RMB31,116,508,186 as at 31 December 2016). As at 31 December 2017, the Group's gearing ratio was 1.373 (1.867 as at 31 December 2016).

Key quarterly financial data for year 2017

Unit: RMB

	First quarter (Jan-Mar)	Second quarter (Apr-Jun)	Third quarter (Jul-Sep)	Fourth quarter (Oct-Dec)
Operating income	18,457,471,590	19,066,160,320	24,453,629,869	32,571,357,319
Net profit attributable to owners of the parent	1,005,633,520	499,765,893	708,783,910	1,293,534,304
Net profit attributable to owners of the parent after non-recurring profit or loss	380,067,749	493,641,339	750,979,640	1,072,219,775
Net cash flows from operating activities	1,015,456,609	2,290,352,180	2,459,072,538	3,999,474,187

Management Discussion and Analysis *(continued)*

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Non-recurring profit or loss items and their amounts

Unit: RMB

Non-recurring profit or loss items	Amount for 2017	Note (If applicable)	Amount for 2016
Losses on disposal of non-current assets	-234,350,050		-285,763,310
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	230,882,015		169,989,699
Capital utilisation fee received from non-financial enterprises recognised in profit or loss for the current period	164,403,514		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
Gains on changes in fair value from held for trading financial assets and financial liabilities, and 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	598,484,635	Including the gains on changes in fair value of investment including trading stocks, funds and currency swaps, etc. of RMB750,200,343 and losses on disposal of stocks, funds, currency swaps and wealth management products of RMB151,715,708.	869,141,461
Non-operating income and expenses other than the aforesaid items	-181,878,389		-123,144,367
Other profit or loss items which meet the definition of non-recurring profit or loss	268,462,403	Including impairment losses on available-for-sale investments of RMB49,704,548 and investment income from disposal of long-term equity investments of RMB318,166,951.	-3,888,677
Impact on the non-controlling interests	-59,137,799		-21,775,878
Impact on income tax	23,942,795		23,731,593
Total	810,809,124		849,724,307

Management Discussion and Analysis *(continued)*

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

Items measured at fair value

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit for the current period
Financial assets at fair value through profit or loss (excluding derivative financial assets)	1,173,290,127	2,537,224,490	1,363,934,363	1,042,850,524
Derivative financial assets	78,489,803	16,703,231	-61,786,572	-43,394,003
Available-for-sale investments	533,450,722	218,648,868	-314,801,854	221,287,228
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-20,178,616	-2,231,963,403	-2,211,784,787	24,766,958
Derivative financial liabilities	-72,961,871	-82,281,534	-9,319,663	-425,738,844
Total	1,692,090,165	458,331,652	-1,233,758,513	819,771,863

Management Discussion and Analysis *(continued)*

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

ANALYSIS OF ASSETS AND LIABILITIES

Status of assets and liabilities

Unit: RMB

Item	Amount at the end of 2017	Proportion to total assets as at the end of 2017 (%)	Amount at the end of 2016	Proportion to total assets as at the end of 2016 (%)	Percentage change in the amount at the end of 2017 compared with the amount at the end of 2016 (%)	Reasons for the change
Financial assets at fair value through profit or loss	2,553,927,721	2.86	1,251,779,930	1.40	104.02	Increase in value of stocks and expansion in the scope of consolidation
Bills receivable	1,519,375,541	1.70	875,760,717	0.98	73.49	Increase in the sales using bills for settlement by certain subsidiaries
Trade receivables	1,292,864,505	1.45	783,067,488	0.88	65.10	Increase in sales to external parties
Prepayments	1,344,141,153	1.50	869,773,560	0.97	54.54	Increase in the prepayments for material procurement
Current portion of non-current assets	257,775,683	0.29	366,489,750	0.41	-29.66	Reclassification of certain extended receivables to long-term receivables
Other current assets	3,528,021,403	3.95	1,970,998,795	2.21	79.00	Increase in wealth management products
Investment properties	350,540,469	0.39	193,291,103	0.22	81.35	Certain housing inventories of real estate company were rented out
Financial liabilities at fair value through profit or loss	2,314,244,937	2.59	93,140,487	0.10	2,384.68	Increase in gold leasing futures denominated in Renminbi with unfixed price
Taxes payable	1,175,693,479	1.32	490,865,153	0.55	139.51	Increase in value-added tax and corporate income tax
Dividends payable	4,193,049	0.00	27,165,124	0.03	-84.56	Payment of dividends accrued in prior periods to non-controlling shareholders
Long-term payables	563,703,645	0.63	397,617,073	0.45	41.77	Accrual of entrance fee of Musonoie after commencing commercial production during the year
Capital reserve	11,109,919,061	12.44	6,703,357,022	7.51	65.74	Share premium arising from the proceeds received from non-public issuance of Renminbi-denominated ordinary A Shares

Brief Biography of Directors, Supervisors and Senior Management

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

EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 61, 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 54, 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 50, 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 44, 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 56, 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 engineer, 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 JCL 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 with 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 and vice-president 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 50, 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.

NON-EXECUTIVE DIRECTOR

Mr. Li Jian, aged 42, 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 67, 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.

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

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Mr. Zhu Guang, aged 61, 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 has been 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 59, 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 75, 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.

SUPERVISORS OF SUPERVISORY COMMITTEE

Mr. Lin Shuiqing, aged 54, is a part-time postgraduate student. 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 66, 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 50, 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.

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

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Mr. Liu Wenhong, aged 48, obtained EMBA from Xiamen University and is an engineer. Mr. Liu joined the Company in 1989, and he held several positions including the office director, assistant to general manager, assistant to the president, 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 52, 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.

SENIOR MANAGEMENT

Mr. Xie Xionghui, aged 44, 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 directors' 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.

Ms. Liu Qiang, aged 53, 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. Guo Xianjian, aged 59, is a Canadian citizen. He graduated and obtained his PhD from Kunming University of Science and Technology, and did post-doctoral study in the Mackay School of Mine of the University of Nevada, USA. He is a registered engineer in Canada. Mr. Guo has held a number of positions, namely the deputy director of the Metallurgical Department of Beijing General Research Institute for Nonferrous Metals (GRINM); the researcher in the Metallurgical Department of McGill University, Canada; Senior Scientist in Noranda Technology Center in Canada; Nonferrous Director-China and Technical Director-Nonferrous in Hatch Ltd. in Canada; vice president in Ramu NiCo Management Ltd; technical advisor (CEO Technical Representative) of CGNPC Husab uranium project in Namibia; the senior consultant of several companies, and the visiting professor in Beijing University Science and Technology. He has been serving as the chief engineer of the Company since 18 August 2017.

Mr. Fan Cheung Man, aged 57, 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.

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

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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.	Chairman, General manager	September 2017	September 2020
Fan Wensheng	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Supervisor	October 2016	February 2018

(2) Position held in other companies

Name	Name of company	Position	Date of appointment	Date of end term
Chen Jinghe	Barrick (Niugini) Limited	Director	September 2015	
Fang Qixue	Barrick (Niugini) Limited	Director	September 2015	
Fang Qixue	Xiamen Zijin Tongguan Investment Development Co., Ltd.	Chairman	October 2016	
Fang Qixue	Gold Eagle Mining Investment Limited	Director		
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	December 2020
Sit Hoi Wah, Kenneth	Tree Holdings Limited	Independent non-executive director	January 2018	
Cai Meifeng	Sichuan Yahua Industrial Group Co., Ltd.	Independent director	April 2015	April 2018
Xu Qiang	Fujian Newland Computer Co., Ltd.	Independent director	May 2015	March 2021

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 2017.

PRINCIPAL BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold, 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. 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.3 to the financial statements, respectively.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2017 are set out in the financial statements on pages 92 to 262.

ANALYSIS ON INVESTMENT STATUS

1. 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 high quality gold and copper projects in operation. The Company continued to pay attention to and keep track of a batch of important mining projects to realise the goals of enhancing resources reserve, production volume and value of the Company. The Company proactively carried out tasks relating to major overseas project acquisitions.

(1) Key equity investments

The Company’s associate, Tibet Yulong Copper Co., Ltd. (“Tibet Yulong”) proposed to enlarge its registered capital to RMB2 billion. Tibet Yulong’s current shareholders, namely Western Mining Co., Ltd. (“Western Mining”), the Company, and Changdu City Investment Co., Ltd. (“Changdu Investment”) participated in Tibet Yulong’s capital enlargement at a consideration of RMB1 per share. Western Mining, the Company and Changdu Investment contributed RMB449.50 million, RMB170.5 million and RMB165 million in cash to enlarge Tibet Yulong’s capital respectively. In addition, Changdu Investment also contributed RMB62 million by land for the capital enlargement. After completion of the capital enlargement, Western Mining’s and the Company’s shareholding proportion in Tibet Yulong remained unchanged at 58% and 22% respectively. The proportion of 20% shareholding in Tibet Yulong held by Changdu Investment, Tibet Autonomous Region Geology and Mineral Resources Exploration and Development Bureau Geological Team No. 6 and Tibet Gaozheng (Group) Co., Ltd. remained unchanged. Tibet Yulong is principally engaged in development of the Yulong copper mine project in Tibet. The abovementioned capital enlargement was approved by the Company’s Board meeting convened on 29 December 2017.

On 13 November 2017, the Company’s wholly-owned subsidiary, Zijin Mining Group Capital Investment Co., Ltd. (“Zijin Capital”) and Jinzhou Cihang Group Co., Ltd. (a listed company on the Shenzhen Stock Exchange, stock code: 000587, “Jinzhou Cihang”) entered into “Jinzhou (Xiamen) Gold Asset Management Co., Ltd. Capital Contribution Agreement” and jointly invested in and established Jinzhou (Xiamen) Gold Asset Management Co., Ltd. (“Jinzhou Gold”). The registered capital of Jinzhou Gold is RMB2 billion, among which Jinzhou Cihang subscribed for RMB1.6 billion and held 80% of the equity interest; and Zijin Capital subscribed for RMB400 million and held 20% of the equity interest. The business scope of Jinzhou Gold mainly includes asset and investment management, spot sales of gold and silver, wholesale of metal and metal ore, etc.

On 19 January 2017, the Company and Sprott Inc. of Canada entered into an agreement. The Company acquired 30,900 shares of Gold Mountains Sprott Capital Management Limited (“Gold Mountains Sprott”) held by Sprott Inc. of Canada at a consideration of US\$0.01 per share. After completion of the share transfer, the Company held 90.9% interest in Gold Mountains Sprott. The restructure of Gold Mountains Sprott was completed in the reporting period. Sprott-Zijin Mining Fund was renamed as Zijin Global Fund. The size of the fund is approximately US\$100 million.

Report of the Directors *(continued)*

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

(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.	0.071	0.654	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.
Construction of Duobaoshan copper mine phase 2	2.477	Construction was in progress.	0.605	0.789	Upon completion of phase 2 construction and phase 1 technological innovation, the annual production capacity is expected to increase to 80,000 tonnes of copper.

Significant disposal of assets and equity interests

Jin Huang Mining Company Limited, an overseas wholly-owned subsidiary of the Company ("Jin Huang Mining"), cumulatively disposed 6,482,860 shares of Pretium Resources Inc. ("Pretium") in 2017 and realised investment income of RMB221 million. As at the end of 2017, Jin Huang Mining still held 2,696,131 shares of Pretium. Pretium is a company listed on the Toronto Stock Exchange and the New York Stock Exchange. The Pretium shares which Jin Huang Mining held were mainly acquired through participating in Pretium's share placement in 2015.

ANALYSIS OF MAJOR SUBSIDIARIES, ASSOCIATES AND JOINT OPERATION

Unit: RMB'000

Company name	Mine	Gold segment						
		Interest held by the Group	Production volume (kg)	Grade (g/tonne)	Total assets	Net assets	Operating income	Net profit
Barrick (Niugini) Limited (Note 1)	Porgera gold mine	50%	7,824	4.53	3,189,140	1,265,030	2,173,230	294,450
Norton Gold Fields Limited	Paddington	100%	6,267	1.28	2,085,540	951,630	1,756,110	197,280
JV Zeravshan LLC	Jilau, Taror gold mines	75%	4,014	1.71	2,358,020	-178,710	938,100	-59,840
Hunchun Zijin Mining Company Limited	Shuguang gold mine	100%	2,571	0.45	1,478,700	1,206,530	1,213,020	340,150

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	Mine	Copper segment			Total assets	Net assets	Operating income	Net profit
		Interest held by the Group	Production volume (tonne)	Grade (%)				
Zijin Mining Group Company Limited*	Zijinshan copper mine (Note 2)	100%	75,850	0.52	—	—	—	—
Xinjiang Ashele Copper Company Limited	Ashele copper mine	51%	44,057	2.11	3,650,520	2,024,890	1,775,890	737,030
Heilongjiang Duobaoshan Copper Company Limited	Duobaoshan copper mine	100%	33,735	0.38	3,499,510	1,621,590	1,438,790	339,550
La Compagnie Minière de Musonoie Global SAS	Kolwezi copper mine	72%	21,940	4.11	1,768,080	197,350	693,320	170,920
Hunchun Zijin Mining Company Limited	Shuguang copper mine	100%	11,745	0.2	1,478,700	1,206,530	1,213,020	340,150

Company name	Mine	Zinc segment			Total assets	Net assets	Operating income	Net profit
		Interest held by the Group	Production volume (tonne)	Grade (%)				
Russia Longxing Company Limited	Kyzyl-Tash Turk zinc and polymetallic mine	70%	93,272	7.77	3,412,290	425,540	1,501,320	528,740
Wulatehouqi Zijin Mining Company Limited	Miaogou-Sanguikou lead and zinc mine	95%	87,529	1.84	2,216,060	1,358,350	1,743,660	624,340
Xinjiang Zijin Zinc Industry Company Limited	Wulagen lead and zinc mine	100%	79,398	2.26	1,171,280	874,070	1,430,640	718,930

Company name	Major product	Refining segment			Total assets	Net assets	Operating income	Net profit
		Interest held by the Group	Major by-products	Production volume				
Zijin Copper Company Limited	Refinery copper	100%	Gold, silver, vitriol	300,900 tonnes of copper cathode, 12.86 tonnes of gold, 314.86 tonnes of silver and 891,000 tonnes of vitriol	7,709,230	2,556,340	23,535,980	350,760
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	87.2%	Copper, vitriol	197,000 tonnes of zinc bullion, 1,626 tonnes of copper and 275,600 tonnes of vitriol	2,828,900	934,630	4,354,250	63,700

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 product	Other segments			Total assets	Net assets	Operating income	Net profit
		Interest held by the Group	Production volume (million tonne)	Grade (%)				
Xinjiang Jinbao Mining Company Limited	Iron concentrates	56%	2.43	33.13	1,347,840	996,190	1,115,760	461,910
Fujian Makeng Mining Company Limited (Note 3)	Iron concentrates	41.5%	0.52	38.5	4,311,680	1,348,690	610,450	78,400
Jin Heng Mining Company Limited (Note 4)	—	100%	—	—	1,694,000	1,150,480	—	685,880

Note:

1. The data of Barrick (Niugini) Limited is on equity basis, i.e., production volume is based on 47.5% of interest, and data of financial statements is based on 50% of interest;
2. Zijinshan is the branch of the Company and it is not separately reported;
3. The production volume of Fujian Makeng Mining Company Limited reflects the Company's share on equity basis;
4. The net profit of Jin Heng Mining Company Limited was mainly owing to the gain on changes in fair value of the stocks of Ivanhoe Mines Ltd. it held.

SIGNIFICANT MATTERS

Profit distribution plan or the plan for converting capital reserve into bonus shares in respect of the ordinary shares of the Company

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 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 general meeting in 2015.

The 2016 annual general meeting of the Company considered and approved the profit distribution plan of the Company for 2016. On the basis of 23,031,218,891 total issued shares before the profit distribution, a dividend of RMB0.06 (tax included) per share (a total of RMB1,381,873,133.46 in cash) was distributed. The above profit distribution was completed on 4 August 2017.

As audited by Ernst & Young Hua Ming LLP, the Group's net profit attributable to owners of the parent for the year ended 31 December 2017 prepared in accordance with CAS was RMB3,507,717,627. The Board proposed the profit distribution plan for the year ended 31 December 2017 to be: on the basis of 23,031,218,891 shares as at 31 December 2017, to pay the qualified shareholders of the Company the final cash dividend of RMB0.9 per 10 shares (tax included). The total distribution of cash dividend amounts to RMB2,072,809,700.19. The remaining balance of undistributed profit will be reserved for future financial years.

Independent Directors of the Company considered that the profit distribution for 2017 is in line with the relevant provisions of the articles of association of the Company and the Company's Profit Distribution and Return Plan and fully protects the legitimate rights and interests of minority investors. They agreed with the profit distribution plan.

Report of the Directors *(continued)*

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

The Company's profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan in respect of its ordinary shares 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 statements 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 (%)
2017	0	0.9	0	2,072,809,700	3,507,717,627	59.09
2016	0	0.6	0	1,381,873,133	1,839,798,820	75.11
2015	0	0.6	0	1,292,444,619	1,655,671,617	78.06

Performance of undertakings

Undertakings by the actual controller, shareholders, related parties, acquirers of the Company, the Company and other relevant undertaking parties 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 who participated 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

Analysis and explanation on the reasons and impacts of changes in accounting policies, accounting estimates or correction of material accounting errors of the Company

Analysis and explanation on changes in accounting policies of the Company are set out in Note III.32 to the financial statements.

Report of the Directors *(continued)*

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

Major litigation and arbitration

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

Unit: RMB'000

During the reporting period:

Applicant(s)	Respondent(s)	Jointly liable parties	Type of proceeding (arbitration)	Basic information of the proceeding (arbitration)	Amount involved in the proceeding (arbitration)	Whether provisions are made for the proceeding (arbitration)	Progress of the proceeding (arbitration)	Hearing results and impacts of the proceeding (arbitration)
Xinyi Zijin Mining Company Limited and Zijin Mining Group Company Limited*	6 hydropower plants (including Shihuadi in Xinyi City) and a water treatment plant	N/A	Civil proceeding (reached settlement at the second hearing)	After the first hearing, the applicants objected to the resulting judgment and appealed to the Intermediate People's Court in Maoming City, Guangdong Province.	24,767	No	Under the mediation of the Intermediate People's Court in Maoming City, Guangdong Province, all the litigants reached a settlement agreement, pursuant to which Xinyi Zijin has to compensate a total of RMB24.767 million to the aforesaid respondents. The compensation is payable by Xinyi Zijin and Fujian Jinma Construction Engineering Company Limited based on the proportion to which they consensually agree.	A settlement agreement was entered into among the parties, all the cases relevant to the collapse of the tailings pool dam of Yinyan Tin Mine of Xinyi Zijin have been concluded.

Details of share incentive scheme, employee stock ownership scheme or other employee incentive measures and their impacts

The relevant share incentive related matters which have been published in provisional announcements and without further progress

Summary of the event

The registration of the A Shares subscribed by phase 1 of employee stock ownership scheme of Zijin Mining Group Co., Ltd.* under the non-public issuance of A Shares was completed at China Securities Depository and Clearing Corporation Limited (Shanghai Branch) on 7 June 2017. 129,163,987 A Shares were subscribed for, the subscription amount was RMB401.7 million, the subscription price was RMB3.11 per share and the lock-up period was 36 months.

Index for details

For details, please refer to the Company's announcements disclosed on HKEXnews website (<http://www.hkexnews.hk>) dated 8 June 2017.

Report of the Directors *(continued)*

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

Material connected transactions

Connected transactions related to daily business operation

Matters which have been published in provisional announcements without further 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 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 22 February 2017. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contract was entered into under normal commercial terms, which reflects the principles of fairness and reasonableness. Subsequently, under the impact of rising prices of copper concentrates during 2017, it was expected that the sales amount under the connected transaction would exceed the original annual cap of sales amount set in early 2017. At the fourteenth extraordinary meeting in 2017 of the sixth term of the Board convened on 28 November 2017, it was approved to raise the amount of annual cap of the connected transaction to RMB1.005 billion. During the reporting period, the total amount of the transaction was RMB803.336 million.

Index for details

For details, please refer to the Company's announcements disclosed on HKEXnews website (<http://www.hkexnews.hk>) dated 22 February 2017 and 28 November 2017.

Except the continuing connected transactions as disclosed above, the related party transactions disclosed in the annual report were not the connected transactions or continuing connected transactions under chapter 14A of the 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.

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, 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, 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 Company have reviewed and confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2017 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.

Report of the Directors *(continued)*

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

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 Company 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

STAFF

The number of current staff of the Company	2,430
The number of current staff of the major subsidiaries	15,642
Total number of current staff (including staff of domestic enterprises and Chinese staff of overseas enterprises)	18,072
The number of retired employees that the Company and the major subsidiaries are responsible for the retirement expenses	333

Profession structure

Classification	Number of staff
Production	8,495
Sales	242
Technical	4,905
Finance	486
Administration	3,944
Total	18,072

Education

Classification	Number of staff
Doctoral degree	30
Master degree	345
Bachelor degree	2,869
Other tertiary education	3,419
Secondary school or below	11,409
Total	18,072

REMUNERATION POLICY

According to the Company's strategy and its 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 benefits. The Company's remuneration management adopts the strategy of "high pay for elites", which is to provide basic salary with market competitiveness 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 benefits 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 implemented phase 1 of the employee stock ownership scheme in 2017.

Report of the Directors *(continued)*

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TRAINING PROGRAMMES

According to the annual training plan in 2017, the Company organised various training programmes, namely “Zijin Lectures”, office skill trainings, modern mining technique seminars, ore processing technique seminars, orientations for new employees, training classes for the fresh graduates with outstanding academic results recruited in 2017, energy management and production enhancement classes, and MBTI personality test, etc. As for the head office and subsidiaries, activities organised included English trainings for departments at headquarters, and training classes on the topics of use of refining and processing equipment, office and executive skills (in rotation mode), etiquette, archive management, safety and environmental protection management, HR systems, data security, IT internal control, project management, and professional trainings for finance managers and production team heads, etc. Through the wide variety of training programmes, employees were introduced to advanced knowledge, modern technique and new methods, which would be helpful for introducing advanced management concepts, technological innovation and globalised development concepts to the Group, and promoting the implementation of such concepts. By encouraging an atmosphere of learning, the employees attending the trainings improved their vocational skills and overall competence.

OUTSOURCING STATUS

Total working hours of outsourcing services	Measured by quantity in mining and stripping production
Total outsourcing payment	RMB2,947,536,713

CORE TECHNICAL TEAM OR KEY TECHNICAL STAFF OF THE COMPANY

The Company’s core technical team mainly consists of State Key Laboratory of Comprehensive Utilisation of Low-grade Refractory Gold Ores, Xiamen General Institute of Geological Exploration, Zijin Mining and Metallurgy Research and Design Institute, Xiamen Zijin Mining and Metallurgy Technology Co. Ltd. and Fujian Zijin Mining and Metallurgy Testing Technology Co., Ltd. Key technical staff are the leading experts in the fields of geology, mining, processing, metallurgy, environmental protection, engineering application design, analysis and testing.

Currently, the core technical team of the Company is stable. It provides excellent conditions to the Company’s technical innovation and sustainability. There is no change in personnel which may substantially affect the Company’s core competitiveness.

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

As at 31 December 2017, 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 2017:

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 position	0.59%	0.44%
	H Shares	8,000,000	Personal	Long position	0.14%	0.03%
	Total	110,000,000	Personal	Long position		0.48%
Lan Fusheng	Domestic shares	7,530,510	Personal	Long position	0.04%	0.03%
Zou Laichang	Domestic shares	1,430,000	Personal	Long position	0.01%	0.01%
Lin Hongfu	Domestic shares	862,500	Personal	Long position	0.01%	0.01%
Fang Qixue	Domestic shares	301,000	Personal	Long position	0.01%	0.01%
Lin Hongying	Domestic shares	200,000	Personal	Long position	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 position	0.01%	0.01%
Liu Wenhong	Domestic shares	24,450	Personal	Long position	0.01%	0.01%
	H Shares	10,000	Personal	Long position	0.01%	0.01%
	Total	34,450	Personal	Long position		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 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.

Report of the Directors *(continued)*

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

SHARE CAPITAL AND SHAREHOLDERS

CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Changes in ordinary shares

1. Table on changes in ordinary shares

Unit: Share

	Before the change		Additional A Shares issued	Bonus shares	Movement (+, -) Conversion of capital reserve to share capital	Others	Subtotal	After the change	
	Number of shares	Proportion (%)						Number of shares	Proportion (%)
I. Shares subject to trading moratorium	0	0	+1,490,475,241	0	0	0	+1,490,475,241	1,490,475,241	6.47%
1. Shareholding of state-owned entities	0	0	+905,723,471	0	0	0	+905,723,471	+905,723,471	3.93%
2. Shareholding of other domestic investors	0	0	+584,751,770	0	0	0	+584,751,770	+584,751,770	2.54%
In which: Shareholding of non-state owned domestic entities	0	0	+584,751,770	0	0	0	+584,751,770	+584,751,770	2.54%
Shareholding of domestic natural persons	0	0	0	0	0	0	0	0	0
II. Shares not subject to trading moratorium	21,540,743,650	100%	0	0	0	0	0	21,540,743,650	93.53%
1. Renminbi-denominated ordinary shares	15,803,803,650	73.37%	0	0	0	0	0	15,803,803,650	68.62%
2. Overseas-listed foreign invested shares	5,736,940,000	26.63%	0	0	0	0	0	5,736,940,000	24.91%
III. Total number of ordinary shares	21,540,743,650	100%	+1,490,475,241	0	0	0	+1,490,475,241	23,031,218,891	100%

2. Details of changes in ordinary shares

Pursuant to the approval document issued by the CSRC (Zhengjian Xuke [2017] No. 289), the Company completed the non-public issuance of 1,490,475,241 Renminbi-denominated ordinary A Shares on 7 June 2017. Registration and custody formalities relating to the additional A Shares issued were completed at China Securities Depository and Clearing Corporation Limited (Shanghai Branch) on 7 June 2017. For details, please refer to the announcement in relation to the issuance results of non-public issuance of A Shares and changes in share capital of the Company dated 8 June 2017 disclosed on HKEXnews website. The respective change of business registration was also completed. The registered capital of the Company was changed to RMB2,303,121,889.1.

3. 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)

Increase in the number of ordinary shares of the Company would dilute the earnings per share and net assets per share of the most recent year and period, but it had no impact on financial indicators such as the Company's operating income, net profit, net assets, total assets, etc.

The reasons for the non-public issuance of A Shares are: (1) enhancing the Company's profitability; (2) unleashing potentials and raising efficiency to complement capacity expansion, and (3) meeting capital needs and optimising financial structure. The issuance price was RMB3.11/share, total amount of proceeds raised was RMB4,635,377,999.51 and the net amount of proceeds raised was RMB4,596,919,958.92.

Details of the Company's issued ordinary shares (with par value of RMB0.1 each) as at 31 December 2017 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 OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, the Company has a total of 727,029 shareholders, of which 922 are H Shareholders and 726,107 are holders of domestic shares. By approximate percentage of shareholding in the share capital, the shareholdings of the Company's top ten shareholders are as follows:

	Name of shareholders	Class of shares	Number of shares held	Approximate percentage of shareholding in the registered capital*
1.	Minxi Xinghang State-owned Assets Investment Co., Ltd. (Notes 1 & 2)	Domestic shares	5,960,742,247	25.88%
2.	HKSCC Nominees Limited (Note 3)	H Shares	5,709,478,979	24.79%
3.	China Securities Finance Corporation Limited	Domestic shares	1,040,394,006	4.52%
4.	Xinhuadu-Guosen Securities-17 Xinhuadu EB Guarantee and Trust Assets Special Account	Domestic shares	735,184,681	3.19%
5.	National Social Security Fund 108	Domestic shares	589,997,166	2.56%
6.	China-Africa Development Fund Co., Ltd.	Domestic shares	321,543,408	1.40%
7.	Central Huijin Asset Management Ltd.	Domestic shares	191,694,700	0.83%
8.	Huarong Ruitong Equity Investment Management Co., Ltd. (Note 4)	Domestic shares	166,954,690	0.72%
9.	National Social Security Fund 113	Domestic shares	165,219,737	0.72%
10.	Industrial Securities Asset Management – Everbright Bank – Industrial Securities Asset Management Zunrui Collective Asset Management Scheme No. 5	Domestic shares	144,694,533	0.63%

Notes:

- * Percentage calculation based on 23,031,218,891 shares.
- 1. 208,484,145 domestic shares of the Company held by Minxi Xinghang State-owned Assets Investment Co., Ltd. have to be transferred to National Council for Social Security Fund, the PRC, that part of the stock is frozen.
- 2. Minxi Xinghang State-owned Assets Investment Co., Ltd. pledged 289,389,067 domestic shares of the Company.
- 3. HKSCC Nominees Limited held 5,709,478,979 H Shares in the Company as a nominee, representing approximately 24.79% 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.
- 4. Huarong Ruitong Equity Investment Management Co., Ltd. pledged 160,771,704 domestic shares of the Company.

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 2017, 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	5,960,742,247	25.88%	34.47%	—	Long
BlackRock, Inc.	H Shares	344,127,709 (Note 1)	1.49%	—	5.99%	Long
BlackRock, Inc.	H Shares	6,618,000 (Note 1)	0.03%	—	0.12%	Short
The Bank of New York Mellon Corporation	H Shares	289,855,928 (Note 2)	1.26%	—	5.05%	Long
The Bank of New York Mellon Corporation	H Shares	280,584,458 (Note 2)	1.22%	—	4.89%	Lending pool

Report of the Directors *(continued)*

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

Notes:

- * Percentage calculation based on 23,031,218,891 shares.
- (1) BlackRock, Inc. holds 344,127,709 H Shares (long position) of the Company (representing approximately 5.99% of the 5,736,940,000 total issued H Shares of the Company) and 6,618,000 H Shares (short position) of the Company (representing approximately 0.12% of the 5,736,940,000 total issued H Shares of the Company).

According to the disclosure form filed by BlackRock, Inc. on 29 December 2017, the following interests were held by BlackRock, Inc. in the following capacity:

Capacity	Number of shares	
Interest of corporation controlled by BlackRock, Inc.	Long position	344,127,709
	Short position	6,618,000

Further information in relation to interests of corporations controlled by BlackRock, Inc.:

Name of controlled corporation	Address and place of incorporation	Name of controlling person	% control	Direct interest (Y/N)	Number of shares	
Trident Merger, LLC	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock, Inc.	100.00	N	Long position	2,236,250
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	2,236,250
BlackRock Holdco 2, Inc.	1209 Orange Street, Wilmington DE 19801, United States (Delaware, USA)	BlackRock, Inc.	100.00	N	Long position Short position	341,891,459 6,618,000
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	338,327,459 6,618,000
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	3,564,000
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	213,923,587 6,100,000
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	213,923,587 6,100,000
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	213,923,587 6,100,000
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	95,420,587 6,100,000
BlackRock Fund Advisors	400 Howard Street San Francisco, CA 94105, United States (California, USA)	BlackRock Delaware Holdings Inc.	100.00	Y	Long position	118,503,000
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	16,000

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 person	% control	Direct interest (Y/N)		Number of shares
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	16,000
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	124,387,872 518,000
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	124,387,872 518,000
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	8,487,190
BlackRock Trident Holding Company Limited	Taney Hall, Eglinton Terrace, Dundrum, Dublin 14, Ireland (Ireland)	BlackRock Cayco Limited	100.00	N	Long position	8,487,190
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	8,487,190
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	8,487,190
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	1,314,000
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	1,314,000
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	1,314,000
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	1,528,000
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	1,528,000
BlackRock (Singapore) Holdco Pte. Ltd.	20 Anson Road #18-01 079912 Singapore (Singapore)	BR Jersey International Holdings L.P.	100.00	N	Long position	12,109,181
BlackRock HK Holdco Limited	13th Floor, One Pacific Place, 88 Queensway, Hong Kong (Hong Kong)	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	N	Long position	12,109,181
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	3,613,991
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	109,436,691 518,000

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 person	% control	Direct interest (Y/N)		Number of shares
BlackRock (Netherlands) B.V.	Rembrandt Tower, 17th floor, Amstelplein, Amsterdam Netherlands (Amsterdam, Netherlands)	BlackRock Group Limited	100.00	Y	Long position	914,000
BlackRock Advisors (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock Group Limited	100.00	Y	Long position	3,724,540
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	8,301,999
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	1,690,000
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	51,630,341 18,000
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	50,558,341
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	50,558,341
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	1,044,000 18,000
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	14,589,704 500,000
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	28,586,107
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	14,589,704 500,000
BlackRock Life Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom (England & Wales, United Kingdom)	BlackRock International Limited	100.00	Y	Long position	8,301,999
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
BlackRock Investment Management (Taiwan) Limited	28F, 95 Tun Hwa South Road, Section 2, Taipei, Taiwan (Taiwan)	BlackRock HK Holdco Limited	100.00	Y	Long position	8,000

Further information in respect of derivative interests:

Unlisted derivatives - Cash settled	Long position	322,000
	Short position	3,542,000

Report of the Directors *(continued)*

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- (2) The Bank of New York Mellon Corporation holds 289,855,928 H Shares (long position) of the Company (representing approximately 5.05% of the 5,736,940,000 total issued H Shares of the Company) and 280,584,458 H Shares (lending pool) of the Company (representing approximately 4.89% 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 28 September 2017, the following interests were held by The Bank of New York Mellon Corporation in the following capacity:

Capacity	Number of shares	
Interest of corporation controlled by The Bank of New York Mellon Corporation	Long position	289,855,928

Further information in relation to interests of corporations controlled by The Bank of New York Mellon Corporation:

Name of controlled corporation	Address and place of incorporation	Name of controlling person	% control	Direct interest (Y/N)	Number of shares	
The Bank of New York Mellon	225 Liberty Street, New York, NY 10286. USA(New York)	The Bank of New York Mellon Corporation	100.00	Y	Long position	289,855,928

Save as disclosed above and so far as the Directors are aware, as at 31 December 2017, no other person (other than the Directors, Supervisors or chief executive 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.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this report, the Board confirmed that neither the Company nor any of its subsidiaries purchased, sold, redeemed or wrote off any of the Company's listed securities for the year ended 31 December 2017.

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 or 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 2017 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 2017 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 2017 is in compliance with the applicable accounting standards and relevant laws and regulations and has made sufficient disclosure.

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	8.85
Appointment term of the auditors in Mainland China	Renew once a year

Report of the Directors *(continued)*

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	Name	Remuneration
Internal control auditors	Ernst & Young Hua Ming LLP	Already included in the audit fee

ISSUANCE AND LISTING OF SECURITIES

(1) Issuance of securities during the reporting period

Unit: Share Currency: RMB

Type of shares and their derivatives	Date of issuance	Issuance price (or interest rate)	Number issued/total amount	Date of listing	Number/ amount approved to be listed for trading
Ordinary shares					
Renminbi-denominated ordinary shares (A Shares)	23 May 2017	3.11	1,490,475,241 shares	7 June 2017	1,490,475,241 shares
Convertible corporate bonds, bonds with detachable warrants and corporate bonds					
2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	12 September 2017	5.17%	RMB500 million	27 September 2017	500 million

(2) Changes in total number of ordinary shares, shareholding structure and the structure of assets and liabilities of the Company

After the completion of the non-public issuance of A Shares, the total number of the Company's ordinary shares increased from 21,540,743,650 to 23,031,218,891, out of which the proportion of shareholding of Minxi Xinghang State-owned Assets Investment Company Limited, the substantial shareholder of the Company, decreased from 26.33% to 25.88%. It remains to be the substantial shareholder of the Company. The issuance did not lead to change in actual control of the Company. Also, the total assets and net assets of the Company increased correspondingly, the debt-to-asset ratio decreased, the capital structure and financial condition of the Company were improved, financial risks were mitigated and the Company's risk resistance improved.

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
2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	17 Zijin Y1	143917	12 September 2017	The base period is 3 years. At the end of the base period and the end of each renewal period, the Company has an option to renew the bonds for one more period (i.e., 3 years). The renewable corporate bonds will mature when the Company does not exercise the renewal option and redeems the bonds in full amount.	0.5	5.17%	When the Company does not exercise the option to delay interest payment, the interest shall be paid annually.	Shanghai Stock Exchange

Settlement of interests and principals of the corporate bonds

Dates of the first and second payments of interest of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* were 18 March 2017 and 18 March 2018 respectively, and the payments were settled on schedule. Date of payment of the initial interest of 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* was 15 July 2017, and the payment was settled on schedule. The next date of payment will be 15 July 2018.

Date of payment of the initial interest of 2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued) will be 12 September 2018. No interest payment was made during the reporting period.

Report of the Directors *(continued)*

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

Use of proceeds raised from corporate bonds

As at the date of this report, 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 of the proceeds is RMB0; and 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 of the proceeds is RMB0; RMB0.5 billion of proceeds raised from 2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, the unused balance of the proceeds is RMB0. During the reporting period, the designated account for the proceeds raised was well operated.

Settlement of interests of other bonds and debt financing instruments

As at 31 December 2017, the Company has issued medium-term notes of RMB8.3 billion, and all the interest payments were settled on schedule.

SHARE OPTION SCHEME

As at the date of this report, the Company has neither 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

Approximately 94% of the Company's operating income was originated from customers in Mainland China, and 42.86% was from the Shanghai Gold Exchange. Therefore, the Company was unable to sort customers in Mainland China by region.

The details of the Company's top five suppliers and 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 2017.

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 faced by 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.

Report of the Directors *(continued)*

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The 2017 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 shareholders' general meetings.

Save as disclosed above, there are no service contracts entered into between the Company and any of the Directors or Supervisors which are 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
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
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

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.

Report of the Directors *(continued)*

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

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.

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 due to change in registered capital. For details, please refer to the Company's announcement issued on 30 June 2017.

RETAINED EARNINGS

As at 31 December 2017, details of the Company's retained earnings are set out in Note V.44 to the financial statements.

ASSETS PLEDGED OR CHARGED

As at 31 December 2017, details of the Group's pledged or charged assets are set out in Note V.61 to the financial statements.

CURRENCY AND INTEREST HEDGING POLICY

Details of the Group's currency and interest hedging policy for the year ended 31 December 2017 are set out in Note VIII.3 to the financial statements. In the year of 2017, the Group used cross currency swap to manage currency risk, details of the transactions are set out in Notes V.23 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.

Report of the Directors *(continued)*

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

FIXED ASSETS

Details of movements of the fixed assets of the Group for the year ended 31 December 2017 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 2017, pursuant to the relevant laws and regulations, the Company's distributable reserves amounted to RMB24,645,430,231 (31 December 2016: RMB19,823,726,654).

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 RMB154 million (2016: RMB102 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.57 to the financial statements.

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%.

Report of the Directors *(continued)*

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

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 "interest, 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 or 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
23 March 2018

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 2017

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 corporate development, especially in the aspects of safety, environmental protection and information disclosure. We attended the Board meetings, shareholders' general meeting, 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 2017 are as follows:

1. ATTENDANCE OF BOARD MEETINGS AND SHAREHOLDERS' GENERAL MEETING

The Company convened 21 Board meetings and 1 shareholders' general meeting in 2017, 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	21	5	16	0	0	1	1	0
Zhu Guang	21	5	16	0	0	1	1	0
Sit Hoi Wah, Kenneth	21	5	16	0	0	1	1	0
Cai Meifeng	21	1	16	4	0	1	0	1

Most of the independent Directors attended all the Board meetings and shareholders' general meeting in person in 2017. 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 minority shareholders as a whole.

2. PARTICIPATION IN PROFESSIONAL COMMITTEES UNDER THE BOARD

(1) Strategic committee of the Board

During the reporting period, the sixth term of the strategic committee of the Board convened a meeting at Gutian Hotel at Shanghang, Fujian. At the meeting, the main direction for the work of the sixth term of the Board and management was determined. Moreover, the development strategy approved at the second meeting of the fifth term of the Board and its implementation were also evaluated. It was concluded that the development strategy formulated by the Company has a right direction, clear goals, and high operability and feasibility; that the strategic measures adopted in the last three years were in line with such strategy; and that the Company should continue to implement such strategy with a firm attitude. However, in view of the changes which have taken place in the economy and the mining industry during the last three years, the committee also considered it necessary to make some refinement to the aforesaid strategy and further enrich its content according to the Company's actual development needs. A revision to the Resolution in relation to the Development Strategy of the Company was considered and approved at the meeting.

(2) 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 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 earnestly discharge its duties. Following the Company's "Working Policy of Independent Directors for Annual Report", "Working Schedule of the Audit and Internal Control Committee", etc., we 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, an interim report and an annual report prepared by the Company and the active communication with external auditor according to the audit arrangement for the annual report.

Report of the Independent Directors *(continued)*

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

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 production, operation and significant events during the year. 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.

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 audit matters, 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.

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

During the reporting period, except a change in the chief engineer, the Directors, Supervisors and senior management team of the Company remained relatively stable. Independent Directors issued independent opinion on the remuneration matters of the Directors and senior management. We considered that the assessment and realisation of the 2016 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.

During the reporting period, the nomination and remuneration committee also organised and implemented the performance assessment for the year of 2016 according to the requirements of the Board.

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, 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 2017, the independent Directors issued independent opinion on the following connected transactions:

1. On 22 February 2017, the extraordinary meeting of the sixth term of the Board passed the "Resolution related to the Continuing Connected Transactions of Sales of Copper Concentrates from Xinjiang Ashele Copper Company Limited to Xinjiang Non-ferrous Metals Industrial Materials (Group) Co., Ltd.";
2. On 28 April 2017, the fourth meeting of the sixth term of the Board passed the "Resolution related to the Renewal of Existing Loans and Provision of New Shareholder's Loans for Xiamen Zijin Tongguan Investment Development Company Limited";
3. On 18 August 2017, the fifth meeting of the sixth term of the Board passed the "Resolution related to the Renewal of Existing Shareholder's Loans for Gold Eagle Mining Investment Limited";
4. On 28 November 2017, the extraordinary meeting of the sixth term of the Board passed the "Resolution related to Xinjiang Ashele Copper Company Limited Raising the Connected Transaction Amount of Sales of Copper Concentrates";
5. On 27 December 2017, the extraordinary meeting of the sixth term of the Board passed the "Resolution related to the Renewal of Existing Loans and Provision of Replacement Loans for Xiamen Zijin Tongguan Investment Development Company Limited";

Report of the Independent Directors *(continued)*

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6. On 29 December 2017, the extraordinary meeting of the sixth term of the Board passed the “Resolution related to the Participation in the Capital Enlargement of Tibet Yulong Copper Co., Ltd., an associate of the Company”.

The independent Directors considered that the connected transactions of sales of copper concentrates by Xinjiang Ashele Copper Company Limited were necessary for the Company's production and operation, and were in accordance with the provisions of the articles of association of the Company; the aforesaid connected transactions regarding the provision of shareholder's loans to Xiamen Zijin Tongguan Investment Development Company Limited and Gold Eagle Mining Investment Limited were favourable for moving forward the development of the projects. The shareholder's loans provided by the Company were based on the proportion of its equity interest in the aforesaid companies, and the interest rates of the loans were fair; the aforesaid connected transaction regarding the participation in the capital enlargement of Tibet Yulong Copper Co., Ltd. was favourable for moving forward the development of the project, and the Company's capital contribution was based on the proportion of its equity interest in the aforesaid company; the terms of the aforesaid connected transactions followed the principles of fairness, equality and impartiality, 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 2016. There was no circumstance that the Company's controlling shareholder and its related parties occupied funds of the Company during 2016. 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, independent opinion was issued on the Company's profit distribution plan for 2016, cancellation of a resolution and addition of a proposal for the 2016 annual general meeting, capital enlargement of the investment projects under the non-public issuance of A Shares in 2016 by using the proceeds raised, cash management of a portion of the idle proceeds raised from the non-public issuance of A Shares in 2016 of the Company, replacement of Company's own funding on the investment projects with the proceeds raised from the non-public issuance of A Shares in 2016, special half-year report on the deposit and actual use of proceeds in 2017, appointment of Mr. Guo Xianjian as the Company's chief engineer, and investment in low-risk wealth management products by using idle self-owned funds in 2018, etc.; “The 2016 Social Responsibilities Report of the Company” and “The 2016 Internal Control Evaluation Report of the Company” 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 subsidiaries of the Group

During the reporting period, the independent Directors visited and carried out field study in some major subsidiaries of the Company, received presentations from the companies and project-in-charge on-site, went into the mines and mining wells to perform site visits, discussed and communicated with the local government officers and understood the situation of 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 laws and regulations, production safety, environmental protection and the efficiency of processing enterprises, etc., and 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.

Report of the Independent Directors *(continued)*

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(2) During the discharge of their duties, the independent Directors often carried out active, continuous supervision and monitoring 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 correspondence, communication with the relevant staff, reading working summaries of the Board and other means; understood the development and implementation status of the Company's internal control policy, operation updates and financial status, progress of significant events including the Company's non-public issuance of A Shares, 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.

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

In 2017, the independent Directors made reasonable arrangement of their time 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 2017, 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

23 March 2018

Report of the Supervisory Committee

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

To all shareholders,

Pursuant to the provisions of the relevant laws and regulations including the "Company Law of the People's Republic of China" and the articles of association of the Company, in 2017, the supervisory committee of the Company continuously optimised the corporate governance and discharged their supervisory duties actively to protect the legitimate interests of the Company and its shareholders. In terms of strengthening the supervisory system, the supervisory departments at all levels emphasised on fraud prevention and control, as well as reinforced internal control and effective inspection.

I. WORK REPORT OF THE SUPERVISORY COMMITTEE

- 1. Meetings convened by the supervisory committee.** The supervisory committee convened 6 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 China Securities Regulatory Commission and the Shanghai Stock Exchange.

Number	Session of the supervisory committee meeting	Date	Venue	Matters discussed and resolutions passed
1	The second meeting of the sixth supervisory committee	24 March 2017	Conference room, 10/F., Zijin Airport Hotel, Xiamen City	"2016 work report of the supervisory committee of the Company", "Proposal in relation to provision for impairment of assets in 2016", "Proposal on recognition of certain assets counting loss and obsolescence loss of the Company", "The Company's 2016 annual report and its summary report", "The Company's financial report for the year ended 31 December 2016", "The Company's profit distribution plan for the year of 2016", "2016 internal control evaluation report of the Company" and "2016 social responsibility report of the Company" were considered and approved.
2	The third meeting of the sixth supervisory committee	28 April 2017	Conference room, 42/F., the Company's branch in Xiamen City	"First quarterly report 2017 of the Company" was considered and approved.

Report of the Supervisory Committee *(continued)*

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

Number	Session of the supervisory committee meeting	Date	Venue	Matters discussed and resolutions passed
3	The first extraordinary meeting of the supervisory committee in 2017	14 June 2017	By telecommunication	"Proposal in relation to capital enlargement of the investment projects under the non-public issuance of A Shares by using the proceeds raised" and "Proposal in relation to cash management of the idle proceeds of the Company" were considered and approved.
4	The second extraordinary meeting of the supervisory committee in 2017	21 July 2017	By telecommunication	"Proposal in relation to replacement of the Company's own funding in the investment projects with the proceeds raised" was considered and approved.
5	The fourth meeting of the sixth supervisory committee	18 August 2017	Conference room, 10/F., Zijin Airport Hotel, Xiamen City	"2017 interim report of the Company", "Proposal in relation to special half-year report on the deposit and actual use of proceeds in 2017" and "Proposal in relation to assets impairment provision" were considered and approved.
6	The fifth meeting of the sixth supervisory committee	25 October 2017	Conference room, 42/F., the Company's branch in Xiamen City	"Third quarterly report 2017 of the Company" was considered and approved.

2. **Actively participated in relevant meetings.** The Supervisors of the Company attended the Board meetings, the audit and internal control committee meetings of the Board, the meetings of executive directors, senior management and the Party Committee, work meetings of the president office, 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 relevant information of the Company and its subsidiaries including the periodic financial reports, reports on production and operation, reports on internal supervision and inspection, etc., and accordingly contributed their opinion to major decisions and personnel changes during discussion. Through such measures, the Supervisors could fully understand the process through which important decisions were made, stayed informed about the Company's operation and management status, and discharged their supervisory and inspection functions proactively based upon their sufficient knowledge about the Company's affairs.
3. **Earnestly fulfilled the responsibilities of supervision.** Pursuant to the provisions of relevant laws, regulations and the articles of association of the Company, the Supervisors supervised on major issues including the Company's operation in accordance to laws, financial status, acquisition and disposal of assets, and connected transactions. In this way, it could be ensured that the Company operated in compliance with laws and regulations, and information disclosure was prompt, accurate and complete.

Report of the Supervisory Committee *(continued)*

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

4. **Carried out in-depth study and research on subsidiaries at the base-level.** Through visiting and researching on the subsidiaries of the Company, the Supervisors of the Company stayed informed about and kept track of the important operational and management activities of the corporations. Concerned about the sustainability of development and potential risks of the corporations, the Supervisors summarised the difficulties met by subsidiaries and provided reasonable suggestions and risk warnings to the decision-makers and management of the Company, based on the findings of their study and research in a timely manner. This promoted the Company's sustainable and healthy development.

The supervisory committee conducted special research which focused on goods and materials on marketing department, 4 logistics subsidiaries and 8 major subsidiaries. The research report thereof illustrated the current status and main problems in the logistics system, and provided suggestions for improvement. Against the backdrop of reform and innovation of the Group's centralised procurement strategy in the logistic system, suggestions were given for further utilising the core functions of the centralised procurement platform which can significantly reduce purchase costs.

5. **Enhanced the leadership over the supervisory and audit office of the Company.** The supervisory committee of the Company continuously strengthened the coordination, planning and leadership of the supervisory system of the Company. Taking full advantage of a supervisory system where the sub-level supervisory departments were under the direct supervision of upper level supervisory departments, and with emphasis on problem solving and risk prevention, the supervisory committee aimed to create value, provide value-added services and conduct effective supervision. Through carrying out tasks with clear targets, the committee obtained remarkable outcomes in respect of promoting reform, risk prevention and standardised management.

II. 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, the articles of association of the Company 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 on 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 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. According to the review results, 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.

Report of the Supervisory Committee *(continued)*

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

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 lawful 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 "2017 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 of the Company 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 "2017 internal control evaluation report of the Company" was approved by the supervisory committee.

III. THE PROPOSED ROADMAP FOR THE WORK IN 2018

In 2018, the supervisory committee of the Company will comprehensively implement the spirit of the 19th National Congress of the Communist Party in reinforcing and optimising its work. With enhanced capability of discharging duties, the supervisory committee will adhere to the overall development and reform plan of the Company and discharge its supervisory duties diligently. All these will provide support to the implementation of the core task of "clinging to reforms, stabilising growth and boosting development". The following aspects will be the main focuses of work:

- 1. Diligently discharge duties according to law.** 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 monitor the Company's decision-making and operational process, perfect the supervisory system and 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 positively contributing to the sound and sustainable development of the Company.
- 2. Clarify the focus of supervisory work.** 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 compliance 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. Conduct in-depth research and investigation at base-level.** The Company's Supervisors will reach out to the base-levels of the subsidiaries and associates of the Company by field study 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 and the management based on the problems found or matters warranting attention to help avoid operational risks. Special research will be organised on the Company's construction projects.

Report of the Supervisory Committee *(continued)*

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4. **Reinforce discipline in working style.** The supervisory committee will conscientiously followed the important instruction of the General Secretary, Mr. Xi Jinping to fight against formalism, bureaucratism, hedonism and extravagance, and implement the eight-point decision on improving Party and government conduct. The committee will insist on high standard and strict requirements, seize the crucial timing, and guard against improprieties. Stringent penalties will be imposed upon every case of misconduct. Therefore, an environment of integrity will be built up progressively and contribute to sustainable corporate development.
5. **Strengthen organisation and leadership.** 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, continue to strengthen the development of the supervisory team, and keep improving the quality and execution competence of supervisory personnel.

The aforesaid Report of the Supervisory Committee was considered and approved at the seventh meeting of the sixth supervisory committee. It is hereby submitted to shareholders’ general meeting for consideration.

Zijin Mining Group Co., Ltd.*
Supervisory Committee

23 March 2018

The Work in the Active Fulfillment of Social Responsibilities

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

(I) POVERTY ALLEVIATION WORK OF THE COMPANY

1. Targeted poverty alleviation plan

Fundamental strategy

In response to the Party's and the Chinese government's general scheme of poverty elimination, and under the guidance of General Secretary Mr. Xi Jinping's strategic thought on poverty alleviation and development, the Company conscientiously studied and implemented the spirit of the 19th National Congress of the Communist Party of China, and fully implemented "Opinion on Serving the National Poverty Alleviation Strategy by Making Use of the Capital Market" issued by the CSRC. The Company insisted on combining measures of providing assistance and fostering self-reliance. Since the mining subsidiaries located in remote mountain areas are familiar with the situation of the community, the Company gave full play to these advantages and carried out targeted poverty alleviation activities at the areas in which its subsidiaries are located. Thereby, the Company helped the economic development and poverty elimination of the people who live in areas near to its mining operations by sustaining a steady increase of income for poor households and enhancing their self-development capacity.

General objectives

An enterprise should undertake 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, an effective long-term mechanism of the Company for targeted poverty alleviation was gradually established.

Key work

Through cooperation between the Company's subsidiaries, local governmental organisations responsible for poverty alleviation, Zijin Mining Charity Foundation (the Company as its sole founder) and local social organisations, the Company put its emphasis on the poor areas near the operation of its subsidiaries to drive development of economy and education in such areas by ways of donation, creating employment opportunities, industrial development, education and so on.

Safeguarding measures

Following the lead of the Party Committee and the Board of the Company, the management of the Company formulated annual plan for targeted poverty alleviation, and laid down organisational safeguard in respect of project selection, liaising with governmental organisations, implementation of supervision, and information disclosure, etc. Poverty alleviation fund was included in the annual financial budget to ensure material support for poverty alleviation. The Company delegated its social responsibility department to be responsible for poverty elimination and took Zijin Mining Charity Foundation as the implementation platform. Based on the thorough knowledge of poor villages, poor families and their situations, the Company ensured that the capital and personnel are in place, and the poverty alleviation work can be carried out accurately and thoroughly.

2. Overview of targeted poverty alleviation work for the year

In 2017, the Company actively responded to the state's strategy of targeted poverty alleviation, gave full play to the location advantages of mining subsidiaries in remote mountain areas by deploying personnel, material and capital to assist the poor villages around mining sites, and worked together with local governments' poverty alleviation institutions, Zijin Mining Charity Foundation and other charity organisations. According to incomplete statistics, the Company carried out more than 70 key projects in 2017, to provide assistance in Fujian Province Minxi Old Revolutionary Base Area, Aletai Region of Xinjiang Autonomous Region, Hebei Province, Henan Province, Inner Mongolia Autonomous Region, Heilongjiang Province, Yunnan Province, Qinghai Province and Shanxi Province, etc., by way of infrastructure construction, industrial and technological development, environmental protection, assisting students from poor households and improving education facilities. Total investments on poverty alleviation amounted to over RMB41 million. The poverty alleviation activities effectively improved the infrastructure, production and education in the poor villages around the mining sites and enhanced the living standards of impoverished population.

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

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3. Results of targeted poverty alleviation

Unit: RMB'000

Indicator	Amount and progress
I. General	
Including: 1. Subsidised amount	41,012.8
2. Materials	0
3. Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	281
II. Subsidy by category	
1. Industrial development for poverty alleviation	
Including: 1.1 Industrial development projects for poverty alleviation by category	<input checked="" type="checkbox"/> Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input checked="" type="checkbox"/> Asset return <input checked="" type="checkbox"/> Technology <input checked="" type="checkbox"/> Others
1.2 Number of projects	6
1.3 Amount of subsidy for industrial development projects	5,794.3
1.4 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	185
2. Employment transfer for poverty alleviation	
Including: 2.1 Amount of subsidy for vocational skill training	126
2.2 Number of person provided with vocational skill training	580
2.3 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance for employment from the Company	106
3. Relocation for poverty alleviation	
Including: 3.1 Number of relocated person whom the Company helped for employment	175
4. Education for poverty alleviation	
Including: 4.1 Amount of subsidy for impoverished students	630.5
4.2 Number of impoverished students supported (person)	300
4.3 Amount of subsidy for improving educational resources in poor areas	6,667
5. Poverty alleviation by improving healthcare	
Including: 5.1 Amount of subsidy for medical and healthcare services	0

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

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Unit: RMB'000

Indicator	Amount and progress
6. Poverty alleviation by ecological protection	
Including: 6.1 Name of project	√ Carry out ecological conservation and maintenance □ Establish compensation methods for ecological conservation □ Set up specialised position for handling ecological and public charity related affairs □ Others
6.2 Amount of subsidy	4,500
7. Minimum protection	
Including: 7.1 Amount of subsidy for the disabled living in poverty	60
7.2 Number of the disabled living in poverty subsidised (person)	27
8. Community poverty alleviation	
Including: 8.1 Amount of subsidy for fixed-point poverty alleviation	2,455.8
8.2 Charitable foundation for poverty alleviation	650
9. Other projects	
Including: 9.1 Number of project	50
9.2 Amount of subsidy	20,179.2
9.3 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	96
9.4. Other details of the projects	Poverty alleviation by assisting the poor areas in developing livelihood project and improving infrastructure by way of donations.
III. Honours/awards received (subject and level)	
1. The Company was awarded with the Fifth National Civilised Unit (state level)	
2. The Company was awarded with National Top 10 Model Company for Promoting Harmonious Community (state level)	
3. The Company ranked 48th on the 500 Leading Companies in Corporate Social Responsibility in China (state level)	
4. The Company ranked 14th on the Fourteenth China Charity Award (2017) (state level)	
5. Zijin Mining Charity Foundation was awarded as the Caring Organisation for Promoting Humanitarian Assistance and Supporting the Disabled Members (provincial level)	
6. The Company was awarded with Model Enterprise in Poverty Alleviation in Longyan City (municipal level)	
7. The Company was awarded with Project Hope Special Contribution Award (2017) (municipal level)	
8. The subsidiary, Xinjiang Zijin Zinc Industry Co., Ltd. was awarded with Advanced Unit in Poverty Alleviation in the Twelfth Five-year Plan (municipal level)	
9. The subsidiary, Qinghai West Copper Co., Ltd. was awarded with Blood Donation Advanced Unit in Guoluo Prefecture (municipal level)	
10. The subsidiary, Malipo Zijin Tungsten Co., Ltd. was granted the honour of Grade-A Taxpayer by Malipo County (municipal level)	
11. The subsidiary, Wulatehouqi Zijin Company Limited was awarded with Outstanding Contribution Enterprise (municipal level)	
12. The subsidiary, Inner Mongolia Jinzhong Mining Company Limited was awarded with "Caring Enterprise" (municipal level)	
13. The subsidiary, Luoning Zijin Mining Company Limited was awarded with the honour of 2017 Advanced Unit in Education Contribution (municipal level)	
14. The subsidiary, Shanxi Zijin Mining Company Limited was awarded with the honour of Enterprise with Outstanding Contribution in Xinzhou City (municipal level)	

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

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4. Plan for future targeted poverty alleviation work

In 2018, the Company will implement the spirit of the 19th National Congress of the Communist Party of China to promote targeted poverty alleviation and help the country win the battle against poverty. Together with poverty alleviation authorities of local government and Zijin Mining Charity Foundation, the Company will comply with the requirements of precision in recipients, targets, contents, measures and results, and focus on Longyan City of Fujian Province, Aletai in Xinjiang Autonomous Region, Hunchun City of Jilin Province, Luoning County of Henan Province, Guoluo Prefecture of Qinghai Province and Wulatehouqi of Inner Mongolia to carry out targeted poverty alleviation work in impoverished rural areas. Simultaneously, the Company will continue to provide assistance to senior citizens and orphans, enhance ecological protection and assist students and local schools in Shanghang headquarters area. The Company will continue to increase publicity efforts and guide all sectors of the society in participating poverty alleviation. The Company will make contributions to overall improvement of infrastructure conditions, economic development in poor villages, effective improvement in the living conditions for poor groups, and steady enhancement of their living standards.

Principal safeguarding measures

- (1) **Strengthen organisation and leadership.** A team comprising the responsible personnel of the social responsibility department, Zijin Mining Charity Foundation, and Party branches of the locality at which the Company's operations are located, is tasked with the on-site implementation of poverty alleviation work. The team is also responsible for coordinating the collaboration between various departments for carrying out the poverty alleviation projects.
- (2) **Strengthen project implementation and management to ensure the actual needs of the assisted groups are met.** In the course of carrying out the projects, the Company ensures the groups with genuine need of assistance could be accurately identified, actively carries out study and investigations, and pays visits to the impoverished households, to obtain a better understanding of their actual needs. Key focus of the Company's work is to improve the infrastructure of the poor areas. The bottlenecks constraining the development of such areas, namely a lack of road, and deficient supply of water, electricity and accommodation, are identified as the crucial areas of poverty alleviation. Efforts are made to improve the infrastructure of the poverty-plagued communities to achieve the goal of targeted poverty alleviation. Adhering to the principles of openness, equality and fairness, the Company also strengthens the direct management and supervision of projects, enhances on-site inspection, strictly forbids malpractices, and implements effective supervision and evaluation of projects.
- (3) **Strictly regulate allocation and payment of funds.** The allocation and payment of funds for assistance projects shall strictly comply with the provisions in project cooperation agreements or project proposals, and follow approval authority and process. Relevant application procedures will only be proceeded when no improprieties are identified.
- (4) **Joint forces for poverty alleviation.** The Company engages in poverty alleviation projects by way of cooperation between its subsidiaries, local governments of the impoverished areas, and local social organisations. The Company's charity foundation plays an important role in connecting enterprises and citizens' assistance with the impoverished households.
- (5) **Improve archive management.** The collection, updating, improvement, archiving and statistical analysis of the raw data and basic information obtained in the implementation process of the projects, as well as retention of the data from evaluation and supervision of poverty alleviation work, shall be carried out properly.
- (6) **Strengthen learning and improve effectiveness.** The Company takes the initiatives to consult with the Ministry of Civil Affairs, the State Poverty Alleviation Office and other relevant authorities, and actively learn from advanced poverty alleviation institutions and groups, in order to optimise its poverty alleviation measures and achieve practical work results.

(II) SOCIAL RESPONSIBILITY WORK

Please refer to the 2017 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.)

(III) INFORMATION RELATING TO ENVIRONMENT

1. Explanations on environmental protection measures of the companies and their subsidiaries which are the key pollutant discharging units identified by the environmental protection authorities

The Company proactively implements eco-development strategy, follows the five principles including “production safety, environmental protection, ecological conservation, compliance and sustainability” as important principles for the Company’s sustainable development. The Company adheres to “a combination of mine development and eco-development” as the basic requirement for its development in the new era, firmly upholds the belief of “eco-development and eco-mining”, imposes strict requirements on ecological and environmental protection with firm attitude and strong measures in order to develop the Company as a model of eco-development in the mining industry.

(1) Emission of pollutants

In 2017, according to the supervisory monitoring reports about the sources of pollution and regular supervisory data of the corporations issued by environment protection institutions delegated by the branch companies (subsidiaries), the wastewater, exhaust gas and noise at plant boundary produced by the branch companies (subsidiaries) received standardised management, and their emission was stable and in compliance with regulatory standards. Hazardous waste and general industrial solid waste were safely disposed or comprehensively utilised according to national standards and specifications.

(2) Construction and operation of pollution-controlling facilities

In 2017, treatment facilities of wastewater, exhaust gas and solid waste of the branch companies (subsidiaries) operated stably and normally. Pollutants such as wastewater and exhaust gas received effective treatment. Signboards indicating the name of pollutant discharging entity, type of the outlets, reference number of the outlets, and key pollutants discharged from the outlets, etc., were placed near the gas and wastewater discharge outlets, major sources of noise and storage of hazardous waste.

(3) Environmental impact assessment and the implementation of the “three simultaneous” system of projects under construction

In 2017, the Company continuously strengthened the supervision and management of environmental assessment and inspection at the conclusion stage of new projects, and projects pending upgrade or expansion. The Company strictly followed the requirements of “Law on the Management of the Environmental Protection of Construction Projects”, “Rules on the Inspection and Acceptance of Environmental Protection of Completed Construction Projects (Tentative)” and “Classified Administration Catalogue of Environmental Impact Assessment for Construction Projects” to implement the “three simultaneous” system and ensured the smooth construction and operation of construction projects.

(4) Application for pollutant emission permits and payment of sewage charges

As at 31 December 2017, Jilin Zijin Copper Company Limited and Zijin Copper Company Limited obtained the renewed pollutant emission permits from Hunchun City Environmental Protection Bureau and Shanghang County Environmental Protection Bureau respectively. The Company’s other branch companies (subsidiaries) are preparing reporting data and materials according to the requirements of local environmental protection authorities.

In 2017, the branch companies (subsidiaries) followed the requirements of local environmental protection authorities, strictly complied with the reporting and registration rules of pollutant emission and 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.

(5) Emergency plan in response to outbreak of environmental incidents

In accordance with the relevant requirements stipulated by “Notice on Tentative Administrative Policy on Preparation of Emergency Plan in Response to Environmental Incidents” and “State Emergency Plan in Response to Outbreak of Environmental Incidents” issued by the Ministry of Environmental Protection of the PRC, the branch companies (subsidiaries) formulated their respective emergency plans for environmental incidents according to their production techniques, pollution-intensive production stages and environmental risks. The emergency plans were reported and filed to the local environmental administrative authorities. Emergency drills of different types were conducted on a regular basis in order to improve the skills and ability of the branch companies (subsidiaries) in their prevention of and response to environmental incidents.

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

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(6) Environmental self-monitoring programme

Branch companies (subsidiaries) of the Group formulate detailed self-monitoring programme every year. The scope of monitoring mainly includes exhaust gas, wastewater and noise. Qualified institutions are engaged to carry out the monitoring when the branch companies (subsidiaries) do not have such monitoring qualification. Also, the Company requires its branch companies (subsidiaries) to strictly carry out online monitoring and supervision. Professional independent institutions are engaged for operating and maintaining major online monitoring instruments. The real-time monitoring results are uploaded onto the environmental supervisory and controlling platforms at provincial, municipal and county levels, enabling open disclosure of monitoring results.

(7) Conservation of biodiversity and ecological restoration

The Company pays close attention to conservation of wildlife and vegetation. It prohibits unlawful and over-picking of wild plants, unlawful and over-hunting of animals, purchasing and eating of wild animals, and attaches high importance to conservation of natural habitats of wild animals and plants. Based on the belief of "harmonious co-existence of human and nature", the Company prohibits any production facilities to be built in protected natural areas, origins of drinking water, national forest parks and other ecological function zones. The Company always upholds the belief of "environmental protection and development go together" in its production and operation process, proactively searches for new technologies for revegetation, and carries out ecological and environmental management, restoration and greening according to the characteristics of the land, mine and plant. At the same time, for the purpose of speeding up the Company's eco-development, the Board of the Company passed the Resolution in relation to Extensively Enhancing the Development of Green Mines on 30 June 2017, which set the major targets for eco-mining to be achieved by year 2020. Presently, 2 and 6 mining entities of the Group have received the honourable titles of "National Green Mine" and "National Green Mine Pilot Unit" respectively. 1 mining entity received the title of "Provincial Green Mine", 1 mining entity received the title of "Green Mine Pilot Unit of the Autonomous Region" and 1 refining entity was chosen as one of the enterprises in the first batch of Model Green Enterprise in 2017.

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. As required by provision A.6.7 of the CG Code, independent non-executive director should attend general meetings. Independent non-executive Director Mr. Cai Meifeng had work appointment and could not attend the Company's annual general meeting on 30 June 2017.

Save as disclosed above, for the year ended 31 December 2017, 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 AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by the Directors of the Company. The effective date was 23 December 2003. Having made specific reasonable enquiries with all Directors and Supervisors of the Company, the Company confirmed that all Directors and Supervisors have complied with the provisions of the Model Code for the year ended 31 December 2017.

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 accounting or related financial management expertise. 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 2017, 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.

Corporate Governance Report *(continued)*

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

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.

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, and 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 MEETING

During the reporting period, the Company convened 1 annual general meeting. The Company convened and held the shareholders' general meeting 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 THE BOARD

The Board consists of 11 Directors, in which there are 4 independent non-executive Directors. The number and the composition of the Board comply with the provisions of the relevant laws and regulations. The composition of professions of the members of the Board of Directors is reasonable. The members of the Board possess the necessary knowledge, skills and competence to discharge their duties. The Directors timely attended the shareholders' general meeting 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 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 the Company.

Corporate Governance Report *(continued)*

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SUPERVISORS AND THE SUPERVISORY COMMITTEE

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, the Company amended articles 17 and 20 of the articles of association of the Company due to completion of the Company's non-public issuance of A Shares. 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 and the articles of association of the Company, etc., amendments were made to the Policy for the Nomination and Remuneration Committee of the Board of Directors.

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.

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 channels 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.

Corporate Governance Report *(continued)*

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DETAILS OF THE SHAREHOLDERS' GENERAL MEETING

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions
2016 annual general meeting of the Company	30 June 2017	www.hkexnews.hk	30 June 2017

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

The Board convened 21 plenary Board meetings and 1 shareholders' general meeting for the year ended 31 December 2017. 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 meeting Number of meeting attended
		Number of board meetings ought to be attended this year	Attended in person	Attended via telecommunication	Attended by proxy	Absent			
Chen Jinghe	No	21	21	15	0	0	No	1	
Lan Fusheng	No	21	21	15	0	0	No	1	
Zou Laichang	No	21	21	15	0	0	No	1	
Lin Hongfu	No	21	21	15	0	0	No	1	
Fang Qixue	No	21	21	15	0	0	No	1	
Lin Hongying	No	21	21	15	0	0	No	1	
Li Jian	No	21	21	15	0	0	No	1	
Lu Shihua	Yes	21	21	16	0	0	No	1	
Zhu Guang	Yes	21	21	16	0	0	No	1	
Sit Hoi Wah, Kenneth	Yes	21	21	16	0	0	No	1	
Cai Meifeng	Yes	21	17	16	4	0	No	0	

Number of Board meetings held this year	21
In which: Number of physical meetings	5
Meetings via telecommunication	15
Physical meetings with telecommunications	1

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.

Corporate Governance Report *(continued)*

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

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 2017, 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 THE 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. The detailed 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 resolutions 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.

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 2016 annual performance assessment of the Directors, Supervisors and senior management personnel.

In the second half of 2017, the nomination and remuneration committee has taken the lead for the 2017 annual performance assessment of the Directors, Supervisors and senior management personnel of the Company.

During 2017, 2 meetings of the nomination and remuneration 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 NOMINATION AND REMUNERATION COMMITTEE MEETINGS

Name	Number of committee meetings	Attended	Absent
Zhu Guang <i>(Chief Officer)</i>	2	2	0
Lu Shihua <i>(Deputy Officer)</i>	2	2	0
Sit Hoi Wah, Kenneth	2	2	0
Cai Meifeng	2	2	0
Chen Jinghe <i>(Chairman)</i>	2	2	0
Li Jian	2	2	0

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 operating results of the Group, the average salary of the local employees, etc.

ANNUAL REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In the year of 2017, 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	1
RMB2,000,001 - RMB3,000,000	1
RMB3,000,001 - RMB4,000,000	1

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 2017, the audit fees charged by the auditors of the Company was RMB8,850,000. RMB282,030 was also charged by the auditors of the Company for consultation fee on environmental, social and governance report.

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 2017, 7 meetings of the audit and internal control committee were held.

THE ATTENDANCE OF AUDIT AND INTERNAL CONTROL COMMITTEE MEETINGS

Name	Number of committee meetings	Attended	Absent
Lu Shihua <i>(Chief Officer)</i>	7	7	0
Zhu Guang	7	7	0
Sit Hoi Wah, Kenneth	7	7	0
Cai Meifeng	7	7	0
Li Jian	7	7	0
Lan Fusheng	7	7	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.

Corporate Governance Report *(continued)*

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

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 7 meetings during the reporting period.

In the meetings held in March 2017, 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 2016, and also submitted its concluding opinion on relevant connected transactions and the audit to the Board.

In the meeting held in April 2017, the committee reviewed the first quarterly report of the Group for the year of 2017 and submitted its concluding opinion on the audit to the Board.

In the meeting held in August 2017, the committee reviewed the interim report and connected transactions of the Group for the year of 2017, 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 2017, the committee reviewed the third quarterly report of the Group for the year of 2017 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 2017, 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 22 March 2018, in which it examined and approved the 2017 annual report of the Company and considered that: there is no major omission in the 2017 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 2017 and the production and operating results of 2017, agreed to submit the aforementioned documents to the Board for consideration.

THE ATTENDANCE OF STRATEGIC COMMITTEE MEETING

Name	Number of committee meetings	Attended	Absent
Chen Jinghe <i>(Chairman) (Chief Officer)</i>	1	1	0
Lan Fusheng	1	1	0
Fang Qixue	1	1	0
Li Jian	1	1	0
Lu Shihua	1	1	0
Zhu Guang	1	1	0
Cai Meifeng	1	1	0

Corporate Governance Report *(continued)*

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THE ATTENDANCE OF EXECUTION AND INVESTMENT COMMITTEE MEETINGS

Name	Number of committee meetings	Attended	Absent
Chen Jinghe <i>(Chairman) (Chief Officer)</i>	19	19	0
Lan Fusheng <i>(Deputy Officer)</i>	19	19	0
Zou Laichang	19	19	0
Lin Hongfu	19	19	0
Fang Qixue	19	19	0
Lin Hongying	19	19	0

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS

All Directors of the Group have acknowledged their responsibilities for preparing the financial reports of the Group. The Directors ensure that the preparation of financial reports of the Group is in compliance with relevant laws, 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.

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 2017 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 Company 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 25 August 2016, the Shareholders of the Company authorised the Board to handle the amendments to the relevant clauses in the articles of association of the Company and the respective change of business registration based on the results of the non-public issuance of A Shares. On 30 June 2017, the articles of association of the Company was amended, 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 shareholders' 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.

Corporate Governance Report *(continued)*

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

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.

INQUIRY TO THE BOARD

Shareholders can contact the securities department of the Company for any inquiry to the Board. The address is 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the People's Republic of China. The telephone number is (86)592-2933652.

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.

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

During the reporting period, the sixth term of the strategic committee of the Board of Directors convened a meeting at Gutian Hotel at Shanghang, Fujian. At the meeting, the main direction for the work of the Board and management was determined. Moreover, the development strategy approved at the second meeting of the fifth term of the Board and its implementation were also evaluated. It was concluded that the development strategy formulated by the Company has a right direction, clear goals, and high operability and feasibility; that the strategic measures adopted in the last three years were in line with such strategy; and that the Company should continue to implement such strategy with a firm attitude. However, in view of the changes which have taken place in the economy and the mining market during the last three years, the committee also considered it necessary to make some refinement to the aforesaid strategy and further enrich its content according to the Company's actual development needs. A revision to the Resolution in relation to the Development Strategy of the Company was considered and approved at the meeting.

During the reporting period, the sixth 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 2016, first quarterly report 2017, interim report 2017 and third quarterly report 2017 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 2017 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 22 March 2018 and approved the Company's annual report 2017, and considered that there was no material omission in the 2017 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 2017 and the production and operating results of 2017. The audit and internal control committee agreed to submit the above documents to the Company's Board of Directors for consideration.

During the reporting period, the sixth 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 2017 operating results, and submitted the proposal to the Board of Directors and shareholders' general meeting for approval. The sixth term of nomination and remuneration committee of the Board of Directors convened a meeting on 17 August 2017 presided over by the Chief Officer, Mr. Zhu Guang, to review the qualification of Mr. Guo Xianjian, the candidate of the chief engineer of the Company. The committee members unanimously considered and approved the appointment of Mr. Guo Xianjian as the chief engineer at the meeting, and consented to propose the matter to the Board of Directors for consideration.

During the reporting period, the sixth 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.

Corporate Governance Report *(continued)*

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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 the sixth term" passed in the first meeting of the sixth term of Board, the nomination and remuneration committee of the Board 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 for consideration.

INVESTOR RELATIONS

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

The Group held press conferences and/or briefings of investment analysts immediately following the announcements of its annual and interim results. The chairman of the Board and senior management such as 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 28 April 2017 for the first quarter of year 2017 and on 25 October 2017 for the third quarter of year 2017 respectively.

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

The Group not only frequently 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 2016 annual general meeting on 30 June 2017. Details are set out in this report.

As at 23 March 2018, the registered capital of the Company is RMB2,303,121,889.1 comprising 5,736,940,000 of floating H Shares listed on the Hong Kong Stock Exchange, representing about 24.91% of the total issued shares; 15,803,803,650 of floating A Shares listed on the Shanghai Stock Exchange, representing about 68.62% of the total issued shares; and 1,490,475,241 A Shares subject to trading moratorium, representing about 6.47% of the total issued shares. The total floating shares in these two stock exchanges represented 93.53% 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 2017 internal control and evaluation report, and they will bear joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

Corporate Governance Report *(continued)*

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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. Due to inevitable limitations to 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.

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.

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, ZGC, Altynken, and Capital Investment Company, etc.; 31 entities which were covered by the internal assessment conducted by the supervisory and audit office at the headquarters (including the supervisory and audit teams for each of the business segments), in which, 8 entities the assessment of which was conducted concurrently with other business departments; and 45 of the Company's subsidiaries which conducted self-assessment on internal control.

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, logistics 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, outsourcing, asset management, sales business, comprehensive budgeting, internal communication, research and development, guarantee business, 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, business inspection or policy implementation inspection on procurement of materials, sales business, construction projects, management of trade receivables, contract management, futures and hedging business, safety and environmental protection, metallurgical balance, legal affairs, archive management, IT control, 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 and their respective construction work, procurement, credit sales business, safety and environmental protection, futures and hedging business, foreign exchange risk, capital risk, trade financing, political and legal risks of overseas entities, etc.

Auditor's Report



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Ernst & Young Hua Ming (2018) Shen Zi No. 60468092_H01
Zijin Mining Group Company Limited

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 2017, 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 2017, 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 judgement, 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:

Impairment of fixed assets, construction in progress and intangible assets

As at 31 December 2017, the fixed assets, construction in progress and intangible assets of the Group amounted to RMB30,136,199,603, RMB3,122,296,899 and RMB9,903,526,027, respectively. The management is required to make judgements, estimates and assumptions on the useful lives of mines, production plans, sales prices, operating costs, depreciation expenses, taxes, capital expenditures and discount rates when conducting impairment provision test for these assets by calculating the present values of the assets' or asset groups' estimated future cash flows or engaging a professional appraisal firm for the valuation. Therefore, this matter was considered as a key audit matter. Refer to Notes III.17, 19 and 31 and Notes V.13, 14, 16, 21 and 50 to the financial statements for the disclosure of the impairment provision for these assets.

How the matters were addressed in our audit:

We performed the following procedures in our audit for the assessment of impairment of the fixed assets, construction in progress and intangible assets:

1. We discussed with the management and reviewed the fixed assets, construction in progress and intangible assets of the Group to assess whether there is any indication of impairment;
2. For these assets or related asset groups with an indication of impairment, we reviewed the discounted cash flow projection models applied by management or valuation reports issued by the professional appraisal firm. The main audit procedures included the following:
 - 1) We reviewed the discounted cash flow projection models applied, the applicable subject and methodologies;
 - 2) We reviewed the valuation reports and the reasonableness of the key assumptions used in the discounted cash flow projection models (mainly including the useful lives of mines, production plans, sales prices, operating costs, depreciation expenses, taxes, capital expenditures and discount rates) by obtaining relevant technical reports for reference and communicating with the management;
 - 3) We reviewed the relevance of the key assumptions with the historical data used;
 - 4) We invited our internal valuation experts to review the valuation method and logics of the discounted cash flow projection models, as well as the discount rates used by the management and the appraisal firm. They selected a number of comparative peer companies for reference and performed data projection to determine the reasonable range of discount rates;
 - 5) We reviewed the qualification and professional competence of the appraisal firm; and
 - 6) We evaluated the adequacy and completeness of the disclosures in the notes to 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 2017 Annual Report of A Shares and H Shares, other than the financial statements and our auditor's report thereon. We have obtained the 2017 Annual Report of A Shares prior to the reporting date and the 2017 Annual Report of H Shares 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 of the Group 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 intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible 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.

Auditor's Report *(continued)*

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

- 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.
- 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

23 March 2018

Consolidated Statement of Financial Position

As at 31 December 2017

RMB

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

ASSETS	Note V	31 December 2017	31 December 2016
CURRENT ASSETS			
Cash and cash equivalents	1	5,936,066,673	5,022,502,044
Financial assets at fair value through profit or loss	2	2,553,927,721	1,251,779,930
Bills receivable	3	1,519,375,541	875,760,717
Trade receivables	4	1,292,864,505	783,067,488
Prepayments	5	1,344,141,153	869,773,560
Other receivables	6	1,153,002,957	997,209,895
Inventories	7	11,089,834,955	12,002,626,649
Current portion of non-current assets	8	257,775,683	366,489,750
Other current assets	9	3,528,021,403	1,970,998,795
Total current assets		28,675,010,591	24,140,208,828
NON-CURRENT ASSETS			
Available-for-sale investments	10	778,201,186	1,076,496,651
Long-term equity investments	11	6,797,348,216	7,909,027,958
Investment properties	12	350,540,469	193,291,103
Fixed assets	13	30,136,199,603	32,530,610,194
Construction in progress	14	3,122,296,899	3,984,843,811
Construction materials	15	174,271,545	194,114,106
Intangible assets	16	9,903,526,027	10,257,008,960
Goodwill	17	463,597,655	463,597,655
Long-term deferred assets	18	1,114,758,644	1,185,962,369
Deferred tax assets	19	840,108,626	873,576,042
Other non-current assets	20	6,959,404,089	6,408,962,582
Total non-current assets		60,640,252,959	65,077,491,431
TOTAL ASSETS		89,315,263,550	89,217,700,259
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	22	9,855,873,011	12,350,040,250
Financial liabilities at fair value through profit or loss	23	2,314,244,937	93,140,487
Bills payable	24	179,417,453	252,074,617
Trade payables	25	4,216,836,578	4,727,394,558
Advances from customers	26	2,143,111,140	2,086,548,542
Employee benefits payable	27	661,764,830	652,672,744
Taxes payable	28	1,175,693,479	490,865,153
Dividends payable	29	4,193,049	27,165,124
Other payables	30	3,642,115,277	3,953,476,058
Current portion of non-current liabilities	31	4,600,343,261	4,218,609,112
Other current liabilities	32	—	5,000,000,000
Total current liabilities		28,793,593,015	33,851,986,645
NON-CURRENT LIABILITIES			
Long-term borrowings	33	6,599,046,795	5,775,423,277
Bonds payable	34	13,779,116,465	16,270,310,335
Long-term payables	35	563,703,645	397,617,073
Provision	36	861,014,312	871,311,724
Deferred income	37	451,419,375	453,473,146
Deferred tax liabilities	19	624,524,725	481,069,873
Total non-current liabilities		22,878,825,317	24,249,205,428
TOTAL LIABILITIES		51,672,418,332	58,101,192,073

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

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2017

RMB

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LIABILITIES AND OWNERS' EQUITY <i>(continued)</i>	Note V	31 December 2017	31 December 2016
EQUITY			
Share capital	38	2,303,121,889	2,154,074,365
Other equity instruments	39	498,550,000	—
Capital reserve	40	11,109,919,061	6,703,357,022
Other comprehensive income	41	(602,893,526)	(642,687,760)
Special reserve	42	176,862,772	159,412,702
Surplus reserve	43	1,319,401,104	1,319,401,104
Retained earnings	44	20,194,761,855	18,068,917,361
Equity attributable to owners of the parent		34,999,723,155	27,762,474,794
Non-controlling interests		2,643,122,063	3,354,033,392
TOTAL EQUITY		37,642,845,218	31,116,508,186
TOTAL LIABILITIES AND OWNERS' EQUITY		89,315,263,550	89,217,700,259

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 the financial statements.

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

RMB

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

	Note V	2017	2016
OPERATING INCOME	45	94,548,619,098	78,851,137,811
Less: Operating costs	45	81,371,973,684	69,782,246,837
Taxes and surcharges	46	1,352,340,359	907,955,846
Selling expenses	47	748,942,449	667,483,736
Administrative expenses	48	2,994,070,229	2,822,472,260
Financial expenses	49	2,012,950,292	581,525,541
Impairment losses on assets	50	2,220,905,893	560,842,460
Add: Gains on changes in fair value	51	750,200,343	756,641,718
Investment income/(losses)	52	155,670,082	(1,973,336,425)
Including: Share of (losses)/profits of associates and joint ventures		(29,259,162)	92,415,676
Gains on disposal of non-current assets	53	44,456,123	1,053,649
Other income	54	228,882,015	—
OPERATING PROFIT		5,026,644,755	2,312,970,073
Add: Non-operating income	55	57,610,854	251,616,241
Less: Non-operating expenses	56	516,295,416	438,534,608
PROFIT BEFORE TAX		4,567,960,193	2,126,051,706
Less: Income tax expenses	57	1,320,410,996	438,783,804
NET PROFIT		3,247,549,197	1,687,267,902
Classification according to the continuity of operation			
Net profit from continuing operations		3,247,549,197	1,687,267,902
Net profit from discontinued operations		—	—
Attributable to:			
Owners of the parent		3,507,717,627	1,839,798,820
Non-controlling interests		(260,168,430)	(152,530,918)
NET OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods			
Changes in fair value of available-for-sale investments		(109,669,097)	236,688,217
Exchange differences arising from translation of financial statements denominated in foreign currencies		(18,760,719)	119,025,748
Effective part of cash flow hedging instruments		168,224,050	(168,224,050)
Net other comprehensive income after tax attributable to owners of the parent		39,794,234	187,489,915
Net other comprehensive income/(loss) after tax attributable to non-controlling interests		20,989,731	(29,219,268)
		60,783,965	158,270,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,308,333,162	1,845,538,549
Attributable to:			
Owners of the parent		3,547,511,861	2,027,288,735
Non-controlling shareholders		(239,178,699)	(181,750,186)
Earnings per share			
Basic earnings per share	58	0.16	0.09

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

RMB

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

For the year ended 31 December 2017

	Attributable to owners of the parent							Non-controlling interests	Total equity	
	Share capital	Other equity instruments	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	2,154,074,365	—	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
II. Changes for the year	—	—	—	39,794,234	—	—	3,507,717,627	3,547,511,861	(239,178,699)	3,308,333,162
(i) Total comprehensive income	—	—	—	—	—	—	—	—	—	—
(ii) Owners' contributions and reductions in capital	—	—	—	—	—	—	—	—	—	—
1. Capital contributed by owners	149,047,524	—	4,447,872,435	—	—	—	—	4,596,919,959	23,760,000	4,620,679,959
2. Others	—	498,550,000	(41,310,396)	—	—	—	—	457,239,604	(271,476,223)	185,763,381
(iii) Profit distributions	—	—	—	—	—	—	(1,381,873,133)	(1,381,873,133)	(226,683,558)	(1,608,556,691)
(iv) Special reserve	—	—	—	—	—	—	—	—	—	—
1. Transferred to special reserve in the current year	—	—	—	—	615,979,126	—	—	615,979,126	45,919,459	661,898,585
2. Amount utilised in the current year	—	—	—	—	(598,529,056)	—	—	(598,529,056)	(43,252,308)	(641,781,364)
III. Closing balance of the current year	2,303,121,889	498,550,000	11,109,919,061	(602,893,526)	176,862,772	1,319,401,104	20,194,761,855	34,999,723,155	2,643,122,063	37,642,845,218

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	—	—	187,489,915	—	—	1,839,798,820	2,027,288,735	(181,750,186)	1,845,538,549
(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	—	—	—	—	—	—	—	—	—
(iv) Special reserve	—	—	—	—	—	(1,292,444,619)	(1,292,444,619)	(122,709,339)	(1,415,153,958)
1. Transferred to special reserve in the current year	—	—	—	—	—	—	—	—	—
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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

RMB

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

	Note V	2017	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sale of goods and rendering of services		99,931,682,747	84,032,677,562
Other cash receipts relating to operating activities	59	1,001,042,952	1,923,091,853
Sub-total of cash inflows from operating activities		100,932,725,699	85,955,769,415
Cash payments for goods purchased and services received		(81,347,857,731)	(67,912,390,850)
Cash payments to and on behalf of employees		(2,923,049,026)	(2,531,665,290)
Payments of various types of taxes		(4,384,587,083)	(3,068,703,845)
Other cash payments relating to operating activities	59	(2,512,876,345)	(3,841,337,552)
Sub-total of cash outflows used in operating activities		(91,168,370,185)	(77,354,097,537)
Net cash flows from operating activities		9,764,355,514	8,601,671,878
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposals and recovery of investments		736,481,303	256,691,819
Cash receipts from investment income		605,314,269	278,699,735
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		95,865,471	282,845,908
Net cash receipts from acquisitions of subsidiaries and other business units	60	35,306,085	—
Net cash receipts from disposals of subsidiaries and other business units	60	227,412,775	3,112,817
Other cash receipts relating to investing activities	59	130,000,003	521,336,401
Sub-total of cash inflows from investing activities		1,830,379,906	1,342,686,680
Cash payments for acquisitions or constructions of fixed assets, intangible assets and other long-term assets		(5,037,484,759)	(5,521,168,768)
Cash payments for acquisitions of investments		(990,949,510)	(1,881,197,470)
Cash payments for acquisitions of subsidiaries and other business units	60	—	(538,051,844)
Other cash payments relating to investing activities	59	(1,749,548,450)	(1,881,124,547)
Sub-total of cash outflows used in investing activities		(7,777,982,719)	(9,821,542,629)
Net cash flows used in investing activities		(5,947,602,813)	(8,478,855,949)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from capital contributions		4,620,679,959	85,320,787
<i>Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries</i>		23,760,000	85,320,787
Cash receipts from issuance of renewable bonds		498,550,000	—
Cash receipts from borrowings		3,748,020,500	1,179,047,109
Cash receipts from gold leasing business		9,132,661,654	7,308,133,978
Cash receipts from issuance of bonds and ultra short-term financing bonds		—	11,981,428,521
Other cash receipts relating to financing activities	59	197,170,598	358,911,976
Sub-total of cash inflows from financing activities		18,197,082,711	20,912,842,371

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

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2017

RMB

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

	Note V	2017	2016
III. CASH FLOWS FROM FINANCING ACTIVITIES <i>(continued)</i>			
Cash repayments of borrowings		(4,955,020,405)	(9,027,785,484)
Cash repayments of gold leasing business		(7,338,834,168)	(7,541,294,423)
Cash repayments of bonds and ultra short-term financing bonds		(5,000,000,000)	—
Cash payments for distribution of dividends or profits or settlement of interest expenses		(3,188,451,228)	(2,864,677,303)
<i>Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries</i>		(226,683,558)	(122,709,339)
Other cash payments relating to financing activities	59	(389,064,253)	(1,986,975,466)
Sub-total of cash outflows used in financing activities		(20,871,370,054)	(21,420,732,676)
Net cash flows used in financing activities		(2,674,287,343)	(507,890,305)
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(100,944,745)	252,199,425
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Add: Opening balance of cash and cash equivalents	60	1,041,520,613	(132,874,951)
		4,712,823,342	4,845,698,293
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	60	5,754,343,955	4,712,823,342

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

Company Statement of Financial Position

As at 31 December 2017

RMB

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

ASSETS	Note XIII	31 December 2017	31 December 2016
CURRENT ASSETS			
Cash and cash equivalents		3,609,294,859	3,630,808,320
Financial assets at fair value through profit or loss		175,870,145	148,337,356
Bills receivable		159,100,091	87,508,143
Trade receivables	1	994,007,531	1,296,489,513
Prepayments		100,765,817	184,991,361
Dividends receivable		25,500,000	61,982,500
Other receivables	2	10,649,317,824	9,361,969,702
Inventories		218,436,302	246,035,891
Other current assets		2,256,160,618	512,293,572
Total current assets		18,188,453,187	15,530,416,358
NON-CURRENT ASSETS			
Available-for-sale investments	3	460,422,337	184,750,000
Long-term equity investments	4	24,493,001,347	16,460,749,907
Fixed assets	5	3,581,268,191	3,722,651,502
Construction in progress	6	205,217,505	128,809,922
Construction materials		2,749,279	2,661,968
Intangible assets	7	288,820,973	277,442,435
Long-term deferred assets	8	176,180,098	193,201,300
Deferred tax assets		255,037,344	381,598,827
Other non-current assets	9	11,617,840,714	19,069,064,575
Total non-current assets		41,080,537,788	40,420,930,436
TOTAL ASSETS		59,268,990,975	55,951,346,794
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings		4,643,139,800	373,403,689
Financial liabilities at fair value through profit or loss		2,163,798,120	5,015,067,668
Bills payable		14,631,276	86,089,436
Trade payables	11	591,615,785	600,524,631
Advances from customers		8,133,245	15,944,895
Employee benefits payable		131,832,706	120,781,817
Taxes payable		79,123,696	23,408,102
Other payables		1,042,641,567	996,304,866
Current portion of non-current liabilities		3,162,651,847	1,611,081,240
Other current liabilities		64,079,723	5,097,081,052
Total current liabilities		11,901,647,765	13,939,687,396
NON-CURRENT LIABILITIES			
Long-term borrowings		5,681,201,760	3,268,549,000
Bonds payable	12	13,779,116,465	16,270,310,335
Long-term payables	13	232,927,534	190,865,794
Deferred income		222,595,881	274,175,831
Other non-current liabilities		4,399,450	29,957,419
Total non-current liabilities		19,920,241,090	20,033,858,379
TOTAL LIABILITIES		31,821,888,855	33,973,545,775
EQUITY			
Share capital		2,303,121,889	2,154,074,365
Other equity instruments		498,550,000	—
Capital reserve		13,226,407,493	8,576,035,058
Other comprehensive income		—	(88,866,653)
Surplus reserve		1,090,812,600	1,090,812,600
Retained earnings		10,328,210,138	10,245,745,649
TOTAL EQUITY		27,447,102,120	21,977,801,019
TOTAL LIABILITIES AND OWNERS' EQUITY		59,268,990,975	55,951,346,794

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

Company Statement of Profit or Loss

For the year ended 31 December 2017

RMB

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

	Note XIII	2017	2016
OPERATING INCOME	14	3,786,088,988	3,371,791,567
Less: Operating costs	14	2,241,847,147	2,381,828,435
Taxes and surcharges		245,695,914	241,491,336
Selling expenses		18,574,788	15,809,309
Administrative expenses		788,575,291	571,117,033
Financial expenses	15	280,457,765	(34,101,610)
Impairment losses on assets	16	154,572,757	1,467,633
Add: Gains/(Losses) on changes in fair value		66,289,913	(77,243,609)
Investment income/(losses)	17	1,450,301,281	(809,248,136)
<i>Including: Share of (losses)/profits of associates</i>		(88,124,377)	17,706,853
Gains on disposal of non-current assets		15,455,106	406,034
Other income		62,627,659	—
OPERATING PROFIT/(LOSS)		1,651,039,285	(691,906,280)
Add: Non-operating income		19,878,058	73,644,584
Less: Non-operating expenses		118,645,966	63,996,566
PROFIT/(LOSS) BEFORE TAX		1,552,271,377	(682,258,262)
Less: Income tax expenses		87,933,755	(231,888,530)
NET PROFIT/(LOSS)		1,464,337,622	(450,369,732)
Including: Net profit/(loss) from continuing operations		1,464,337,622	(450,369,732)
Net profit from discontinued operations		—	—
NET OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods			
Effective part of cash flow hedging instruments		88,866,653	(88,866,653)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,553,204,275	(539,236,385)

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

Company Statement of Changes in Equity

For the year ended 31 December 2017

RMB

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

For the year ended 31 December 2017

	Share capital	Other equity instruments	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	2,154,074,365		8,576,035,058	(88,866,653)	—	1,090,812,600	10,245,745,649	21,977,801,019
II. Changes for the year								
(I) Total comprehensive income	—	—	—	88,866,653	—	—	1,464,337,622	1,553,204,275
(II) Owners' contributions and reductions in capital								
1. Capital contributed by owners	149,047,524	—	4,447,872,435	—	—	—	—	4,596,919,959
2. Others	—	498,550,000	—	—	—	—	—	498,550,000
(III) Profit distributions								
1. Distributions to owners	—	—	—	—	—	—	(1,381,873,133)	(1,381,873,133)
(IV) Special reserve								
1. Transferred to special reserve in the current year	—	—	—	—	286,719,499	—	—	286,719,499
2. Amount utilised in the current year	—	—	—	—	(286,719,499)	—	—	(286,719,499)
(V) Others	—	—	202,500,000	—	—	—	—	202,500,000
III. Closing balance of the current year	2,303,121,889	498,550,000	13,226,407,493	—	—	1,090,812,600	10,328,210,138	27,447,102,120

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

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

Company Statement of Cash Flows

For the year ended 31 December 2017

RMB

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

	Note XIII	2017	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sale of goods and rendering of services		4,669,981,355	4,041,270,737
Other cash receipts relating to operating activities		153,341,167	361,555,025
Sub-total of cash inflows from operating activities		4,823,322,522	4,402,825,762
Cash payments for goods purchased and services received		(1,809,061,219)	(1,808,243,270)
Cash payments to and on behalf of employees		(593,608,211)	(503,012,721)
Payments of various types of taxes		(493,472,793)	(579,028,746)
Other cash payments relating to operating activities		(628,728,906)	(1,312,031,664)
Sub-total of cash outflows used in operating activities		(3,524,871,129)	(4,202,316,401)
Net cash flows from operating activities	18	1,298,451,393	200,509,361
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposals and recovery of investments		2,735,932,843	1,380,803,358
Cash receipts from investment income		2,092,101,118	1,294,326,195
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		21,932,835	172,156,275
Other cash receipts relating to investing activities		806,493,396	36,951,830
Sub-total of cash inflows from investing activities		5,656,460,192	2,884,237,658
Cash payments for acquisitions or constructions of fixed assets, intangible assets and other long-term assets		(534,388,296)	(730,426,536)
Cash payments for acquisitions of investments		(2,466,372,699)	(2,134,630,338)
Cash payments for acquisitions of subsidiaries or other business units		—	(1,561,220,000)
Other cash payments relating to investing activities		(3,715,262,962)	(8,482,123,091)
Sub-total of cash outflows used in investing activities		(6,716,023,957)	(12,908,399,965)
Net cash flows used in investing activities		(1,059,563,765)	(10,024,162,307)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from capital contributions		4,596,919,959	—
Cash receipts from issuance of renewable bonds		498,550,000	—
Cash receipts from borrowings		4,780,883,250	1,842,628,857
Cash receipts from gold leasing business		6,827,221,812	5,886,573,300
Cash receipts from issuance of bonds and ultra short-term financing bonds		—	11,981,428,521
Other cash receipts relating to financing activities		3,170,885	—
Sub-total of cash inflows from financing activities		16,706,745,906	19,710,630,678
Cash repayments of borrowings		(3,368,652,316)	(3,610,617,375)
Cash repayments of gold leasing business		(5,058,604,805)	(5,496,046,506)
Cash repayments of bonds and ultra short-term financing bonds		(5,000,000,000)	—
Cash payments for distribution of dividends or profits or settlement of interest expenses		(2,492,430,334)	(2,764,282,088)
Other cash payments relating to financing activities		(23,848,300)	(64,021,379)
Sub-total of cash outflows used in financing activities		(15,943,535,755)	(11,934,967,348)
Net cash flows from financing activities		763,210,151	7,775,663,330
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(117,793,019)	47,384,768
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		884,304,760	(2,000,604,848)
Add: Opening balance of cash and cash equivalents	18	2,511,735,413	4,512,340,261
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	18	3,396,040,173	2,511,735,413

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

Notes to Financial Statements

For the year ended 31 December 2017

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 limited liability 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 Commission (the "CSRC") 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 share 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 share 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 share 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 CSRC ([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 floating on 27 April 2009, representing a total proportion of 33.87% of issued capital. Up to the reporting date, all the above issued shares of the Company were publicly floating.

Pursuant to the Resolution at the Annual General Meeting for the year 2010 dated 30 May 2011 on the conversion of capital reserve into share capital, 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)*

For the year ended 31 December 2017

RMB

(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. 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 and 18 September 2014, 19 September 2014, 22 September 2014, 28 October 2014, 6 November 2014, 7 November 2014 and 18 November 2014. 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. 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.

Pursuant to the second Extraordinary General Meeting in 2016 of the Company held on 25 August 2016 and Approval for Non-public Issuance of A Shares of Zijin Mining Group Co., Ltd.* (Zheng Jian Xu Ke [2017] No. 289) issued by the CSRC on 9 May 2017, the Company non-publicly issued 1,490,475,241 ordinary A Shares (with par value of RMB 0.1) at an issuance price of RMB3.11 per share on 23 May 2017. The Company's registered capital was then changed to RMB2,303,121,889.

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 service on information and technology systems; 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 generation; 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; tourist accommodations (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 23 March 2018. 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

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

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 2017, the Group recorded current assets of RMB28,675,010,591 and current liabilities of RMB28,793,593,015. The balance of the current assets was less than that of the current liabilities. In view of this circumstance, the management of the Company has given consideration to the future liquidity of the Group and its available financial sources in assessing whether the Group will have sufficient financial resources to continue as a going concern:

- (1) The Company received the approval notice issued by the CSRC 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 24 months from the date of the approval. Upon the approval date of this report, the balance of unissued renewable corporate bonds was RMB4.5 billion.
- (2) The Group has sufficient bank line of credit.

Therefore, the management of the Company believes that the Group has adequate working capital to continue operation and fulfill the due financial responsibility. The management of the Company therefore is 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 operation and 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 2017, 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, joint arrangements and associates of the Group determine their own functional currencies according to their primary economic environments in which they operate. The Group adopts RMB to prepare its financial statements.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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

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.

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 profit or loss for the current period. For the other comprehensive income generated under the equity method from the equity interest which is already held before the acquisition date, the same accounting treatment of which the investee directly disposes of 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

(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

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 2017. 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 its 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.

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. Classification of joint arrangement and joint operation

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 using the 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

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

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

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 currencies 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 from 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 from 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.

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 are 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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)*

Recognition and derecognition of financial instruments *(continued)*

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, available-for-sale investments, and derivatives designated as effective hedging instruments. 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 the current period. 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 for the current period. Related dividend or interest income from financial assets at FVTPL are recognised in profit or loss for the current period.

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.

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 for the current period.

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 or amortisation are recognised in profit or loss for the current period.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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)*

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 for the current period, 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 for the current period.

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 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. 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 for the current period.

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.

Other financial liabilities

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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)*

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, gains or losses on changes in fair value of derivatives are recognised in profit or loss for the current period.

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. Objective evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, a debtor or debtor breach(es) contracts (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 for the current period. 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 guarantee 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 2017

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)*

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 for the current period. 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 for the current period.

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 for the current period. The impairment losses on such financial assets are not reversed once they are recognised.

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)*

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 the 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 has been provided 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 for the current period. 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 individually not significant but for which bad debt has been provided individually

For receivables that are individually not significant, 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 for the current period.

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 processing, 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, etc., 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 plates and lining boards, 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 for the current period. 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 current 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.

A long-term equity investment is initially measured at its cost. For a long-term equity investment 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 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 for the current period 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 the 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 profit or loss for the current period under the 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 Standard for Business Enterprises No. 7 - Exchange of Non-monetary Assets".

The 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 requires 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, after a long-term equity investment is acquired, 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 owners' 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 current period. For the other comprehensive income generated from a long-term equity investment under the equity method, if the equity method is not applied any more, 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, of other comprehensive income and profits distribution are recognised in profit or loss for the current period. If the equity method is still applied, the same accounting treatment of which the investee directly disposes of 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 current 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 useful life using the straight-line method, or 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, Barrick (Niugini) Limited ("BNL") are depreciated by using the 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	Estimated net residual value rate	Annual depreciation rate
Buildings	8-50 years	0%-5%	1.90%-12.50%
Mining assets	5-40 years	0%-5%	2.38%-19.00%
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%

Fixed assets held under finance leases are depreciated under 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.

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

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 fulfill the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss for the current period. 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.

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

- (1) Expenditures for the asset have been incurred;
- (2) Borrowing costs have been 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 is 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:

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

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)*

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.

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 annually. 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 or externally acquired 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 for the current period.

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, whereas other long-term deferred assets are amortised over their estimated useful lives.

19. Impairment of assets

Impairment of assets other than inventories, deferred tax assets and financial assets is recognised based on the following methods:

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 at least at each year end, irrespective of whether there is any indication occurring. Impairment tests of intangible assets should be performed annually, 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 for the current period. A provision for impairment losses of the asset is recognised accordingly.

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)*

19. Impairment of assets *(continued)*

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 which are expected to benefit from the synergies of the combination and is not larger than a reported segment by the Group.

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 in relation to goodwill, 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 of the abovementioned asset is recognised, it shall not be reversed in any subsequent period.

20. Employee benefits

Employee benefits are all types of benefits except share-based payments 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 actually incurred should be recognised as a liability, and be recognised in profit or loss for the current period or in cost of related assets.

Post-employment benefits (defined contribution plans)

The employees in the Group participate in social insurance and unemployment insurance schemes administrated by the local governments, to which the Company and its subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees as stipulated by rules and regulations in the PRC, 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.

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)*

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 initially recognised as a contingent liability is the best estimate of the consideration required to settle the present obligation, 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.

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, 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 from the 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.

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)*

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.

Government grants related to income shall be accounted for accordingly as follows: those to be used as compensation for future expenses or losses shall be recognised as deferred income and recorded in profit or loss or offset against the related costs over the period when the related expenses or losses are recognised; those to be used as compensation for related expenses or losses already incurred shall be recognised directly in profit or loss or offset against the related costs.

Government grants related to assets shall be offset against the carrying value of the assets, or recognised as deferred income to be recognised in profit or loss on a reasonable and systematic basis over the useful lives of the assets (However, government grants measured at nominal amount shall be recognised directly in profit or loss). If the assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the balances of undistributed deferred income shall be reclassified to profit or loss over the period when the assets are disposed of.

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 current 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 the 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 arrangements, 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.

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)*

24. Income tax *(continued)*

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 liabilities are expected to be repaid. The recognition of deferred tax assets and liabilities also takes the recovery or the repayment terms at the date of statement of financial position 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.

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 current period. Contingent rentals are charged to profit or loss in the period in which they are actually incurred.

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 using the effective interest method over the term of the relevant lease. Contingent rentals will be recognised in profit or loss for the period when they are actually incurred.

26. Hedge accounting

In respect of the methods of hedge accounting, hedges of the Group are classified as:

- (1) Fair value hedge, a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (other than foreign exchange risk).
- (2) Cash flow hedge, a hedge of the exposure to variability in cash flows that is: (a) attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or (b) a foreign currency risk in an unrecognised firm commitment.
- (3) Hedge of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group officially designates the hedge relationship and prepares a formal written documentation on hedge relationship, risk management objectives and hedge strategies. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments offset changes in the fair value or cash flow of hedged items caused by hedged risk. Such hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that such hedges are highly effective during the accounting period with designated hedging relationships.

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)*

26. Hedge accounting *(continued)*

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedge

The change in the fair value of a hedging derivative is recognised in profit or loss for the current period. The change in the fair value of the hedged item attributable to hedged risk is recognised in profit or loss and the carrying amount of the hedged item is adjusted.

For fair value hedge relating to financial instruments carried at amortised cost, the carrying value of the hedged items is adjusted and amortised to profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin upon the adjustment of the carrying amount but no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised directly in profit or loss for the current period.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised directly in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, e.g., when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amount recognised in other comprehensive income is transferred to profit or loss in the same period as the non-financial asset or non-financial liability have impacts on profit or loss.

The amount previously recognised in other comprehensive income will not be transferred to profit or loss if the hedging instrument expires or is sold, terminated or exercised; or the Group revokes the hedge designation; or the hedge no longer meets the hedge accounting criteria, until the forecast transactions actually occur or the commitments are certain to be performed.

Hedge of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges: (a) The portion of the gain or loss on the hedging instrument that is determined an effective hedge shall be recognised in other comprehensive income; and (b) the ineffective portion shall be recognised in profit or loss. On disposal of a foreign operation, the accumulated gains or losses recognised in other comprehensive income are transferred 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 refinancing), 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

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 current period, and are stated as special reserve 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 reserve and full depreciation is provided for the asset at the same amount.

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 relevant asset or liability, or in the absence of a principal market, in the most advantageous market for the relevant 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; and

Level 3 – based on unobservable inputs for the relevant asset and liability.

At each date of statement of financial position, 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.

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, uncertainties 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:

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

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.

Joint arrangement - the investment in 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 Kamo Holding Limited ("Kamo") by the Group

The Group has determined that Kamo 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 Kamo in the proportion of 49.5% each. As such, the Group recognised its investment in Kamo 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 inventories with cost higher than net realisable value based on the Company's accounting policies on inventories and the measurement of lower of cost and net realisable value. At least at every financial year end, inventory provision is reviewed for 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 any impairment loss that should be recognised in the statement of profit or loss.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

Estimation uncertainty *(continued)*

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 asset 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.

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 asset groups or sets of asset groups considered together with allocated goodwill, is estimated. The Group estimates the present value of future cash flows from asset groups or sets of 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 fixed assets.

Exploration expenditures

Determination of the capitalisation amount of exploration expenditures requires estimation of future cash flows of the related assets, choosing a suitable discount rate and estimation of beneficial useful lives in order to calculate the present value by the management.

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. This 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 judgements regarding the timing and amount of future taxable profit are needed when estimating the amount of deferred tax assets.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

Estimation uncertainty *(continued)*

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.

32. Changes in accounting policies

Changes in presentation of gains or losses on disposal of assets

In accordance with Circular of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Business Enterprises (Cai Kuai [2017] No. 30), the Group shall present the line item "Gains on disposal of non-current assets" separately above the line item "Operating profit" in the statement of profit or loss, and part of the gains or losses on disposal of non-current assets previously presented in "Non-operating income" and "Non-operating expenses" shall be presented in "Gains on disposal of non-current assets"; the Group has restated the comparative statements of profit or loss accordingly. The changes in this accounting policy have no impact on the consolidated and company's net profit and owners' equity.

Changes in presentation of government grants

In accordance with Circular on Issuing Revised Accounting Standard for Business Enterprises No. 16 - Government Grants (Cai Kuai [2017] No. 15), the Group shall separately present line item "Other income" above the line item "Operating profit" in the statement of profit or loss. The government grants related to daily activities shall be presented in line item "Other income" instead of "Non-operating income". Pursuant to the transitional requirements of the standard, the Group accounts for the government grants existing as at 1 January 2017 with prospective application, and adjusts the new government grants obtained from 1 January 2017 to the effective date (12 June 2017) of the standard accordingly. The contents of presentation of line items "Other income", "Operating profit" and "Non-operating income" in 2017 and 2016 are different, but there is no impact on the consolidated and company's net profit in 2017 and 2016.

Changes in presentation of discontinued operations

In accordance with Circular on Issuing Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale and Disposal Groups and Discontinued Operations (Cai Kuai [2017] No.13), the Group shall add new line item "Net profit from continuing operations" below the line item "Net profit" in the statement of profit or loss. The Group has no line item "Net profit from discontinued operations" in 2017 and 2016.

Enacted accounting standards to be effective in 2018

Revenue

On 5 July 2017, the Ministry of Finance revised Accounting Standard for Business Enterprises No. 14 - Revenue (the "New Revenue Standard") to replace previous Accounting Standard for Business Enterprises No. 14 - Revenue and Accounting Standard for Business Enterprises No. 15 - Construction Contracts, both of which were issued on 15 February 2006, as well as Application Guidelines for Accounting Standard for Business Enterprises No. 14 - Revenue issued on 30 October 2006. The New Revenue Standard became effective on 1 January 2018 for entities that are listed on both the domestic and overseas markets, and those that are listed overseas and prepare financial statements under International Financial Reporting Standards or Accounting Standards for Business Enterprises.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

32. Changes in accounting policies *(continued)*

Enacted accounting standards to be effective in 2018 *(continued)*

Revenue (continued)

The core principle for revenue recognition under the New Revenue Standard is that “an entity shall recognise revenue when it has fulfilled the performance obligation under the contract; that is, when the customer has obtained the control over the relevant goods or services”. Guided by the principle, the revenue recognition shall be performed using the five-step model under the New Revenue Standard: (1) identify the contract(s) with a customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the separate performance obligations; and (5) recognise revenue when (or as) the entity satisfies a performance obligation. In addition, the New Revenue Standard also provides specific guidelines for certain matters or transactions, including contract costs, warranties, principal versus agent considerations, sale of products with a right of return, customer options for additional goods or services, licenses of intellectual property, repurchase arrangements, advances received, and initial fees that need not be returned and so on.

The Group plans to adopt the New Revenue Standard from 1 January 2018. According to the transitional requirements in the New Revenue Standard, the Group will adjust the retained earnings at the beginning of the year and the amounts of other relevant items in the financial statements for such year against the cumulative effect of initially applying the New Revenue Standard, and will not adjust the information in the comparative period. Based on the Group’s assessment, it is expected that the application of the New Revenue Standard will have no significant impacts on revenue recognition of the Group’s existing contracts.

Financial instruments

The Ministry of Finance revised and issued four accounting standards on financial instruments, i.e., Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement (Cai Kuai [2017] No. 7), Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets (Cai Kuai [2017] No. 8) and Accounting Standard for Business Enterprises No. 24 – Hedging (Cai Kuai [2017] No. 9) on 31 March 2017, as well as Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (Cai Kuai [2017] No. 14) on 2 May 2017 (collectively, the “New Financial Instrument Standards”). The New Financial Instrument Standards become effective on 1 January 2018 for entities that are listed on both the domestic and overseas markets, and those that are listed overseas and prepare financial statements under International Financial Reporting Standards or Accounting Standards for Business Enterprises. The New Financial Instrument Standards introduce new requirements on the classification and measurement, impairment and hedge accounting. The Group has implemented the New Financial Instrument Standards from 1 January 2018 and will not restate the comparative figures of financial statements of previous periods, but it will adjust the retained earnings and other comprehensive income as at 1 January 2018 for transitional purpose.

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)*

32. Changes in accounting policies *(continued)*

Enacted accounting standards to be effective in 2018 *(continued)*

Financial instruments (continued)

The Group assessed the impacts of implementing the New Financial Instrument Standards in 2017. The impacts on classification and measurement, impairment and hedge accounting are summarised below:

(1) Classification and measurement

Upon the application of the New Financial Instrument Standards, the classification and measurement of financial assets will depend on assessments of the contractual cash flow characteristics of the financial assets and the Group's business model for managing the financial assets. After assessment, the Group considered that after implementing the New Financial Instrument Standards, except that the available-for-sale investments and certain financial assets recognised at fair value through profit or loss will be reclassified as financial assets at fair value through other comprehensive income, the Group expected that the New Financial Instrument Standards will have no other significant impacts on classification and measurement of other financial assets. For those financial assets reclassified as at fair value through other comprehensive income, the fair value already recognised in other comprehensive income will not be transferred to profit or loss. The Group is assessing the fair values of those investments and the impacts of the above changes on the consolidated financial statements.

(2) Impairment

The New Financial Instrument Standards require that impairment of financial assets measured at amortised cost, financial assets at fair value through other comprehensive income, lease receivables, contract assets under Accounting Standard for Business Enterprises No. 14 – Revenue, as well as impairment of loan commitments and financial guarantee contracts other than those issued by the entity and classified as financial liabilities measured at fair value through profit or loss, shall be recognised based on the 12-month or lifetime expected credit losses. The Group expected, based on its assessment, that applying the New Financial Instrument Standards will have no significant impacts on its bad debt provision for trade receivables.

(3) Hedge accounting

The New Financial Instrument Standards extend the scope of hedging instruments and hedged items, replace existing quantitative indicators of 80%-125% for a highly effective hedge with qualitative hedge effectiveness requirements, and introduce a "rebalance" mechanism for hedging relationship. The Group expects that applying the New Financial Instrument Standards will have no significant impacts on the application of its existing hedge accounting treatments.

Please refer to Announcement in relation to Changes in Accounting Policies of Zijin Mining Group Co., Ltd.* (Lin 2018-006) issued on 24 January 2018 for the detailed explanations and impacts of the abovementioned changes in accounting policies.

Notes to Financial Statements *(continued)*

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

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 the sales and processing of copper cathodes, zinc bullion, silver bullion and materials 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 taxpayer 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>
Urban construction and maintenance tax	Levied on actual payment of turnover tax at rates ranging from 1% to 7%.
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 the price-based method instead of the 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 products 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 has been implemented and the mineral resource compensation fee has been no longer levied.</p>
Corporate income tax	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 or joint arrangement incorporated and operating in Australia, the Democratic Republic of the Congo and Papua New Guinea 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 the Republic of Tajikistan has been made at the rate of 13% 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. For the Company's subsidiaries incorporated and operating in the Kyrgyz Republic, according to the local tax laws, a zero corporate income tax rate is adopted for taxpayer specialising in mining activities and selling gold ore, gold concentrates, alloy gold and refined gold. Meanwhile, income tax is imposed on the revenue ranging at the rate from 1% to 20% depending on the range of gold price.

Notes to Financial Statements *(continued)*

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

IV. TAX *(continued)*

1. Major taxes and tax rates *(continued)*

Value-added tax on land	Pursuant to Regulations on Value-added Tax on Land of the People's Republic of China (Tentative), value-added tax on land is levied based on the added value obtained from transfer of real estates and the stipulated tax rates, at the rate of the 4th-level super progressive tax rate (30%-60%).
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2. Tax incentives

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation 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 2017, the following subsidiaries obtained the approval of the tax bureau in charge and were granted a reduced CIT rate of 15%:

- (1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong [2017] No. 5554) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 20 February 2017, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.
- (2) Pursuant to the Reference Table of Preferential Corporate Income Tax approved by the Xinjiang Autonomous Region Wujia County State Tax Bureau on 17 January 2017, 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 2017.
- (3) Pursuant to the Notice of Tax Issue (Fu Di Shui Han [2017] No. 404) issued by the 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 1 April 2017 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 2017.
- (4) Pursuant to the Reference Table of Preferential Corporate Income Tax approved by the State Taxation Bureau of Hunchun Border Economic Cooperation Zone on 12 March 2018, Hunchun Zijin Mining Co., Ltd. ("Hunchun Zijin") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.

Pursuant to the Notice Concerning Revision and Issuance of Administration Policy for Determination of High and New Technology Enterprise (Guo Ke Fa Huo [2016] No. 32) issued by the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation, the Notice Concerning Revision and Issuance of Administration Guideline on Determination of High and New Technology Enterprise (Guo Ke Fa Huo [2016] No. 195) issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, the Company obtained the certificate of High and New Technology Enterprise jointly issued by authorities including the Science and Technology Department of Fujian Province, Finance Department of Fujian Province, State Tax Bureau of Fujian Province, Local Tax Bureau of Fujian Province, etc. on 23 October 2017 (reference number: GR201735000251). The validity period of the certificate is from 23 October 2017 to 23 October 2020. Pursuant to the Notice of Tax Issues (Hang Di Shui Tong [2018] No. 326) issued by Fujian Province Shanghang County Local Tax Bureau on 26 January 2018, Zijin Mining Group Co., Ltd.* was entitled to the preferential CIT policies of high and new technology enterprise and entitled to a tax concession of CIT rate of 15% in 2018.

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

1. CASH AND CASH EQUIVALENTS

	2017	2016
Cash	3,680,034	4,085,244
Bank deposits	5,533,321,796	4,560,724,380
Other monetary funds (Note 1)	399,064,843	457,692,420
	5,936,066,673	5,022,502,044

Note 1: As at 31 December 2017, the balance of other monetary funds of the Group in Renminbi mainly included:

(1) land restoration and environmental rehabilitation costs of RMB67,516,073 (31 December 2016: RMB66,882,941); Pursuant to the rules of Longyan Municipal Government, the Company provided deposit for mine restoration and improvement of ecological environment in mines 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 RMB114,206,645 (31 December 2016: RMB112,795,758), which were restricted to use; (3) deposit in the Shanghai Gold Exchange of RMB217,342,125 (31 December 2016: RMB148,013,718), and (4) no time deposits with maturity for more than three months but less than one year (31 December 2016: RMB130,000,003).

As at 31 December 2017, cash and cash equivalents in the equivalent amount of RMB1,869,741,048 (31 December 2016: RMB1,536,138,024) 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.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
Held for trading financial assets		
Held for trading debt investments (Note 1)	34,525,569	—
Held for trading equity investments (Note 2)	2,331,172,973	1,128,862,968
Derivative financial assets (Note 3)	16,703,231	78,489,803
Others (Note 4)	171,525,948	44,427,159
	2,553,927,721	1,251,779,930

Note 1: The investments are bonds.

Note 2: The investments in stocks aimed at making short-term profits. The increase of equity investments in 2017 was partly due to the incorporation of the Zijin Global Fund into the scope of consolidation. Please refer to Note VI.1.

Note 3: Derivative financial assets are as follows:

	2017	2016
(1) Derivative financial assets without designated hedging relationship	16,703,231	77,223,428
Including: Forward contracts	1,918,699	52,383,555
Futures contracts	14,784,532	24,839,873
(2) Hedging instruments – Forward contracts	—	1,266,375
	16,703,231	78,489,803

Note 4: The investments in funds aimed at making short-term profits.

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)

3. BILLS RECEIVABLE

	2017	2016
Bank acceptance bills	1,260,004,739	490,251,803
Commercial acceptance bills	259,370,802	385,508,914
	1,519,375,541	875,760,717

Bills receivable which have been pledged are as follows:

	2017	2016
Bank acceptance bills	280,000,000	—

Bills receivable endorsed or discounted by the Group which were not yet due at the date of statement of financial position are as follows:

	2017		2016	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	101,195,068	144,000,000	136,907,034	26,250,000
Commercial acceptance bills	—	18,250,000	—	83,500,000

As at 31 December 2017, there were RMB15,509,262 of bills receivable which were converted to trade receivables due to the drawer's inability to settle the bills on maturity (31 December 2016: Nil).

4. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period of one to six months in general.

Ageing analysis of the trade receivables is as follows:

	2017	2016
Within 1 year*	1,244,854,634	744,054,692
Over 1 year but within 2 years*	46,108,796	21,002,499
Over 2 years but within 3 years*	2,164,105	14,016,924
Over 3 years*	10,933,492	10,422,907
	1,304,061,027	789,497,022
Less: Bad debt provision for trade receivables	11,196,522	6,429,534
	1,292,864,505	783,067,488

* 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 in general. The Group maintains strict control over its outstanding trade receivables. Overdue balances of trade receivables are reviewed regularly. Moreover, 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.

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 the Hong Kong Companies Ordinance.

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

4. TRADE RECEIVABLES (continued)

The movements of bad debt provision for trade receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2017	6,429,534	7,695,229	—	(2,928,241)	11,196,522
2016	6,816,697	7,973,614	—	(8,360,777)	6,429,534

	2017					2016				
	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 made individually	982,912,244	75.37	—	—	982,912,244	504,497,224	63.90	—	—	504,497,224
Individually not significant but for which bad debt provision has been made individually	321,148,783	24.63	11,196,522	3.49	309,952,261	284,999,798	36.10	6,429,534	2.26	278,570,264
	1,304,061,027	100.00	11,196,522	0.86	1,292,864,505	789,497,022	100.00	6,429,534	0.81	783,067,488

In 2017, the provision for bad debt was RMB7,695,229 (2016: RMB7,973,614), and no provision for bad debt was reversed (2016: Nil).

In 2017, trade receivables written off amounted to RMB2,928,241 (2016: RMB8,360,777).

The five entities with the largest balances of trade receivables at 31 December 2017 are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Xiamen Tianyuan Investment Co., Ltd.	330,000,000	25.31	Within 1 year	—
Intercontinental Resources HK Co., Ltd.	141,030,729	10.81	Within 1 year	—
Zisen (Xiamen) Supply Chain Management Co., Ltd. ("Zisen (Xiamen)")	57,892,351	4.44	Within 1 year	—
Chelyabinsk Zinc Plant	45,390,760	3.48	Within 1 year	—
Shanghai Red Heron International Trade Co., Ltd.	37,748,219	2.89	Within 1 year	—
	612,062,059	46.93		—

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)

4. TRADE RECEIVABLES (continued)

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)	40,085,525	5.08	Within 1 year	—
Trafigura Pte. Ltd.	39,696,190	5.03	Within 1 year	—
	272,301,686	34.50		—

5. PREPAYMENTS

Ageing analysis of the prepayments is as follows:

	2017		2016	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year	1,270,022,437	93.94	754,112,679	85.82
Over 1 year but within 2 years	50,917,324	3.77	42,307,884	4.81
Over 2 years but within 3 years	8,029,119	0.59	27,221,350	3.10
Over 3 years	22,924,743	1.70	55,097,354	6.27
	1,351,893,623	100.00	878,739,267	100.00
Less: Bad debt provision for prepayments	7,752,470		8,965,707	
	1,344,141,153		869,773,560	

As at 31 December 2017, there were no prepayments with significant balances aged over one year (31 December 2016: Nil).

The movements of bad debt provision for prepayments are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2017	8,965,707	195,918	—	(1,409,155)	7,752,470
2016	5,657,090	3,924,047	(580,000)	(35,430)	8,965,707

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)*5. PREPAYMENTS *(continued)*

The five entities with the largest balances of prepayments at 31 December 2017 are as follows:

Name of entity	Amount	Proportion of prepayments (%)
Hong Kong Purity Alliance International Trading Co., Limited	186,694,542	13.81
China National Gold Group Inner Mongolia Mining Co., Ltd.	119,148,284	8.81
Shijiazhuang AP Memory Technology Corp.	58,123,828	4.30
Hechi City Minghui Mining Co., Ltd.	43,863,959	3.24
Fujia Environmental Protection Recycling Technologies PLC.	40,000,000	2.96
	447,830,613	33.12

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

6. OTHER RECEIVABLES

Ageing analysis of the other receivables is as follows:

	2017	2016
Within 1 year	731,848,471	828,557,938
Over 1 year but within 2 years	337,545,670	147,700,474
Over 2 years but within 3 years	66,279,750	42,580,075
Over 3 years	202,660,871	161,380,022
	1,338,334,762	1,180,218,509
Less: Bad debt provision for other receivables	185,331,805	183,008,614
	1,153,002,957	997,209,895

The movements of bad debt provision for other receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2017	183,008,614	4,395,695	(1,812,513)	(259,991)	185,331,805
2016	161,608,696	25,386,394	(3,423,638)	(562,838)	183,008,614

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)

	2017					2016				
	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	872,530,314	65.20	167,432,416	19.19	705,097,898	701,341,492	59.42	167,432,416	23.87	533,909,076
Individually not significant but for which bad debt provision has been provided individually	465,804,448	34.80	17,899,389	3.84	447,905,059	478,877,017	40.58	15,576,198	3.25	463,300,819
	1,338,334,762	100.00	185,331,805	13.85	1,153,002,957	1,180,218,509	100.00	183,008,614	15.51	997,209,895

As at 31 December 2017, other receivables, which were individually significant and for which bad debt provision had been made individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for making bad debt provision
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan")	250,111,647	140,992,416	56.37	No progress for the project in which the borrowing is used
Shangguan Jiandong	16,440,000	16,440,000	100.00	Long overdue 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
	276,586,525	167,432,416		

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

As at 31 December 2016, other receivables, which were individually significant and for which bad debt provision had been made individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for making bad debt provision
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	Long overdue and it is expected that the amount cannot be recovered
Chongli Dongping	10,034,878	10,000,000	99.65	Borrower is incapable to operate
	231,703,902	167,432,416		

In 2017, the provision for bad debt was RMB4,395,695 (2016: RMB25,386,394), and provision of RMB1,812,513 was recovered or reversed (2016: RMB3,423,638).

In 2017, other receivables written off amounted to RMB259,991 (2016: RMB562,838).

Category of other receivables by nature is as follows:

	2017	2016
Advanced material costs	104,752,162	107,318,320
Due from non-controlling shareholders	78,742,023	76,809,217
Staff advances and reserve funds	27,654,972	24,326,982
Due from third parties	201,068,368	141,017,498
Receivables from associates and joint ventures	333,512,171	304,334,840
Securities and deposits	96,132,599	114,739,694
Interest receivables	9,331,013	3,896,511
Receivables from disposal of assets	170,748,082	117,808,285
Deferred expenses	121,979,276	105,985,125
Receivables from settlement of futures	40,146,809	30,930,459
Others	154,267,287	153,051,578
	1,338,334,762	1,180,218,509
Less: Bad debt provision for other receivables	185,331,805	183,008,614
	1,153,002,957	997,209,895

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 2017 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	250,111,647	Within 1 year, over 1 year but within 2 years, over 2 years but within 3 years and over 3 years	18.69	140,992,416
Longkou City Jinhe Industrial and Trading Co., Ltd. ("Jinhe Industrial and Trading") (Note 4)	Receivables from disposal of equity investments	54,700,000	Over 3 years	4.09	—
Xinjiang Jinneng Mining Co., Ltd. ("Xinjiang Jinneng") (Note 3)	Due from third parties	50,442,595	Over 1 year but within 2 years and over 3 years	3.77	—
Fujian Longyan Makeng Mining Company Limited ("Longyan Makeng") (Note 5)	Due from associates and joint ventures	50,112,612	Within 1 year	3.74	—
Xinjiang Xingguang Chemical Industry Co., Ltd. (Note 2)	Receivables from disposal of equity investments	50,000,000	Within 1 year	3.74	—
		455,366,854		34.03	140,992,416

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
Jinhe Industrial and Trading (Note 4)	Receivables from disposal of equity investments	54,700,000	Over 2 years but within 3 years	4.63	—
Longyan Makeng (Note 5)	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 6)	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 7)	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)*

Note 1: The balance was mainly borrowings and other receivables due from Zijin Tongguan offered by the Group. The investment project of Zijin Tongguan was temporarily unable to carry out development because of the long-standing unresolved community relationship problems. Consequently, the management of the Group considered that there were indicators of irrecoverability of part of the 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: In the year, the Group transferred 100% equity interest in Xinjiang Jinneng, formerly a wholly-owned subsidiary, to Xinjiang Xingguang Chemical Industry Co., Ltd. for a consideration of RMB315,000,000. As at 31 December 2017, the Group had received the first installment of the consideration of RMB159,500,000. For the rest of the payment, RMB155,500,000 remained outstanding, in which RMB50,000,000 is expected to be recovered within one year and the remaining RMB105,500,000 is expected to be recovered in 2019.

Note 3: The Group's loans to Xinjiang Jinneng in 2012 and 2016 were RMB55,428,114 and RMB45,014,481, respectively, totalled RMB100,442,595. Due to the Group's disposal of Xinjiang Jinneng this year, the loans were reclassified as other receivables due from third party, in which RMB50,442,595 is expected to be recovered within one year and the remaining RMB50,000,000 is expected to be recovered in 2019.

Note 4: 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. Jinhe Industrial and Trading had paid RMB29,900,000 in November 2014 and the remaining balance as at 31 December 2017 was RMB54,700,000.

Note 5: In September 2017, Zijin Mining Group Finance Company Limited ("Finance Company"), a subsidiary of the Company, provided loans to Longyan Makeng, an associate of the Company. As at 31 December 2017, the total amount of principal and interest was RMB50,112,612. The loan will become due in 2018.

Note 6: 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, and the loans were fully settled in 2017.

Note 7: In 2009, subsidiaries of the Group, namely Zijin Mining Group Southern Investment Company Limited ("Southern Investment"), Wuping Zijin Mining Company Limited ("Wuping Zijin"), and Shanghang Jinshan Mining Company Limited, 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 and 31 December 2017, the borrowings of RMB43,950,000 had not yet been recovered.

7. INVENTORIES

	2017			2016		
	Carrying amount	Inventory provision	Net book value	Carrying amount	Inventory provision	Net book value
Raw materials	3,495,840,459	(83,672,404)	3,412,168,055	4,181,855,317	(71,459,389)	4,110,395,928
Work in progress	5,094,591,026	(25,289,064)	5,069,301,962	4,195,064,044	(25,014,548)	4,170,049,496
Finished goods	957,000,128	(21,879,806)	935,120,322	1,178,295,866	(57,387,175)	1,120,908,691
Properties under development	1,670,455,800	—	1,670,455,800	2,406,122,048	—	2,406,122,048
Reusable materials	2,788,816	—	2,788,816	195,150,486	—	195,150,486
	11,220,676,229	(130,841,274)	11,089,834,955	12,156,487,761	(153,861,112)	12,002,626,649

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)*

7. INVENTORIES *(continued)*

The movements of inventory provision are as follows:

2017	At 1 January	Additions	Reductions Reversal or write-off	At 31 December
Raw materials	71,459,389	23,263,565	(11,050,550)	83,672,404
Work in progress	25,014,548	1,186,060	(911,544)	25,289,064
Finished goods	57,387,175	53,419,711	(88,927,080)	21,879,806
	153,861,112	77,869,336	(100,889,174)	130,841,274

2016	At 1 January	Additions	Reductions Reversal or write-off	At 31 December
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

2017 and 2016	Determination basis of net realisable value	Basis of making 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 2017, the carrying amount of inventories with restricted ownership amounted to RMB10,034,000 (31 December 2016: RMB10,034,000). Details are disclosed in Note V.61.

In 2017, capitalised interest expenses of inventories increased by RMB5,451,275 (2016: RMB16,804,899).

As at 31 December 2017, the capitalised interest expenses in the closing balance of inventories amounted to RMB67,858,304 (31 December 2016: RMB135,517,526).

8. CURRENT PORTION OF NON-CURRENT ASSETS

	2017	2016
Current portion of long-term receivables	257,775,683	366,489,750

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)*

9. OTHER CURRENT ASSETS

	2017	2016
Deposit for futures contracts	163,267,223	103,076,177
Deposit for gold transactions	164,177,385	10,808,852
Liquid cash for futures contracts	89,643,176	60,085,274
Input VAT to be credited	26,047,366	7,016,391
Input VAT to be verified	10,502,126	54,155,509
VAT recoverable	393,807,689	210,222,490
Taxes prepayment	335,794,708	282,367,667
Wealth management products (Note 1)	2,321,454,667	1,201,389,289
Others	23,327,063	41,877,146
	3,528,021,403	1,970,998,795

Note 1: Wealth management products in the other current assets of the Group mainly include short-term financial products purchased from banks and financial institutions.

10. AVAILABLE-FOR-SALE INVESTMENTS

	2017			2016		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Available-for-sale equity instruments						
Measured at fair value	218,648,868	—	218,648,868	533,450,722	—	533,450,722
Measured at cost	619,756,866	(60,204,548)	559,552,318	553,545,929	(10,500,000)	543,045,929
	838,405,734	(60,204,548)	778,201,186	1,086,996,651	(10,500,000)	1,076,496,651

Available-for-sale investments measured at fair value are as follows:

	2017	2016
Cost of equity instruments	108,574,413	316,649,350
Fair value	218,648,868	533,450,722
Accumulated changes in fair value recognised as other comprehensive income	110,074,455	216,801,372
Impairment provision at 31 December	—	—

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Available-for-sale investments measured at cost are as follows:

2017

	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	700,000
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	—
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	(10,500,000)	—	—	(10,500,000)	3.03	—
CASA Mining Limited ("CASA Mining")	41,932,791	7,771,757	—	49,704,548	—	(49,704,548)	—	(49,704,548)	3.74	—
Solantera Resources Ltd. ("Solantera Resources")	7,771,757	—	(7,771,757)	—	—	—	—	—	0.00	—
Zhenfeng Rural Credit Cooperative Union	11,074,000	—	—	11,074,000	—	—	—	—	9.80	588,000
Xinjiang Tianshan Railway Company Limited ("Xinjiang Tianshan Railway") (Note 2)	19,200,000	—	(19,200,000)	—	—	—	—	—	0.00	—
Luoyang Commercial Bank	1,000,000	—	—	1,000,000	—	—	—	—	0.12	390,000
Jiangxi Jinhuan Mining Company Limited ("Jiangxi Jinhuan") (Note 3)	4,864,063	—	—	4,864,063	—	—	—	—	55.00	—
Lenghu Bindi Potash Co., Ltd. ("Bindi Potash")	187,106,400	—	—	187,106,400	—	—	—	—	3.60	—
Beijing Larkworld Environmental Technology Incorporated Company	—	76,739,294	—	76,739,294	—	—	—	—	16.67	—
Gansu Mining Development Co., Ltd. (Notes VI.2)	—	2,171,643	—	2,171,643	—	—	—	—	5.00	—
Cloud Chain (Beijing) Financial Information Services Co., Ltd.	—	6,500,000	—	6,500,000	—	—	—	—	1.39	—
Others	5,015,304	—	—	5,015,304	—	—	—	—	N/A	—
	553,545,929	93,182,694	(26,971,757)	619,756,866	(10,500,000)	(49,704,548)	—	(60,204,548)		18,478,000

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Available-for-sale investments measured at cost are as follows: (continued)

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		
Liwu Copper	19,850,000	—	—	19,850,000	—	—	—	—	5.77	300,000
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	—
Xingcheng Guarantee	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
Muli Rongda	62,017,517	—	—	62,017,517	—	—	—	—	12.00	18,000,000
Xinjiang Xinxin	18,314,097	—	—	18,314,097	—	—	—	—	2.56	—
Wulatehouqi Ruifeng	10,500,000	—	—	10,500,000	(6,611,323)	(3,888,677)	—	(10,500,000)	3.03	—
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	980,000
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 (Note 3)	4,864,063	—	—	4,864,063	—	—	—	—	55.00	—
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

Movements of impairment provision for available-for-sale investments are as follows:

	2017	2016
Impairment provision at 1 January	10,500,000	27,720,611
Additions	49,704,548	3,888,677
Including: Transferred from other comprehensive income	—	—
Reductions	—	(21,109,288)
Impairment provision at 31 December	60,204,548	10,500,000

Note 1: Pursuant to the Capital Increase Agreement of Fujian Shanghai Xingcheng Guarantee Company Limited, the Company holds 20% preference 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 Company's 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: Xinjiang Jinneng, formerly a subsidiary of the Company, holds this available-for-sale investment. Xinjiang Jinneng was disposed of in 2017, accordingly the available-for-sale investment was reduced to 0. Details are disclosed in Note VI.2.

Note 3: 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 a 55% equity interest in Jiangxi Jinhuan, would neither invest in nor participate in the management of Jiangxi Jinhuan. Meanwhile, Huanmin Mining entrusted Jiangxi Jinyuan Mineral Group Company Limited ("Jiangxi Jinyuan"), which holds a 45% equity interest in Jiangxi Jinhuan, to manage Jiangxi Jinhuan. Huanmin Mining's equity interest in Jiangxi Jinhuan will be further diluted with the future investment of Jiangxi Jinyuan. As at 31 December 2017, there were no changes in the shareholding percentage. The Group had not appointed directors to Jiangxi Jinhuan and did not involve in the management of Jiangxi Jinhuan. The management of the Group considers that the Group had no significant influence over Jiangxi Jinhuan. As such, the Group recognised its investment in Jiangxi Jinhuan as an available-for-sale investment.

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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

	2017			2016		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Investments in joint ventures	3,533,848,819	(12,350,855)	3,521,497,964	4,480,817,672	(12,350,855)	4,468,466,817
Investments in associates	3,438,607,836	(162,757,584)	3,275,850,252	3,603,318,725	(162,757,584)	3,440,561,141
	6,972,456,655	(175,108,439)	6,797,348,216	8,084,136,397	(175,108,439)	7,909,027,958

2017

	Movements during the year											
	At 1 January 2017	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	Others	At 31 December 2017	Provision for impairment losses at 31 December 2017
Joint ventures												
Gold Eagle Mining Investment Limited ("Gold Eagle Mining")	1,528,311,261	-	-	(35,980,867)	-	-	-	-	(35,681,339)	-	1,456,649,055	-
Sprott-Zijin Mining Fund (International) ("Sprott Fund") (Note 1)	668,548,616	-	-	25,516,496	-	-	-	-	(20,912,700)	(673,152,412)	-	-
Shandong Guoda Gold Company Limited ("Shandong Guoda")	172,140,299	-	-	4,902,109	-	-	(11,296,470)	-	-	-	165,745,938	(12,350,855)
Xiamen Zijin Zhonghang Guizhou Funeng Zijin Energy Company Limited ("Guizhou Funeng Zijin")	173,574,489	-	-	46,599,790	-	-	-	-	-	-	220,174,279	-
Guizhou Southwest Zijin Gold Development Company Limited ("Southwest Zijin Gold")	74,816,879	-	-	-	-	-	-	-	-	-	74,816,879	-
Fujian Longshu Fishery Ecological Development Company Limited ("Fujian Longshu Fishery")	19,678,427	-	-	614,609	-	-	-	-	-	-	20,293,036	-
Gold Mountains Sprott Capital Management Limited ("Gold Mountains Sprott") (Note 1)	9,297,903	-	-	(109,676)	-	-	-	-	-	-	9,188,227	-
Kamoa	415,022	-	-	588,382	-	-	-	-	-	(1,003,404)	-	-
Fujian Zijin Cuiyu Jewellery Development Co., Ltd. ("Zijin Cuiyu")	1,818,783,921	-	-	(196,933,315)	-	-	-	-	(51,183,880)	-	1,570,666,726	-
Porgera Service Company	2,900,000	2,200,000	-	(1,627,849)	-	-	-	-	-	-	3,472,151	-
	-	-	-	491,673	-	-	-	-	-	-	491,673	-
Subtotal	4,468,466,817	2,200,000	-	(155,938,648)	-	-	(11,296,470)	-	(107,777,819)	(674,155,816)	3,521,497,964	(12,350,855)
Associates												
Longyan Maken	787,738,206	83,000,000	-	30,270,696	-	-	(14,940,000)	-	-	-	886,068,902	-
Xinjiang Tianlong Mining Company Limited ("Xinjiang Tianlong")	370,905,941	-	-	3,296,328	-	-	-	-	-	-	374,202,269	-
Zijin Tongguan Wengfu Zijin Chemical Industry Company Limited ("Wengfu Zijin")	364,473,940	-	-	(28,776,632)	-	-	-	-	-	-	335,697,308	(162,757,584)
Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")	259,761,363	-	-	26,339,919	-	-	-	-	-	-	286,101,282	-
Fujian Haxia Technology Company Limited ("Haxia Technology")	-	-	-	-	-	-	-	-	-	-	-	-
	208,192,925	-	-	1,338,872	-	-	(1,288,000)	-	-	-	208,243,797	-

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

2017 (continued)

	Movements during the year										Provision for impairment losses at 31 December 2017	
	At 1 January 2017	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	Others		At 31 December 2017
Associates (continued)												
Wancheng Commercial Dongshengmiao Company Limited ("Wancheng Commercial")	184,548,669	—	—	67,508,052	—	—	(52,745,438)	—	—	543,068	199,855,351	—
Xiamen Modern Terminals Company Limited ("Xiamen Modern Terminals")	133,806,747	—	—	5,075,201	—	—	(5,875,000)	—	—	—	133,006,948	—
Tibet Yulong Copper Company Limited ("Tibet Yulong")	147,484,293	—	—	71,790,083	—	—	—	—	—	—	219,274,376	—
Shanghai Xinyuan Water Supply Company Limited ("Shanghai Xinyuan")	113,941,201	—	—	105,921	—	—	—	—	—	—	114,047,122	—
Yanbian SMEs Credit Security Investment Company Limited ("Yanbian Credit Security")	72,325,535	—	—	2,511,741	—	—	(500,000)	—	—	—	74,337,276	—
Xinjiang Kanas Travel Development Company Limited ("Kanas Travel")	77,683,456	—	—	4,218,000	—	—	(13,807,305)	—	—	—	68,094,151	—
Qinghai Copper Company Limited ("Qinghai Copper") (Note 2)	272,000,000	—	(272,000,000)	—	—	—	—	—	—	—	—	—
Fujian Shanghang Ting River Hydropower Company Limited ("Ting River Hydropower")	54,316,147	—	—	13,775,008	—	—	(1,960,000)	—	—	—	66,131,155	—
Songpan Zijin Industrial and Trading Company Limited ("Songpan Zijin")	39,249,785	—	—	—	—	—	—	—	—	—	39,249,785	—
Fujian Wuping Zijin Hydropower Company Limited ("Wuping Zijin Hydropower")	49,285,402	—	—	4,437,791	—	—	(11,817,700)	—	—	—	41,905,493	—
Hunchun Jindi Mining Company Limited ("Hunchun Jindi")	46,957,347	—	—	(478,272)	—	—	—	—	—	—	46,479,075	—
Longyan Zijin AVIC	83,221,199	—	—	(83,221,199)	—	—	—	—	—	—	—	—
Kuitun Yutong Logistics Company Limited ("Kuitun Yutong")	1,000,000	—	—	(29,271)	—	—	—	—	—	—	970,729	—
Zisen (Xiamen)	1,969,674	—	—	4,793,445	—	—	—	—	—	—	6,763,119	—
Fujian Jinyue Huichuang Intelligent Technology Co., Ltd. ("Jinyue Huichuang")	2,941,022	—	—	(125,178)	—	—	—	—	—	—	2,815,844	—
Changsha Science-Environmental Technology Co., Ltd. ("Science")	168,758,289	—	—	3,847,981	—	—	—	—	—	—	172,606,270	—
Subtotal	3,440,561,141	83,000,000	(272,000,000)	126,679,486	—	—	(102,933,443)	—	—	543,068	3,275,850,252	(162,757,584)
Total	7,909,027,958	85,200,000	(272,000,000)	(29,259,162)	—	—	(114,229,913)	—	(107,777,919)	(673,612,748)	6,797,348,216	(175,108,439)

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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

	Movements during the year										Provision for impairment losses at 31 December 2016
	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	
Joint ventures											
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	167,763,707	—	—	9,978,127	—	—	(5,601,535)	—	—	172,140,299	(12,350,855)
Xiamen Zijin Zhonghang	173,904,294	—	—	(329,805)	—	—	—	—	—	173,574,489	—
Guizhou Funeng Zijin	74,816,879	—	—	—	—	—	—	—	—	74,816,879	—
Southwest Zijin Gold	20,358,520	—	—	(680,093)	—	—	—	—	—	19,678,427	—
Fujian Longhu Fishery	9,297,020	—	—	883	—	—	—	—	—	9,297,903	—
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	—
Zijin Cuifu	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	365,860,929	—	—	5,045,012	—	—	—	—	—	370,905,941	—
Zijin Tongguan	364,252,197	—	—	221,743	—	—	—	—	—	364,473,940	(162,757,584)
Wengfu Zijin	289,497,971	—	—	(29,736,608)	—	—	—	—	—	259,761,363	—
Wuxin Copper	25,495,912	—	—	(25,495,912)	—	—	—	—	—	—	—
Haixia Technology	208,465,085	—	—	6,167,840	—	—	(6,440,000)	—	—	208,192,925	—
Wancheng Commercial	159,795,324	—	—	24,753,345	—	—	—	—	—	184,548,669	—
Xiamen Modern Terminals	132,482,516	—	—	7,574,231	—	—	(6,250,000)	—	—	133,806,747	—
Tibet Yulong	135,737,190	—	—	11,747,103	—	—	—	—	—	147,484,293	—
Shanghang Xinyuan	114,070,106	—	—	(128,905)	—	—	—	—	—	113,941,201	—
Yanbian Credit Security	71,378,757	—	—	1,446,778	—	—	(500,000)	—	—	72,325,535	—
Kanas Travel	62,456,411	—	—	15,227,045	—	—	—	—	—	77,683,456	—
Qinghai Copper	272,000,000	—	—	—	—	—	—	—	—	272,000,000	—
Ting River Hydropower	48,146,132	—	—	7,150,015	—	—	(980,000)	—	—	54,316,147	—
Songpan Zijin	39,249,785	—	—	—	—	—	—	—	—	39,249,785	—
Wuping Zijin Hydropower	37,338,140	—	—	14,666,562	—	—	(2,719,300)	—	—	49,285,402	—
Hunchun Jindi	47,476,774	—	—	(519,427)	—	—	—	—	—	46,957,347	—
Longyan Zijin AVIC	143,757,259	—	—	(60,536,060)	—	—	—	—	—	83,221,199	—
Luoyang City Huayin Guarantee Investment Co., Ltd. ("Luoyang Huayin")	1,806,463	—	(1,806,463)	—	—	—	—	—	—	—	—
Kuitun Yutong	1,000,000	—	—	—	—	—	—	—	—	1,000,000	—
Zisen (Xiamen)	980,000	—	—	989,674	—	—	—	—	—	1,969,674	—
Jinyue Huichuang	—	3,000,000	—	(58,978)	—	—	—	—	—	2,941,022	—
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)

Movements of provision for impairment losses of long-term equity investments:

	At 1 January 2017	Additions	Reductions	At 31 December 2017
2017				
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
	At			At
2016	1 January 2016	Additions	Reductions	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

Note 1: On 31 March 2017, Sprott Fund completed its restructuring and changed its name to Zijin Global Fund. After the restructuring, Sprott Fund and Gold Mountains Sprott became subsidiaries of the Group and were included in the scope of consolidation. Please refer to Note VI.1 for details.

Note 2: On 3 July 2017, the Group's subsidiary, Qinghai West Copper Co., Ltd. ("Qinghai West"), entered into an equity transfer agreement with Western Mining Co., Ltd. ("Western Mining") to sell the 34% equity interest in Qinghai Copper held by the Group at a consideration of RMB270,924,920. After the disposal, the Group no longer holds equity investment in Qinghai Copper.

12. INVESTMENT PROPERTIES

Buildings subsequently measured at cost:

	2017	2016
Cost		
At 1 January	233,151,985	197,083,801
Transferred from inventories/construction in progress	170,482,449	10,403,319
Business combination not involving enterprises under common control	—	29,244,959
Disposals	—	(3,580,094)
At 31 December	403,634,434	233,151,985
Accumulated depreciation		
At 1 January	39,860,882	28,681,289
Depreciation for the year	13,233,083	12,299,162
Disposals	—	(1,119,569)
At 31 December	53,093,965	39,860,882
Net book value		
At 31 December	350,540,469	193,291,103
At 1 January	193,291,103	168,402,512

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)

12. INVESTMENT PROPERTIES (continued)

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 2017 and 31 December 2016, there were no investment properties of which the certificates of title have not been obtained.

13. FIXED ASSETS

2017

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2017	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
Purchase additions	151,198,337	227,935,707	39,836,751	644,560,579	87,555,388	22,367,972	1,173,454,734
Transferred from construction in progress	340,275,375	1,030,544,269	193,246,407	330,326,731	—	10,787,198	1,905,179,980
Disposals or write-off	(139,199,421)	(595,628,561)	(19,620,132)	(540,653,876)	(48,392,417)	(23,118,026)	(1,366,612,433)
Exchange realignments	(33,673,608)	(466,381,661)	(18,111,535)	(252,720,778)	(20,065,133)	3,422,318	(787,530,397)
At 31 December 2017	7,916,900,835	23,680,005,875	1,582,387,075	13,113,760,342	1,192,672,373	440,179,545	47,925,906,045
Accumulated depreciation							
At 1 January 2017	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
Depreciation for the year	364,266,083	1,540,968,469	106,161,323	1,238,231,082	141,117,996	45,514,630	3,436,259,583
Disposals or write-off	(72,682,412)	(384,802,620)	(14,602,169)	(316,330,081)	(34,362,265)	(20,433,860)	(843,213,407)
Exchange realignments	(11,541,185)	(98,210,403)	(3,601,626)	(155,490,002)	(10,030,851)	1,332,193	(277,541,874)
At 31 December 2017	2,110,209,091	6,189,208,251	658,222,480	5,967,479,443	808,132,847	279,250,662	16,012,502,774
Impairment							
At 1 January 2017	34,771,285	614,360,681	5,639,535	118,961,708	66,227	6,059	773,805,495
Impairment provided for the year	221,669,654	773,303,023	6,452,049	56,594,656	38,414	1,472	1,058,059,268
Disposals or write-off	(4,543,189)	(18,259,643)	(200,150)	(31,658,033)	—	(80)	(54,661,095)
At 31 December 2017	251,897,750	1,369,404,061	11,891,434	143,898,331	104,641	7,451	1,777,203,668
Net book value							
At 31 December 2017	5,554,793,994	16,121,393,563	912,273,161	7,002,382,568	384,434,885	160,921,432	30,136,199,603
At 1 January 2017	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

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 (continued)

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

Fixed assets that are fully depreciated but still in use are as follows:

	2017		2016	
	Cost	Net book value	Cost	Net book value
Buildings	78,662,427	1,124,846	39,061,938	224,714
Mining assets	833,782,890	5,810,914	1,049,393,990	6,059,326
Power generation and transmission equipment	110,314,984	4,678,675	88,645,783	3,974,198
Plant, machinery and equipment	858,348,201	31,302,085	804,169,127	27,761,903
Motor vehicles	170,509,724	6,214,349	113,736,711	4,118,060
Furniture and fixtures and others	154,542,181	5,837,315	130,220,787	4,806,585
	2,206,160,407	54,968,184	2,225,228,336	46,944,786

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 *(continued)*

Fixed assets that are temporarily idle are as follows:

2017

	Cost	Accumulated depreciation	Impairment provision	Net book value
Buildings	327,552,189	(108,751,745)	(7,529,546)	211,270,898
Mining assets	1,470,360,612	(344,298,087)	(335,705,679)	790,356,846
Plant, machinery and equipment	242,179,953	(159,765,510)	(4,931,450)	77,482,993
Motor vehicles	11,661,640	(9,178,927)	(9,083)	2,473,630
Power generation and transmission equipment	34,394,562	(22,146,017)	(746,453)	11,502,092
Furniture and fixtures and others	12,883,807	(11,589,272)	(1,472)	1,293,063
	2,099,032,763	(655,729,558)	(348,923,683)	1,094,379,522

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

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 *(continued)*

Fixed assets leased under finance leases are as follows:

2017

	Cost	Accumulated depreciation	Impairment provision	Net book value
Plant, machinery and equipment	398,560	(332,135)	—	66,425
Motor vehicles	12,245,457	(5,102,274)	—	7,143,183
	12,644,017	(5,434,409)	—	7,209,608

2016

	Cost	Accumulated depreciation	Impairment provision	Net book value
Plant, machinery and equipment	4,040,000	(772,931)	—	3,267,069
Motor vehicles	12,798,765	(1,066,564)	—	11,732,201
	16,838,765	(1,839,495)	—	14,999,270

There were no fixed assets of the Group leased out under operating leases.

Fixed assets of which certificates of title have not been obtained are as follows:

Item	As at 31 December 2017 Net book value	As at 31 December 2016 Net book value	Reasons why certificates of title have not been obtained
Buildings	1,038,395,347	1,431,423,466	In the process of applying/ the projects were unsettled
Mining assets	239,532,999	259,359,530	In the process of applying/ the projects were unsettled
	1,277,928,346	1,690,782,996	

As at 31 December 2017, the carrying amount of plant, machinery and equipment with restricted ownership amounted to RMB4,861,782 (31 December 2016: Nil). Details are disclosed in Note V.61.

14. CONSTRUCTION IN PROGRESS

2017			2016		
Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
3,741,391,539	(619,094,640)	3,122,296,899	4,012,064,654	(27,220,843)	3,984,843,811

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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 2017 are as follows:

	Budget	At 1 January 2017	At 31 December 2017	Transferred to fixed assets	Other reductions	At 31 December 2017	Contribution in budget	Progress of projects	Balance of capitalised borrowing cost as at 31 December 2017	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Heilongjiang Duobaoshan infrastructure project	519,860,500	33,353,703	214,097,503	(67,673,641)	—	179,777,565	49%	50%	3,201,102	4,200,962	3.20-4.90	Equity fund/Loan
Heilongjiang Tongshan Mining infrastructure project	348,504,546	130,341,471	1,591,669	(2,543,828)	(10,729,206)	118,660,106	54%	54%	—	—	N/A	Equity fund
Guizhou Zijin infrastructure project	587,170,800	240,512,033	79,297,238	(3,188,405)	—	316,620,866	55%	56%	22,182,757	9,227,431	3.20-3.75	Equity fund/Loan
Guizhou Xinheji infrastructure project	350,000,000	344,717,597	23,862,636	—	—	368,580,233	107%	96%	110,412,427	18,446,193	5.50	Equity fund/Loan
Ankang Jinfeng infrastructure project	350,000,000	242,525,752	18,269,663	—	—	260,795,415	77%	90%	62,519,770	12,567,342	3.90	Equity fund/Loan
Ashele infrastructure project	237,786,400	88,102,794	138,391,213	(111,598,660)	—	114,895,347	95%	94%	2,505,652	2,413,889	4.75	Equity fund/Loan
Musonole infrastructure project	1,500,000,900	690,657,935	273,028,085	(962,519,986)	—	1,166,034	82%	99%	35,623	14,568,600	4.42	Equity fund/ Proceeds raised
Heilongjiang Zijin Copper infrastructure project	1,735,496,359	2,032,262	404,195,572	—	—	406,227,834	23%	29%	996,181	996,181	4.75	Equity fund/Loan
Jinhao Iron infrastructure project	2,065,284,237	719,085,200	280,463	—	—	719,365,663	100%	95%	169,452	—	N/A	Equity fund
Zijinshan gold and copper mine infrastructure project	476,011,622	128,809,922	230,990,519	(148,850,498)	(8,732,438)	205,217,505	76%	71%	—	—	N/A	Equity fund
Altynken infrastructure project	89,029,649	58,647,425	54,456,131	(29,511,689)	—	83,591,867	94%	95%	7,536,471	5,054,844	12.00	Equity fund/Loan
Yilan Gold Mine infrastructure project	137,641,834	65,141,737	55,761,339	—	—	120,903,076	94%	94%	5,255,388	2,933,159	4.75	Equity fund/Loan
Others	8,078,563,766	1,268,136,823	597,093,210	(579,293,273)	(440,346,732)	845,590,028	N/A	N/A	11,410,697	1,135,044	N/A	Equity fund/Loan
Subtotal	16,475,350,613	4,012,064,654	2,094,315,241	(1,905,179,980)	(459,808,376)	3,741,391,539			226,225,520	71,603,645		
Impairment provision for construction in progress		(27,220,843)				(619,094,640)						
Total		3,984,843,811				3,122,296,899						

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
Alhynken 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 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
Zijinstan 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 Longking 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
Musoniole 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 Jimeng infrastructure project	253,801,956	110,946,095	208,717,468	—	—	319,663,563	126%	95%	10,922,475	10,034,771	5.50	Loan/Equity fund
Guizhou Xinhengji 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
Subtotal	19,413,459,464	6,165,352,908	2,993,901,781	(5,097,568,876)	(49,621,159)	4,012,064,654			223,823,472	162,628,197		
Impairment provision for construction in progress		(4,588,984)				(27,220,843)						
Total		6,160,763,924				3,984,843,811						

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 for construction in progress:

	At 1 January 2017	Additions	Reductions	At 31 December 2017	Reasons for making provision
2017					
Ankang Jinfeng infrastructure project	—	53,637,599	—	53,637,599	Expected recoverable amount less than carrying amount
Malipo Jinwei infrastructure project	—	973,411	—	973,411	Expected recoverable amount less than carrying amount
Jinhao Iron infrastructure project	—	559,477,756	—	559,477,756	Expected recoverable amount less than carrying amount
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 (Note 1)	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
	27,220,843	614,088,766	(22,214,969)	619,094,640	

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 for construction in progress: (continued)

	At 1 January 2016	Additions	Reductions	At 31 December 2016	Reasons for making provision
2016					
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	

Note1: JV Zeravshan LLC ("ZGC"), a subsidiary of the Group, disposed of construction in progress with impairment provision of RMB17,625,985 in 2017.

15. CONSTRUCTION MATERIALS

	2017			2016		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Dedicated materials	95,507,337	—	95,507,337	138,086,414	—	138,086,414
Dedicated equipment	82,957,311	4,193,103	78,764,208	56,027,692	—	56,027,692
	178,464,648	4,193,103	174,271,545	194,114,106	—	194,114,106

Impairment provision for construction materials:

2017

	At 1 January 2017	Additions	Reductions	At 31 December 2017	Reasons for provision
Dedicated equipment	—	4,193,103	—	4,193,103	No usable value

There was no impairment provision for construction materials in 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.)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. INTANGIBLE ASSETS

2017

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2017	11,071,582,196	1,997,142,025	189,763,737	13,258,487,958
Purchase additions	429,520,205	164,801,141	4,000,770	598,322,116
Other additions	37,822,602	19,342,562	—	57,165,164
Disposals or write-off	(54,451,784)	(7,513,029)	(500,000)	(62,464,813)
Other reductions	—	—	(20,397,236)	(20,397,236)
At 31 December 2017	11,484,473,219	2,173,772,699	172,867,271	13,831,113,189
Accumulated amortisation				
At 1 January 2017	2,413,819,026	330,939,401	23,301,557	2,768,059,984
Amortisation provided for the year	533,695,981	77,403,777	9,384,694	620,484,452
Disposals or write-off	(16,273,016)	(3,565,784)	(395,127)	(20,233,927)
At 31 December 2017	2,931,241,991	404,777,394	32,291,124	3,368,310,509
Impairment				
At 1 January 2017	158,248,707	—	75,170,307	233,419,014
Impairment provided for the year (Note 1)	328,544,339	—	—	328,544,339
Disposals or write-off (Note 1)	(2,686,700)	—	—	(2,686,700)
At 31 December 2017	484,106,346	—	75,170,307	559,276,653
Net book value				
At 31 December 2017	8,069,124,882	1,768,995,305	65,405,840	9,903,526,027
At 1 January 2017	8,499,514,463	1,666,202,624	91,291,873	10,257,008,960

Note 1: Some exploration rights of the Group's subsidiaries, namely Ankang Jinfeng Mining Co., Ltd. ("Ankang Jinfeng"), Malipo Jinwei Mining Co., Ltd. ("Malipo Jinwei"), Malipo Jinguo Mining Co., Ltd., Longsheng County Dexin Mining Co., Ltd., Malipo Jinhua Mining Co., Ltd., Malipo Jinyuan Mining Co., Ltd., Zijin Mining Group Gansu Mining Development Co., Ltd. ("Gansu Mining Development") and Wuping Zijin Mining Co. Ltd., showed indication of impairment. Impairment tests were performed on these rights and provisions for impairment of RMB145,756,683, RMB81,648,154, RMB37,170,463, RMB27,441,564, RMB22,655,586, RMB11,132,129, RMB2,686,700 and RMB53,060 were made respectively. During the year, the Group wrote off impairment provisions of RMB2,686,700 due to the disposal of its subsidiary, Gansu Mining Development.

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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)

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 2)	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 2: Pursuant to the exploration results of the Group in 2016, there were indications of impairment of certain exploration rights in Yuanyang County Huaxi Gold 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 made 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 a 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 exploration rights still belonged to the Group, and 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 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)*

As at 31 December 2017, ownerships of land use rights with carrying amount of RMB89,480,224 were restricted (31 December 2016: RMB17,755,545). Details are disclosed in Note V.61.

Land use rights of which certificates of title have not been obtained as at 31 December 2017 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)	556,387,198	In the process of applying
Land use rights of Duobaoshan (phase II construction land)	11,592,481	In the process of applying
Land use rights of Dubaoshan's employee apartment building	2,117,903	In the process of applying
Land use rights of Ashele's new tailing pool	126,369,239	In the process of applying
Land use rights of Wulatehouqi Zijin	74,368,452	In the process of applying
140 hectares of land use rights of Duobaoshan (Orebody no. three, mining area, dump, tailings pool)	161,312,317	In the process of applying
Land beside the Zijin Avenue	13,458,504	In the process of applying
Land use rights of Ashele's 1,200 tonnes of copper selection from zinc tailings	1,673,708	In the process of applying

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 process of applying
Land use rights of Ashele's new tailing pool	132,088,781	In the process of applying
Land use rights of Wulatehouqi Zijin	74,444,413	In the process of applying
140 hectares of land use rights of Duobaoshan (Orebody no. three, mining area, dump, tailings dam)	58,265,055	In the process of applying
Land beside the Zijin Avenue	13,832,747	In the process of applying
Land for production of ZGC	5,284,596	In the process of applying
Land use rights of Ashele's 1,200 tonnes of copper selection from zinc tailings	1,737,672	In the process of applying
Land use rights of Heilongjiang Tongshan Mining's comprehensive office building	940,869	In the process of applying

* Land for production of ZGC is situated in Tajikistan and held upon freehold property, other land use rights are situated in Mainland China and held under medium-term leases.

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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

2017

	At 1 January 2017	Additions	Reductions	At 31 December 2017
Xinjiang Ashele	12,906,890	—	—	12,906,890
Qinghai West	455,874	—	—	455,874
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")	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 Limited ("Norton Gold Fields")	157,778,981	—	—	157,778,981
Wulatehouqi Zijin	119,097,944	—	—	119,097,944
Bayannaoer Zijin Non-ferrous Metals Company Limited ("Bayannaoer Zijin")	14,531,538	—	—	14,531,538
Zijin Copper Company Limited ("Zijin Copper")	4,340,000	—	—	4,340,000
Sino Trend Hydro Power (Shanghang) Investment Limited ("Sino Trend Hydro Power")	79,642,197	—	—	79,642,197
	541,078,337	—	—	541,078,337
Provision for impairment of goodwill	(77,480,682)	—	—	(77,480,682)
	463,597,655	—	—	463,597,655

2016

	At 1 January 2016	Additions	Reductions	At 31 December 2016
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	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 Hydro Power	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)

The movements of impairment provision for goodwill are as follows:

2017

	At 1 January 2017	Additions Provision	Reductions Disposal	At 31 December 2017
Xinyi Zijin	44,319,632	—	—	44,319,632
Yunnan Huaxi	33,161,050	—	—	33,161,050
	77,480,682	—	—	77,480,682

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

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 flow projections are based on the estimated cash flows of financial budgets prepared by the management. The after-tax discount rates applied to cash flow projections range from 10% to 16% (2016: 11% to 18%) and cash flows are extrapolated using an inflation rate of 3% (2016: 3%). The management considered that the forecast assumptions are appropriate.

The carrying amounts of goodwill allocated to the relevant asset groups are as follows:

	Zinc bullion	Processed gold	Ore concentrates	Hydropower	Total
2017	14,531,538	1,241,101	445,663,501	79,642,197	541,078,337
2016	14,531,538	1,241,101	445,663,501	79,642,197	541,078,337

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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)*

Details of the key assumptions which are used for calculating the present value of future cash flow projections as at 31 December 2017 and 31 December 2016 are as follows:

Gross profits	—	The average gross profit margins achieved in the year immediately before the budget year, being appropriately adjusted according to expected production 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

2017

	At 1 January	Additions	Amortisation	Other reductions	At 31 December
Land compensation costs (Note 1)	197,163,190	23,986,617	(23,660,913)	(3,793,883)	193,695,011
Mining shaft development expenditure	228,403,857	56,770,277	(66,059,510)	—	219,114,624
Amortisation costs of bipolar plates	226,693,025	8,267,134	(23,172,325)	—	211,787,834
Forest compensation expenditure	147,737,716	2,851,090	(26,646,355)	(7,613,164)	116,329,287
Others (Note 2)	385,964,581	138,633,477	(117,940,610)	(32,825,560)	373,831,888
	1,185,962,369	230,508,595	(257,479,713)	(44,232,607)	1,114,758,644

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

Note 1: The land compensation costs are related 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 2017, other long-term deferred assets mainly included highway tolls of RMB31,599,619 (31 December 2016: RMB35,379,113); resource integration fees of RMB10,956,568 (31 December 2016: RMB16,061,578); reconstruction costs of power supply lines of RMB18,836,289 (31 December 2016: RMB20,822,617); exploration expenditures of RMB84,373,778 (31 December 2016: RMB111,597,174); mine use fees of RMB38,706,747 (31 December 2016: Nil); fixed assets improvement expenditures of RMB48,294,025 (31 December 2016: RMB31,795,609), etc. Other long-term deferred assets are amortised in accordance with their useful lives.

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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

Deferred tax assets and deferred tax liabilities before offsetting:

	2017		2016	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	631,941,965	157,985,491	487,375,396	121,843,849
Elimination of unrealised profit arising from intra-group transactions	839,405,864	209,851,466	359,475,439	89,868,860
Deductible losses (Note 1)	818,974,810	214,334,819	1,871,085,318	492,508,882
Differences in depreciation policies	281,142,849	70,285,712	122,876,140	30,719,035
Changes in the fair value of available-for-sale investments	312,069	78,017	308,589	77,147
Changes in fair value of financial liabilities at fair value through profit or loss	68,630,135	17,157,534	310,364,986	77,591,247
Expenses accrued but not yet paid and others	579,898,627	170,415,587	243,868,090	60,967,022
	3,220,306,319	840,108,626	3,395,353,958	873,576,042

Note 1: As at 31 December 2017, 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.

	2017		2016	
	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	1,303,627,617	325,906,904	1,376,125,575	359,119,811
Changes in fair value of financial assets at fair value through profit or loss	81,991,028	20,497,757	97,181,975	24,295,494
Differences in amortisation policies for stripping costs	983,298,978	278,120,064	325,515,231	97,654,568
	2,368,917,623	624,524,725	1,798,822,781	481,069,873

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are as follows:

	2017	2016
Deductible temporary differences	2,103,977,566	964,725,013
Deductible tax losses	5,345,265,473	5,707,492,511
	7,449,243,039	6,672,217,524

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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)*

Deductible losses of unrecognised deferred tax assets will expire in the following years:

	2017	2016
2017	—	410,362,576
2018	413,801,694	504,308,240
2019	1,381,230,971	1,914,524,369
2020	1,054,605,333	1,171,805,990
2021	973,362,655	1,051,180,396
2022 and the following years	1,522,264,820	655,310,940
	5,345,265,473	5,707,492,511

The accumulated deductible losses of RMB1,075,078,125 (2016: RMB634,445,079) incurred by the Group's subsidiaries in Hong Kong and Australia can be deducted indefinitely; the accumulated deductible losses of RMB792,448,660 (2016: RMB1,556,562,564) incurred by Russian subsidiaries can be used indefinitely, but the deductible amount for a certain year is 50% of the profit for the year; there was no accumulated deductible loss for the subsidiaries in the Democratic Republic of the Congo (2016: RMB7,982,646), the impairment losses incurred since the production period can be deducted indefinitely, and the losses not relating to depreciation should be deducted within the next consecutive five years from the year when they are incurred; the accumulated deductible losses incurred by PRC subsidiaries of RMB3,477,738,688 (2016: RMB3,508,502,222) can be deducted within five consecutive years from the year when they are incurred.

20. OTHER NON-CURRENT ASSETS

	2017	2016
Exploration and development costs	2,263,203,962	2,393,462,919
Prepaid investment costs	133,200,000	136,700,000
Prepayment for purchase of Longhu integrated development rights	117,423,299	117,423,299
Long-term receivables	3,329,860,975	2,458,701,529
Prepayments for fixed assets and constructions	181,689,978	234,443,389
Deposit for mine restoration and improvement of ecological environment in mines	163,120,512	167,602,546
Prepayments for land use rights	126,724,377	46,715,045
Prepayments for exploration and mining rights	23,064,274	39,328,989
Inventories expected not to be processed within one year	419,665,260	655,301,197
Wealth management products over one year	189,528,156	127,389,684
Others	11,923,296	31,893,985
	6,959,404,089	6,408,962,582

As at 31 December 2017, ownerships of other non-current assets with carrying amount of RMB163,120,512 were restricted (31 December 2016: RMB167,602,546). Details are disclosed in Note V.61.

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. PROVISION FOR IMPAIRMENT OF ASSETS

2017

	At	Additions	Reductions		At
	1 January		Reversal	Write-off	31 December
	2017				2017
Bad debt provision	198,403,855	12,286,842	(1,812,513)	(4,597,387)	204,280,797
<i>Including: Trade receivables</i>	6,429,534	7,695,229	—	(2,928,241)	11,196,522
<i>Other receivables</i>	183,008,614	4,395,695	(1,812,513)	(259,991)	185,331,805
<i>Prepayments</i>	8,965,707	195,918	—	(1,409,155)	7,752,470
Inventory provision	153,861,112	77,869,336	(78,735,513)	(22,153,661)	130,841,274
Impairment provision for available-for-sale investments	10,500,000	49,704,548	—	—	60,204,548
Impairment provision for long-term equity investments	175,108,439	—	—	—	175,108,439
Impairment provision for fixed assets (Note 1)	773,805,495	1,058,059,268	—	(54,661,095)	1,777,203,668
Impairment provision for construction in progress (Note 1)	27,220,843	614,088,766	—	(22,214,969)	619,094,640
Impairment provision for intangible assets (Note 1)	233,419,014	328,544,339	—	(2,686,700)	559,276,653
Impairment provision for goodwill	77,480,682	—	—	—	77,480,682
Impairment provision for construction materials	—	4,193,103	—	—	4,193,103
Impairment provision for other current assets	5,527,310	—	—	—	5,527,310
Impairment provision for other non-current assets (Note 2)	176,955,900	156,707,717	—	—	333,663,617
	1,832,282,650	2,301,453,919	(80,548,026)	(106,313,812)	3,946,874,731

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 for available-for-sale investments	27,720,611	3,888,677	—	(21,109,288)	10,500,000
Impairment provision for long-term equity investments	175,108,439	—	—	—	175,108,439
Impairment provision for fixed assets	443,561,935	334,186,189	—	(3,942,629)	773,805,495
Impairment provision for construction in progress	4,588,984	22,631,859	—	—	27,220,843
Impairment provision for intangible assets	181,268,512	52,150,502	—	—	233,419,014
Impairment provision for goodwill	44,319,632	33,161,050	—	—	77,480,682
Impairment provision for other current assets	—	5,527,310	—	—	5,527,310
Impairment provision for 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

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 *(continued)*

Note 1: In the year, the Group recognised impairment provisions of RMB1,058,059,268, RMB614,088,766 and RMB328,544,339 for fixed assets, construction in progress and intangible assets, respectively. The recoverable amounts are determined based on the present value of the estimated future cash flows of the asset group or the fair value estimated by a professional appraisal firm. In determining the present value of the estimated future cash flows of the asset group, the discount rates adopted ranged from 7.82% to 14%.

Note 2: In the year, the Group recognised impairment provisions of RMB156,707,717 for other non-current assets, mainly including: 1) RMB3,504,202 for Hunchun Zijin's prepayment for investment in Dunhua Maolin; 2) RMB153,203,515 for long-term receivables from Longyan Zijin AVIC.

22. SHORT-TERM BORROWINGS

	2017	2016
Unsecured and non-guaranteed loans	2,580,325,787	5,022,406,272
Secured loans with securities under the lenders' custody (Note 1)	267,695,000	—
Gold leasing (Note 2)	6,863,852,224	7,308,133,978
Bills receivable discounted	144,000,000	19,500,000
	9,855,873,011	12,350,040,250

As at 31 December 2017 and 31 December 2016, the Group had no secured bank loans.

As at 31 December 2017, the interest rates of the above borrowings ranged from 0.55% to 4.80% per annum (31 December 2016: 0.40% to 4.44% per annum).

As at 31 December 2017 and 31 December 2016, there were no short-term borrowings of the Group that were overdue but not yet repaid.

Note 1: As at 31 December 2017, bills receivable with carrying amount of RMB280,000,000 of Zijin Mining Group (Xiamen) Metal Materials Company Limited, a subsidiary of the Group, were pledged as collaterals against a bank borrowing of RMB267,695,000 from China Construction Bank. As at 31 December 2016, the Group had no secured loans with securities under the lenders' custody.

Note 2: 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 the gold to gold leasing banks with the same quantity and specification purchased through the Shanghai Gold Exchange. The maturity period of gold leasing was within one year (one year inclusive). During the gold leasing period, 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 bank entirely bore the risk of gold price fluctuation during the gold leasing period. The Group only bore the agreed gold leasing fee and related handling fee. Therefore, the Group included the leased gold in short-term borrowings.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
Held for trading financial liabilities		
Gold leasing (Note 1)	2,231,963,403	—
Derivative financial liabilities - hedging (Note 2)	73,320,776	72,961,871
Derivative financial liabilities - foreign currency derivatives (Note 3)	8,960,758	20,178,616
	2,314,244,937	93,140,487

Note 1: The Group financed through leasing gold from banks and subsequently sold the gold through the Shanghai Gold Exchange. On maturity of the lease, the Group would return the gold to gold leasing banks with the same quantity and specification purchased through the Shanghai Gold Exchange, and pay the agreed leasing fees. The maturity period of gold leasing was within one year (one year inclusive). Besides, for other gold leasings, the forward contracts that the Group entered into with the same bank for gold with the same quantity, specification and maturity date have been classified into short-term borrowings. Please refer to Note V.22. As at 31 December 2017, the cost of these financial liabilities was RMB2,268,809,431, and the gains from changes in fair value was RMB36,846,028.

Note 2: Derivative financial liabilities - hedging are as follows:

	2017	2016
(1) Derivative financial liabilities without designated hedging relationship	73,320,776	64,112,543
Including: Forward contracts	46,303,526	36,610,323
Futures contracts	27,017,250	27,502,220
(2) Hedging instruments – Forward contracts	—	8,849,328
	73,320,776	72,961,871

Note 3: The Group has used the foreign currency derivatives to hedge the currency risk and interest rate risk. As at 31 December 2017, losses on changes in fair value arising from cross currency swap were RMB8,960,758 (31 December 2016: fair value losses of RMB20,178,616).

24. BILLS PAYABLE

	2017	2016
Bank acceptances bills	179,417,453	252,074,617

As at 31 December 2017 and 31 December 2016, there were no overdue bills payable. Bills payable of RMB179,417,453 will expire in 2018.

25. TRADE PAYABLES

*As at 31 December 2017, an ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2017	2016
Within 1 year	3,677,169,188	4,340,091,089
Over 1 year but within 2 years	307,247,625	200,570,475
Over 2 years but within 3 years	103,327,622	97,067,546
Over 3 years	129,092,143	89,665,448
	4,216,836,578	4,727,394,558

Trade payables are interest-free and are normally settled within 3-7 months.

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)*25. TRADE PAYABLES *(continued)*

As at 31 December 2017, the significant balances of trade payables aged more than one year are as follows:

	Balance	Reason for not being settled
Haixia Technology	32,303,500	Construction payment not yet settled
Wenzhou Mine Workings Co., Ltd.	21,154,267	Construction payment not yet settled
Fujian Xinhua Engineering Co., Ltd.	21,080,788	Construction payment not yet settled
Hunan Provincial Industrial Equipment Installation Co., Ltd.	11,035,445	Construction payment not yet settled
	85,574,000	

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

	2017	2016
Advances from sales of commodity housing	1,557,348,805	1,532,316,189
Advances from sales of goods	585,762,335	554,232,353
	2,143,111,140	2,086,548,542

As at 31 December 2017 and 31 December 2016, there was no significant balance of advances from customers aged more than one year.

As at 31 December 2017 and 31 December 2016, there was no settled but uncompleted project arising from construction contracts.

27. EMPLOYEE BENEFITS PAYABLE

2017

	At 1 January	Additions	Reductions	At 31 December
Short-term employee benefits	633,242,206	2,734,704,770	(2,717,438,137)	650,508,839
Post-employment benefit plan (defined contribution plan)	19,151,396	169,109,587	(177,045,876)	11,215,107
Termination benefit	279,142	27,277,475	(27,515,733)	40,884
Other employee benefits within one year	—	1,049,280	(1,049,280)	—
	652,672,744	2,932,141,112	(2,923,049,026)	661,764,830

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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)

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 one year	1,636,327	—	(1,636,327)	—
	569,619,991	2,614,718,043	(2,531,665,290)	652,672,744

Short-term employee benefits are as follows:

2017

	At 1 January	Additions	Reductions	At 31 December
Wages or salaries, bonuses, allowances and subsidies	442,499,310	2,287,681,288	(2,267,865,721)	462,314,877
Staff welfare	118,782,205	217,573,201	(217,385,105)	118,970,301
Social security contributions	151,053	80,252,246	(80,352,387)	50,912
<i>Including: Medical insurance</i>	24,676	57,744,397	(57,769,073)	—
<i>Work-related injury insurance</i>	62,245	16,704,866	(16,767,111)	—
<i>Maternity insurance</i>	64,132	5,802,983	(5,816,203)	50,912
Housing fund	2,229,196	84,743,252	(84,885,916)	2,086,532
Union running costs and employee education costs	58,117,925	42,853,465	(41,719,722)	59,251,668
Short-term compensated absence	—	14,142,845	(14,142,845)	—
Short-term profit-sharing plan (Note 1)	11,462,517	7,458,473	(11,086,441)	7,834,549
	633,242,206	2,734,704,770	(2,717,438,137)	650,508,839

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>	(109,189)	57,507,314	(57,373,449)	24,676
<i>Work-related injury insurance</i>	30,251	24,274,097	(24,242,103)	62,245
<i>Maternity insurance</i>	48,487	3,859,995	(3,844,350)	64,132
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

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.

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)

Defined contribution plan is as follows:

2017

	At 1 January	Additions	Reductions	At 31 December
Basic pension insurance	18,437,102	160,773,099	(168,814,404)	10,395,797
Unemployment insurance	714,294	8,336,488	(8,231,472)	819,310
	19,151,396	169,109,587	(177,045,876)	11,215,107

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

28. TAXES PAYABLE

	2017	2016
Value-added tax	481,749,024	102,771,055
Corporate income tax	420,820,731	136,127,410
Resource tax	88,396,154	48,941,522
Resource compensation fee	121,226,926	138,218,945
Others	63,500,644	64,806,221
	1,175,693,479	490,865,153

29. DIVIDENDS PAYABLE

Non-controlling shareholders	2017	2016
Guizhou Province Geology and Mineral Resources Exploration and Development Bureau Team 105	4,000,000	9,000,000
Luoning County Funiu Mining Development Centre	180,000	1,551,598
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
Shanghang County Hongyang Mining Engineering Company Limited ("Hongyang Mining")	—	1,000,000
Others	13,049	1,443,526
	4,193,049	27,165,124

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

	2017	2016
Payables for construction work and equipment	1,563,076,698	1,794,002,840
Payables for exploration and mining rights	154,515,295	340,453,444
Donation payables	70,384,525	29,105,718
Amounts due to third parties	546,669,837	498,130,204
Withholding individual income tax	21,652,748	12,704,500
Deposits	274,962,797	232,808,783
Payables for acquisition of equities and debts	36,008,947	37,561,828
Payables for losses on futures contracts	21,820,911	38,288,708
Accrued maintenance costs	29,811,282	26,551,719
Due to non-controlling shareholders	34,109,175	32,711,445
Interest payables	437,156,936	412,787,631
Others	451,946,126	498,369,238
	3,642,115,277	3,953,476,058

As at 31 December 2017, the significant balances of other payables aged more than one year are as follows:

	Balance	Reason for not being settled
The 8th Metallurgical Construction Group Company Limited	59,002,698	Construction payments not yet settled
ZhongYeDiKan Geotechnical Engineering Co., Ltd.	41,243,793	Construction payments not yet settled
Mr. Zhu Hongxing	29,672,233	Payables not yet settled
Wenzhou Mine Workings Co., Ltd.	28,819,003	Construction payments not yet settled
Shanghang County Finance Bureau	22,535,911	Expense of exploration rights not yet settled
Xiamen Minxing Investment Company Limited	19,600,000	Payables not yet settled
Zhejiang Xinwang Mining Co., Ltd.	18,430,546	Construction payments not yet settled
Wenzhou Jianfeng Mining Engineering Co., Ltd. Wuping Branch	12,646,785	Construction payments not yet settled
	231,950,969	

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

	2017	2016
Current portion of long-term borrowings (Note V.33)	2,053,508,118	3,560,839,618
Current portion of long-term payables (Note V.35)	47,889,736	657,769,494
Current portion of bonds payable (Note V.34)	2,498,945,407	—
	4,600,343,261	4,218,609,112

32. OTHER CURRENT LIABILITIES

	2017	2016
Short-term financing bonds (Note 1)	—	5,000,000,000

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 two 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. On 13 August 2017, the ultra short-term financing bonds were fully paid off.

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

	2017	2016
Unsecured and non-guaranteed loans	8,652,554,913	9,336,262,895
Including: Current portion of long-term borrowings (Note V.31)	(2,053,508,118)	(3,560,839,618)
	6,599,046,795	5,775,423,277

As at 31 December 2017 and 31 December 2016, the Company had neither secured loans nor guaranteed loans.

As at 31 December 2017, interest rates of the Group's long-term borrowings ranged from 1.03% to 5.48% per annum (31 December 2016: 1.20% to 4.90% per annum).

* Maturity analysis of long-term borrowings is as follows:

	2017	2016
Within 1 year or repayable on demand	2,053,508,118	3,560,839,618
Over 1 year but within 2 years	2,108,902,788	1,975,875,632
Over 2 years but within 5 years	3,647,579,007	395,967,598
Over 5 years	842,565,000	3,403,580,047
	8,652,554,913	9,336,262,895

34. BONDS PAYABLE

	2017	2016
Bonds payable	7,985,443,938	7,981,428,522
Medium-term notes	8,292,617,934	8,288,881,813
Subtotal	16,278,061,872	16,270,310,335
Including: Current portion of bonds payable (Note V.31)	(2,498,945,407)	—
	13,779,116,465	16,270,310,335

As at 31 December 2017, 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	5 September 2014	5 years	2,500,000,000	2,496,709,795	—	137,500,000	1,138,880	(137,500,000)	2,497,848,675
RMB	3,300,000,000	11 September 2015	5 years	3,300,000,000	3,294,427,329	—	145,200,000	1,396,523	(145,200,000)	3,295,823,852
RMB	2,000,000,000	18 March 2016	5 years	2,000,000,000	1,995,479,100	—	67,400,000	1,005,360	(67,403,370)	1,996,484,460
RMB	3,000,000,000	18 March 2016	5 years	3,000,000,000	2,993,336,419	—	89,700,000	1,491,301	(89,704,485)	2,994,827,720
RMB	1,800,000,000	15 July 2016	5 years	1,800,000,000	1,795,615,841	—	54,900,000	904,088	(54,902,745)	1,796,519,929
RMB	1,200,000,000	15 July 2016	5 years	1,200,000,000	1,196,997,162	—	41,400,000	614,667	(41,402,070)	1,197,611,829
Current portion of bonds payable										
RMB	2,500,000,000	23 October 2013	5 years	2,500,000,000	2,497,744,689	—	142,500,000	1,200,718	(142,500,000)	2,498,945,407
	16,300,000,000			16,300,000,000	16,270,310,335	—	678,600,000	7,751,537	(678,612,670)	16,278,061,872

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 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

In 2013, the Company registered the maximum credit limits 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 the 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 an aggregate 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.

Pursuant to the approval of the CSRC on 17 February 2016, 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 five years and an interest 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 five years, with terms that the issuer has an option of adjusting the interest rate and investors have an option of redemption at the end of the third year, and an interest 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 five years, with terms that the issuer has an option of adjusting the interest rate and investors have an option of redemption at the end of the third year, and an interest 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 five years and an interest rate of 3.45%. The interest of the above bonds shall be settled annually and the principal shall be repaid in full upon their maturity.

As at 31 December 2017 and 31 December 2016, the Group had no overdue bonds.

35. LONG-TERM PAYABLES

	2017	2016
Payables for acquisition of equities/debts	226,314,438	664,710,891
Payables for acquisition of mining rights	—	34,594,856
Entrusted investments	93,153,014	94,206,740
Loan from a shareholder (Note 1)	78,700,000	85,000,000
Deposit for restoration and improvement of ecological environment in mines	94,536,646	87,677,213
Others	118,889,283	89,196,867
Subtotal	611,593,381	1,055,386,567
Including: Current portion of long-term payables (Note V.31)	(47,889,736)	(657,769,494)
	563,703,645	397,617,073

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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:

	2017	2016
Within 1 year or repayable on demand	47,889,736	657,769,494
Over 1 year but within 2 years	113,833,498	31,466,279
Over 2 years but within 5 years	172,502,497	158,189,730
Over 5 years	277,367,650	207,961,064
	611,593,381	1,055,386,567

Note 1: Long-term payables to shareholder are borrowed from Minxi Xinghang.

36. PROVISION

2017	1 January 2017	Additions	Reductions	31 December 2017
Provision for environmental rehabilitation and restoration of mines	871,311,724	44,920,408	(55,217,820)	861,014,312
	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

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 lives of mining tenement, timing of mine closure and costs of rehabilitation to be incurred at mine closure.

37. DEFERRED INCOME

As at 31 December 2017 and 31 December 2016, the Group's deferred income represented government grants relating to the assets. The components and movements of deferred income are as follows:

2017	1 January 2017	Additions	Reductions	31 December 2017
Government grants	453,473,146	65,310,000	(67,363,771)	451,419,375
	1 January 2016	Additions	Reductions	31 December 2016
Government grants	503,275,426	18,762,184	(68,564,464)	453,473,146

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 2017, the items related to government grants are as follows:

	1 January 2017	Additions	Recognised as other income for the year	Other movements	31 December 2017	Related to assets or income
Expenditures for science projects	14,362,200	—	(3,184,812)	—	11,177,388	Assets
Fund for environmental protection projects	67,705,024	6,200,000	(8,818,252)	—	65,086,772	Assets
Refund of land compensation	106,891,777	—	(2,312,745)	—	104,579,032	Assets
Comprehensive utilisation of mineral resources	260,870,127	—	(46,579,949)	—	214,290,178	Assets
Other financial subsidies	3,644,018	59,110,000	(6,420,216)	(47,797)	56,286,005	Assets
	453,473,146	65,310,000	(67,315,974)	(47,797)	451,419,375	

As at 31 December 2016, the items related to government grants are as follows:

	1 January 2016	Additions	Recognised as non- operating income for the year	Other movements	31 December 2016	Related to assets or income
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
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	

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

2017

	At 1 January		Movements	At 31 December	
	Number of shares	Proportion (%)	Issuance of new shares	Number of shares	Proportion (%)
1. Shares not subject to trading moratorium					
RMB ordinary shares	15,803,803,650	73.37	—	15,803,803,650	68.62
Overseas-listed foreign invested shares	5,736,940,000	26.63	—	5,736,940,000	24.91
Total number of shares not subject to trading moratorium	21,540,743,650	100.00	—	21,540,743,650	93.53
2. Shares subject to trading moratorium					
RMB ordinary shares	—	—	1,490,475,241	1,490,475,241	6.47
3. Total number of shares	21,540,743,650	100.00	1,490,475,241	23,031,218,891	100.00

The increase in share capital for the current year was due to the non-public issuance of A Shares by the Company. For details, please refer to Note I. Corporate Information. The increase was verified by Ernst & Young Hua Ming LLP according to the "Ernst & Young Hua Ming [2017] Yan Zi No. 60468092_H02" verification report.

2016

	At 1 January		Movements	At 31 December	
	Number of shares	Proportion (%)	Repurchase	Number of shares	Proportion (%)
1. Shares not subject to trading moratorium					
RMB ordinary shares	15,803,803,650	73.36	—	15,803,803,650	73.37
Overseas-listed foreign invested shares	5,739,440,000	26.64	(2,500,000)	5,736,940,000	26.63
Total number of shares not subject to trading moratorium	21,543,243,650	100.00	(2,500,000)	21,540,743,650	100.00
2. Total number of shares	21,543,243,650	100.00	(2,500,000)	21,540,743,650	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

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. OTHER EQUITY INSTRUMENTS

2017

	At 1 January 2017	Additions	Reductions	At 31 December 2017
Renewable corporate bonds	—	498,550,000	—	498,550,000

On 13 September 2017, the Company issued renewable corporate bonds (the First Tranche) with principal amount of RMB500,000,000. The remaining balance of RMB498,550,000 after deducting issuance expenses was recognised as other equity instruments.

40. CAPITAL RESERVE

2017

	At 1 January 2017	Additions	Reductions	At 31 December 2017
Share premium (Note 1)	6,454,525,966	4,447,872,435	—	10,902,398,401
Others (Note 1)	248,831,056	1,968,579	(43,278,975)	207,520,660
	6,703,357,022	4,449,841,014	(43,278,975)	11,109,919,061

2016

	At 1 January 2016	Additions	Reductions	At 31 December 2016
Share premium (Note 2)	7,278,211,918	9,315,210	(833,001,162)	6,454,525,966
Others (Note 3)	(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

Note 1: The Company non-publicly issued Renminbi-denominated ordinary A Shares on 23 May 2017 which increased the registered capital and capital reserve - share premium by RMB149,047,524 and RMB4,447,872,435 respectively. Besides, the Group acquired the equity owned by the non-controlling shareholders of its subsidiary, Bayannaer Zijin, resulting in a decrease in share premium by RMB43,278,975 in the current year.

Note 2: In 2016, the Group acquired 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 2016 which caused the share premium of the capital reserve to decrease by RMB3,852,088. In 2016, 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 3: In 2016, 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, Kamao, which was calculated based on the percentage of equity interest held by the Group.

Notes to Financial Statements *(continued)*

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

41. OTHER COMPREHENSIVE INCOME

The accumulated balance of other comprehensive income attributable to the parent in the statement of financial position are as follows:

2017

	Opening balance	Movements			Closing balance
		Amount before tax	Income tax	Amount after tax	
Changes in fair value of available-for-sale investments	133,530,471	(109,669,924)	827	(109,669,097)	23,861,374
Effective part of cash flow hedging instruments	(168,224,050)	208,971,893	(40,747,843)	168,224,050	—
Exchange differences arising from translation of financial statements denominated in foreign currencies	(607,994,181)	(18,760,719)	—	(18,760,719)	(626,754,900)
	(642,687,760)	80,541,250	(40,747,016)	39,794,234	(602,893,526)

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)

41. OTHER COMPREHENSIVE INCOME (continued)

Total amount of other comprehensive income recognised in the statement of profit or loss during the year:

2017

	Amount before tax	Less: Amount of other comprehensive income recognised in the previous periods transferred into profit or 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 or loss in subsequent periods					
Changes in fair value of available-for-sale investments	51,921,180	161,591,277	(870)	(109,669,097)	(130)
Effective part of cash flow hedging instruments	302,100	(219,263,312)	38,277,812	168,224,050	13,063,550
Exchange differences arising from translation of financial statements denominated in foreign currencies	(10,834,408)	—	—	(18,760,719)	7,926,311
	41,388,872	(57,672,035)	38,276,942	39,794,234	20,989,731

2016

	Amount before tax	Less: Amount of other comprehensive income recognised in the previous periods transferred into profit or 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 or loss in subsequent periods					
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)

42. SPECIAL RESERVE

2017

	At 1 January 2017	Additions	Reductions	At 31 December 2017
Work safety fund	159,412,702	615,979,126	(598,529,056)	176,862,772

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

43. SURPLUS RESERVE

2017	At 1 January 2017	Additions	Reductions	At 31 December 2017
Statutory reserve	1,319,401,104	—	—	1,319,401,104

2016	At 1 January 2016	Additions	Reductions	At 31 December 2016
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.

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)*

44. RETAINED EARNINGS

	2017	2016
At 1 January	18,068,917,361	17,521,563,160
Net profit attributable to owners of the parent	3,507,717,627	1,839,798,820
Less: Appropriation for the statutory reserve	—	—
Dividends payable in cash for ordinary shareholders	1,381,873,133	1,292,444,619
At 31 December	20,194,761,855	18,068,917,361

On 30 June 2017, the shareholders approved at the 2016 annual general meeting of the Company the final cash dividend of RMB0.06 per ordinary share with an aggregate amount of RMB1,381,873,133.

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 aggregate amount of RMB1,292,444,619.

45. OPERATING INCOME AND OPERATING COSTS

	2017		2016	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	93,789,085,365	80,874,651,456	78,064,758,266	69,277,920,817
Other operations	759,533,733	497,322,228	786,379,545	504,326,020
	94,548,619,098	81,371,973,684	78,851,137,811	69,782,246,837

During year 2017, more than 99% (2016: 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.

46. TAXES AND SURCHARGES

	2017	2016
Consumption tax	471,070	495,818
Business tax	1,378,364	44,864,722
City construction and maintenance tax	87,652,716	58,092,259
Resource tax	858,472,809	646,358,470
Education surcharges	95,114,327	36,310,429
Land use tax	42,428,302	21,824,049
Vehicle and vessel use tax (Note)	838,717	782,875
Stamp duty (Note)	46,892,366	18,341,538
Property tax (Note)	64,157,454	36,961,219
Value-added tax on land	51,762,834	13,647,635
Farming land occupation tax	11,889,481	1,796,676
Others	91,281,919	28,480,156
	1,352,340,359	907,955,846

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".

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)*

47. SELLING EXPENSES

	2017	2016
Salaries and benefits	66,630,509	58,250,244
Transportation expenses	484,221,197	474,504,782
Uploading and unloading expenses	5,768,915	5,350,623
Storage expenses	3,698,940	3,745,305
Packing expenses	7,777,240	5,008,549
Insurance expenses	8,392,419	5,377,275
Charge of commission sales	15,103,625	13,770,089
Advertising expenses	298,648	3,308,935
Depreciation expenses	8,839,980	6,802,523
Material consumption	5,069,328	4,940,276
Customs charges	21,111,867	1,569,379
Service expenses related to sales	49,750,775	22,634,723
Others	72,279,006	62,221,033
	748,942,449	667,483,736

48. ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and benefits	1,215,459,944	1,069,950,472
Office expenses	143,546,783	118,007,048
Travelling and conference expenses	116,779,550	100,218,894
Stipulated fees	110,230,993	194,378,300
Taxes (Note V.46)	—	128,602,683
Depreciation and amortisation	469,896,112	421,209,747
Research and development expenses	299,380,476	195,227,412
Audit fees*	18,852,316	16,710,529
Repair and maintenance costs	101,388,892	36,055,120
Professional consulting expenses	115,225,338	105,444,307
Exploration expenses	209,975,689	268,103,829
Others	193,334,136	168,563,919
	2,994,070,229	2,822,472,260

* In the year of 2017, the auditors' remuneration of the Company was RMB8,850,000 (2016: RMB8,460,000).

Notes to Financial Statements *(continued)*

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49. FINANCIAL EXPENSES

	2017	2016
Interest expenses:	1,666,098,224	1,663,140,073
<i>Including: Bank loans</i>	908,004,465	895,719,586
<i>Bonds payable</i>	686,351,537	652,723,401
<i>Ultra short-term financing bonds</i>	71,742,222	114,697,086
Less: Interest income	321,154,652	309,138,023
Capitalised interest expenses	77,054,920	179,433,086
Exchange losses/(gains)	688,501,032	(695,249,908)
Bank charges	56,560,608	102,206,485
	2,012,950,292	581,525,541

Capitalised interest expenses were included in construction in progress and inventories. In 2017 and 2016, there was no interest income arising from impaired financial assets.

50. IMPAIRMENT LOSSES ON ASSETS

	2017	2016
Bad debt provision for trade and other receivables	10,474,329	33,280,417
Provision for decline in value of inventories	(866,177)	73,416,667
Impairment provision for available-for-sale investments	49,704,548	3,888,677
Impairment provision for fixed assets	1,058,059,268	334,186,189
Impairment provision for construction in progress	614,088,766	22,631,859
Impairment provision for intangible assets	328,544,339	52,150,502
Impairment provision for goodwill	—	33,161,050
Impairment provision for other current assets	—	5,527,310
Impairment provision for other non-current assets	156,707,717	2,599,789
Impairment provision for construction materials	4,193,103	—
	2,220,905,893	560,842,460

51. GAINS ON CHANGES IN FAIR VALUE

	2017	2016
Financial assets at fair value through profit or loss	691,474,780	683,420,567
Financial liabilities at fair value through profit or loss	58,725,563	73,221,151
	750,200,343	756,641,718

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

51. GAINS ON CHANGES IN FAIR VALUE *(continued)*

Gains on changes in fair value are as follows:

	2017	2016
1. Held-for-trading equity instrument investments - Gains arising from changes in fair value of stock investments	726,127,489	818,105,368
2. Gains or losses arising from changes in fair value of gold leasing at fair value	36,846,028	(370,183,706)
3. Hedging instruments - Gains or losses arising from changes in fair value of ineffectively hedged derivative instruments	19,869,910	(19,869,910)
4. Gains or losses arising from changes in fair value of derivative instruments without designated hedging relationship	(58,510,572)	308,723,825
<i>(4-1) Cross currency swaps</i>	11,217,858	(34,537,624)
<i>(4-2) Gold leasing hedging contracts</i>	—	344,205,585
<i>(4-3) Commodity hedging contracts</i>	(69,728,430)	(944,136)
5. Others	25,867,488	19,866,141
	750,200,343	756,641,718

52. INVESTMENT INCOME/(LOSSES)

	2017	2016
(Losses)/Gains from long-term equity investments under the equity method	(29,259,162)	92,415,676
<i>Including: Share of gains/(losses) of associates</i>	126,679,486	(19,842,742)
<i>Share of (losses)/gains of joint ventures</i>	(155,938,648)	112,258,418
Gains/(Losses) on disposal of long-term equity investments	318,166,951	(14,055,206)
<i>Including: Gains/(Losses) on disposal of subsidiaries</i>	323,255,241	(14,055,206)
Losses on disposal of financial assets and liabilities at fair value through profit or loss	(393,158,287)	(2,206,477,807)
Investment income from available-for-sale investments	240,929,937	110,018,624
<i>Including: Gains on available-for-sale investments measured at cost</i>	18,478,000	36,470,000
<i>Gains on disposal of available-for-sale investments at fair value</i>	222,451,937	73,548,624
Others	18,990,643	44,762,288
	155,670,082	(1,973,336,425)

* In the year of 2017, investment income from investments in listed companies was RMB263,275,118 (2016: gains of RMB11,463,799), and investment losses from investments in unlisted companies were RMB107,605,036 (2016: losses of RMB1,984,800,224).

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. INVESTMENT INCOME/(LOSSES) (continued)

Losses on disposal of financial assets and liabilities at fair value through profit or loss are as follows:

	2017	2016
1. Held for trading equity instrument investments – Gains/(Losses) arising from stocks investments	40,823,181	(62,084,825)
2. Losses arising from gold leasing at fair value	(34,317,510)	(726,914,159)
3. Hedging instruments - Losses arising from ineffectively hedged derivative instruments	(32,406,939)	(371,225,144)
4. Losses arising from derivative instruments without designated hedging relationship	(374,580,431)	(1,026,496,553)
(4-1) Cross currency swaps	14,775,249	39,974,274
(4-2) Gold leasing hedging contracts	3,617,320	(91,054,412)
(4-3) Commodity hedging contracts	(392,973,000)	(975,416,415)
5. Others	7,323,412	(19,757,126)
	(393,158,287)	(2,206,477,807)

53. GAINS ON DISPOSAL OF NON-CURRENT ASSETS

	2017	2016
Gains on disposal of fixed assets	19,453,817	1,053,649
Gains on disposal of intangible assets	25,002,306	—
	44,456,123	1,053,649

54. OTHER INCOME

Government grants related to daily operation of the entity are as follows (Note 1):

	2017	2016	Asset-related/ Income-related
Expenditures for science projects	3,184,812	—	Asset-related
Fund for environmental protection projects	8,818,252	—	Asset-related
Refund of land compensation	2,312,745	—	Asset-related
Comprehensive utilisation of mineral resources	46,579,949	—	Asset-related
Other financial subsidies	6,420,216	—	Asset-related
	67,315,974	—	
Special government rewards	32,675,824	—	Income-related
VAT subsidies	237,397	—	Income-related
Tax refunds	38,788,694	—	Income-related
Others	89,864,126	—	Income-related
	161,566,041	—	
	228,882,015	—	

Note 1: Please refer to Note III.32 for the change in the accounting policy for government grants related to daily operation.

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)

55. NON-OPERATING INCOME

	2017	2016	Non-recurring profits or losses in 2017
Government grants related to assets	—	68,564,464	—
Government grants related to income	2,000,000	101,425,235	2,000,000
Penalty income	8,456,396	6,943,066	8,456,396
Gains on business combination not involving enterprises under common control	—	53,053,260	—
Recovery of bad debt written-off	18,347,100	—	18,347,100
Others	28,807,358	21,630,216	28,807,358
	57,610,854	251,616,241	57,610,854

56. NON-OPERATING EXPENSES

	2017	2016	Non-recurring profits or losses in 2017
Losses on disposal of non-current assets	278,806,173	286,816,959	278,806,173
Including: Losses on disposal of fixed assets	259,364,127	282,937,920	259,364,127
Losses on disposal of intangible assets	18,891,557	—	18,891,557
Losses on disposal of other non-current assets	550,489	3,879,039	550,489
Donations	154,494,008	102,107,915	154,494,008
Penalties and compensation	46,620,256	23,576,810	46,620,256
Net losses arising from natural disasters	—	41,220	—
Losses on stocktaking	440,228	114,889	440,228
Others	35,934,751	25,876,815	35,934,751
	516,295,416	438,534,608	516,295,416

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)*

57. INCOME TAX EXPENSES

	2017	2016
Current income tax expenses	1,181,765,670	513,397,489
Deferred tax expenses	138,645,326	(74,613,685)
	1,320,410,996	438,783,804

Reconciliation of income tax expenses to profit before tax is as follows:

	2017	2016
Profit before tax	4,567,960,193	2,126,051,706
Tax at the statutory tax rate (Note 1)	1,141,990,048	531,512,927
Effect of different tax rates applicable to certain subsidiaries (Note 1)	(608,906,485)	(419,721,558)
Adjustments in respect of current tax of previous periods	464,740	(38,635,412)
Income not subject to tax (Note 2)	(15,574,427)	(67,010,740)
Expenses not deductible for tax	67,693,562	65,151,747
Tax losses utilised from previous periods	(98,904,933)	(162,321,768)
Effect of unrecognised deductible temporary differences and deductible tax losses	833,648,491	529,808,608
Tax charge at the Group's effective tax rate	1,320,410,996	438,783,804

Note 1: Provision for the PRC corporate income tax expenses has been made at the applicable tax rates based on the estimated taxable profits. Provision for Hong Kong profits 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 2017, income not subject to tax mainly included investment loss from long-term equity investments under the equity method of RMB29,259,162 (2016: investment income of RMB92,415,676), investment income from available-for-sale investments under the cost method of RMB18,478,000 (2016: RMB36,470,000). Sales revenue from certain products of the Group relating to comprehensive utilisation of resources that meets the national industrial policy enjoyed tax concession and was entitled to a 10% deduction in the calculation of taxable income. The 10% deductible revenue totalled RMB42,075,634 (2016: RMB38,872,002).

58. 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:

	2017	2016
Earnings		
Consolidated net profit attributable to owners of the parent	3,507,717,627	1,839,798,820
Including:		
Net profit from continuing operations	3,507,717,627	1,839,798,820
Net profit from discontinued operations	—	—
Shares		
Weighted average number of ordinary shares outstanding	22,443,195,782	21,540,825,842
Earnings per share	0.16	0.09

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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. NOTES TO THE STATEMENT OF CASH FLOWS

Significant cash flows of the Group are as follows:

	2017	2016
Other cash receipts relating to operating activities		
Interest income	63,725,340	310,195,243
Government grants relating to income	163,518,244	120,187,418
Others	773,799,368	1,492,709,192
	1,001,042,952	1,923,091,853
Other cash payments relating to operating activities		
Transportation expenses, insurance expenses, commission charges and other selling expenses	(673,471,960)	(590,158,115)
Office expenses, conference expenses and other administrative expenses	(988,507,491)	(740,227,229)
Donations	(113,215,201)	(81,663,225)
Losses on the settlement of forward contracts, futures contracts and others	(737,681,693)	(2,429,288,983)
	(2,512,876,345)	(3,841,337,552)
Other cash receipts relating to investing activities		
Cash receipts from time deposits with maturity for more than three months	130,000,003	521,336,401
Other cash payments relating to investing activities		
Cash paid for time deposits with maturity for more than three months	—	(130,000,003)
Cash paid for acquisition of debts	(567,344,600)	(570,315,591)
Cash paid for purchase of wealth management products	(1,182,203,850)	(1,180,808,953)
	(1,749,548,450)	(1,881,124,547)
Other cash receipts relating to financing activities		
Borrowings from third parties	131,860,598	358,911,976
Government grants relating to assets	65,310,000	—
	197,170,598	358,911,976
Other cash payments relating to financing activities		
Repurchase of H Shares	—	(4,102,088)
Repayment of borrowings from third parties	(83,320,965)	(244,054,582)
Acquisition of non-controlling interests of subsidiaries	(249,182,680)	(1,636,612,311)
Bank charges and others	(56,560,608)	(102,206,485)
	(389,064,253)	(1,986,975,466)

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. 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:

	2017	2016
Net profit	3,247,549,197	1,687,267,902
Add: Provision for impairment losses of assets	2,220,905,893	560,842,460
Depreciation of investment properties	13,233,083	12,299,162
Depreciation of fixed assets	3,436,259,583	3,326,329,933
Amortisation of intangible assets	620,484,452	558,793,841
Amortisation of long-term deferred assets	257,479,713	219,780,427
Gains on disposal of fixed assets, intangible assets and other non-current assets	(44,456,123)	(1,053,649)
Losses on write-off of fixed assets	278,806,173	286,816,959
Gains on changes in fair values	(750,200,343)	(756,641,718)
Financial expenses	2,082,110,134	1,505,610,015
Investment (income)/losses	(581,050,021)	575,614,728
Increase in deferred tax assets	(4,809,526)	(4,189,697)
Increase/(Decrease) in deferred tax liabilities	143,454,852	(32,227,094)
Decrease/(Increase) in inventories	961,053,088	(1,124,724,836)
(Increase)/Decrease in receivables from operating activities	(1,962,470,104)	480,893,126
(Decrease)/Increase in payables from operating activities	(314,056,525)	1,071,321,508
Increase in special reserve	17,450,070	19,888,241
Exploration and development expenses	209,975,689	268,103,829
Others	(67,363,771)	(53,053,259)
Net cash flows from operating activities	9,764,355,514	8,601,671,878

	2017	2016
Closing balance of cash	5,537,001,830	4,333,796,374
Less: Opening balance of cash	4,333,796,374	4,530,704,047
Add: Closing balance of cash equivalents	217,342,125	379,026,968
Less: Opening balance of cash equivalents	379,026,968	314,994,246
Net increase/(decrease) in cash and cash equivalents	1,041,520,613	(132,874,951)

(2) Information about acquisition or disposal of subsidiaries and other business units

Information about acquisition of subsidiaries and other business units

	2017	2016
Consideration for acquisition of subsidiaries and other business units	674,155,816	538,051,844
Cash and cash equivalents for acquisition of subsidiaries and other business units	—	538,051,844
Less: Cash and cash equivalents obtained from acquisition of subsidiaries and other business units	35,306,085	—
Net cash flows (received)/paid in acquisition of subsidiaries and other business units	(35,306,085)	538,051,844

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. 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

	2017	2016
Consideration for disposal of subsidiaries and other business units	438,511,211	3,122,450
Cash and cash equivalents received from disposal of subsidiaries and other business units	283,011,211	3,122,450
Less: Cash and cash equivalents held by subsidiaries and others business units disposed of	55,598,436	9,633
Net cash flows from disposal of subsidiaries and other business units	227,412,775	3,112,817

(3) Cash and cash equivalents

	2017	2016
Cash	5,537,001,830	4,333,796,374
<i>Including: Cash on hand</i>	3,680,034	4,085,244
<i>Cash at banks that can be readily drawn on demand</i>	5,533,321,796	4,329,711,130
Cash equivalents	217,342,125	379,026,968
Closing balance of cash and cash equivalents	5,754,343,955	4,712,823,342

There were no cash and cash equivalents of the Group which were restricted for use.

61. ASSETS WITH RESTRICTIONS ON TITLE OR USE

	2017	2016
Cash and cash equivalents (Note 1)	181,722,718	179,678,699
Bills receivable (Note 2)	280,000,000	—
Inventories (Note 3)	10,034,000	10,034,000
Intangible assets (Note 4)	89,480,224	17,755,545
Fixed assets (Note 5)	4,861,782	—
Other non-current assets (Note 6)	163,120,512	167,602,546
	729,219,236	375,070,790

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)*61. ASSETS WITH RESTRICTIONS ON TITLE OR USE *(continued)*

- Note 1: As at 31 December 2017, a bank deposit with carrying amount of RMB67,516,073 was provision for land restoration and environmental rehabilitation (31 December 2016: RMB66,882,941). The deposit was restricted to the use of land restoration and environmental rehabilitation and environmental protection after mine closure. As at 31 December 2017, bank deposits with carrying amount of RMB114,206,645 were deposits with restricted use (31 December 2016: RMB112,795,758).
- Note 2: As at 31 December 2017, bills receivable with carrying amount of RMB280,000,000 owned by the Group were pledged (31 December 2016: Nil).
- Note 3: As at 31 December 2017, inventories with carrying amount of RMB10,034,000 owned by Xinjiang Aletai Jinhao Iron Company Limited ("Jinhao Iron"), a subsidiary of the Group, were frozen by the court due to debt disputes (31 December 2016: RMB10,034,000).
- Note 4: As at 31 December 2017, land use rights with carrying amount of RMB89,480,224 owned by Jinhao Iron, a subsidiary of the Group, were frozen by the court due to debt disputes (31 December 2016: RMB17,755,545). The amount of litigation relating to the freezing of the land use rights was RMB16,201,893.
- Note 5: As at 31 December 2017, fixed assets with carrying amount of RMB2,132,232 owned by Jinhao Iron, a subsidiary of the Group, were frozen by the court due to debt disputes (31 December 2016: Nil); fixed assets with carrying amount of RMB2,729,550 owned by Ankang Jinfeng were frozen by the court due to debt disputes (31 December 2016: Nil).
- Note 6: As at 31 December 2017, other non-current assets with carrying amount of RMB163,120,512 were deposits for mine restoration and improvement of ecological environment in mines and their rights of use were restricted (31 December 2016: RMB167,602,546).

62. FOREIGN CURRENCY MONETARY ITEMS

	2017			2016		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash and cash equivalents						
HKD	31,106,777	0.8359	26,002,155	28,015,851	0.8945	25,060,459
USD	283,204,354	6.5342	1,850,513,890	141,885,006	6.9370	984,256,283
GBP	988,812	8.7792	8,680,978	993,964	8.5094	8,458,037
CAD	37,116,817	5.2009	193,040,854	44,251,821	5.1406	227,480,913
AUD	39,405,703	5.0928	200,685,364	29,465,259	5.0157	147,788,899
RUB	229,276,884	0.1136	26,045,854	2,856,903	0.1151	328,735
EUR	548,753	7.8023	4,281,536	351,809	7.3068	2,570,598
Others	N/A	N/A	14,772	N/A	N/A	88,846,101
Trade receivables						
AUD	4,424,991	5.0928	22,535,594	7,544,234	5.0157	37,839,613
USD	47,456,740	6.5342	310,091,831	16,585,388	6.9370	115,052,838
Other receivables						
HKD	101,360,411	0.8359	84,727,168	49,394,176	0.8945	44,183,584
USD	10,888,740	6.5342	71,149,205	6,762,683	6.9370	46,912,730
AUD	2,169,810	5.0928	11,050,408	3,401,055	5.0157	17,058,672
Other non-current assets						
USD	451,826,871	6.5342	2,952,327,140	345,734,083	6.9370	2,398,357,330
Total foreign currency monetary assets			5,761,146,749			4,144,194,792

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)

62. FOREIGN CURRENCY MONETARY ITEMS (continued)

	2017			2016		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Short-term borrowings						
USD	278,658,085	6.5342	1,820,807,659	76,068,619	6.9370	527,688,010
EUR	77,489,012	7.8023	604,592,518	399,328,139	7.3068	2,917,810,846
Trade payables						
USD	141,941,180	6.5342	927,472,058	228,267,187	6.9370	1,583,489,479
AUD	4,937,447	5.0928	25,145,430	3,305,369	5.0157	16,578,739
Other payables						
HKD	34,768,003	0.8359	29,062,574	26,824,412	0.8945	23,994,437
USD	223,406,577	6.5342	1,459,783,255	61,296,207	6.9370	425,211,788
AUD	76,860,979	5.0928	391,437,594	53,455,688	5.0157	268,117,693
Current portion of non-current liabilities						
USD	91,200,000	6.5342	595,919,040	409,974,039	6.9370	2,843,989,912
EUR	81,058,897	7.8023	632,445,832	27,645,000	7.3068	201,996,486
AUD	34,500,000	5.0928	175,701,600	159,880,384	5.0157	801,912,043
Long-term borrowings						
EUR	30,500,000	7.8023	237,970,150	83,913,897	7.3068	613,142,063
USD	507,800,000	6.5342	3,318,066,760	341,000,000	6.9370	2,365,517,000
CAD	—	5.2009	—	115,372,004	5.1406	593,081,324
Long-term payables						
USD	20,697,749	6.5342	135,243,232	20,727,944	6.9370	143,789,748
AUD	26,237	5.0928	133,620	281,397	5.0157	1,411,403
Total foreign currency monetary liabilities			10,353,781,322			13,327,730,971

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 Company Limited ("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

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)*

63. Hedging

	2017		2016	
	Assets	Liabilities	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 was possible that the future sales would occur. The balance of the forward contract changed with forward price and exchange rate.

The breakdown of changes in the current year was as follows:

	2017	2016
Total fair value (gains)/losses recognised in other comprehensive income	(302,100)	874,463,084
Deferred tax arising from fair value losses/(gains)	62,189	(164,504,209)
Amount reclassified to profit or loss from other comprehensive income	(219,263,312)	(660,252,382)
Deferred tax reclassified to profit or loss	38,215,623	126,307,315
Net (gains)/losses arising from cash flow hedge recognised in other comprehensive income at year end	(181,287,600)	176,013,808
<i>Including: Other comprehensive income attributable to the parent</i>	(168,224,050)	168,224,050
<i>Attributable to non-controlling interests</i>	(13,063,550)	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 other than gold and copper through forward contracts and futures contracts, in order to avoid the risk of significant fluctuation in the prices of relevant products. 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.51 and 52 for details of the gains or losses on changes in fair value and investment gains or losses of derivative financial instruments without designated hedging relationship.

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

1. Subsidiaries newly included in consolidation

Gold Mountains Sprott is the management company of Sprott Fund. On 28 September 2016, the Group and Sprott Inc. ("Sprott") entered into a restructuring agreement on Sprott Fund. According to the agreement, during the transition of restructuring, the Group and Sprott would have joint control over the investment committee of Sprott Fund, and after the restructuring was completed, the Group would lead the board of directors and investment committee of Sprott Fund.

In previous years, the Group and Sprott initially held 60% and 40% of shares in Gold Mountains Sprott, respectively, which were accounted for under joint control. On 19 January 2017, the Group entered into an equity transfer agreement on Gold Mountains Sprott with Sprott, and acquired 30,900 shares held by Sprott at a price of US\$0.01 per share. After the acquisition, the proportion of shares in Gold Mountains Sprott held by the Group and Sprott was changed to 90.9% and 9.1% respectively.

On 31 March 2017, Sprott Fund completed its restructuring and changed its name to Zijin Global Fund. The Group included Gold Mountains Sprott and Zijin Global Fund in the scope of consolidation therefrom.

The fair values and carrying amounts of Gold Mountains Sprott's identifiable assets and liabilities at the acquisition date were as follows:

	31 March 2017 Fair value	31 March 2017 Carrying amount
Cash and cash equivalents	3,118,387	3,118,387
Other receivables	3,611,302	3,611,302
Other payables	5,625,834	5,625,834
Net assets	1,103,855	1,103,855
Non-controlling interests	100,451	
Combination costs	1,003,404	
The amount which exceeds the combination costs recognised in profit or loss	—	

From the acquisition date to this year end, the operating results and net cash flows of Gold Mountains Sprott were as follows:

	For the period from 31 March 2017 to 31 December 2017
Operating income	10,851,144
Net loss	(1,118,179)
Net outflows of cash and cash equivalents	(2,743,605)

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. Subsidiaries newly included in consolidation** *(continued)*

At the acquisition date, the fair values and carrying amounts of identifiable assets and liabilities of Zijin Global Fund were as follows:

	31 March 2017 Fair value	31 March 2017 Carrying amount
Cash and cash equivalents	32,187,698	32,187,698
Financial assets at fair value through profit or loss	645,310,643	645,310,643
Dividends receivable	94,520	94,520
Other receivables	42,981	42,981
Taxes payable	17,085	17,085
Interest payables	375	375
Other payables	4,465,970	4,465,970
Net assets	673,152,412	673,152,412
Combination costs	673,152,412	
The amount which exceeds the combination costs recognised in profit or loss	—	

From the acquisition date to this year end, the operating results and net cash flows of Zijin Global Fund were as follows:

	For the period from 31 March 2017 to 31 December 2017
Operating income	—
Net profit	71,803,566
Net inflows of cash and cash equivalents	46,389,576

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
Gansu Mining Development	Lanzhou City, Gansu Province	Mining	100%	100%	Sold
Tongling Zijin Mining Company Limited ("Tongling Zijin")	Tongling County, Anhui Province	Mining	51%	51%	Sold
Tongling City Guanglong Scientific Industrial and Trading Co., Ltd. (Note 1)	Tongling County, Anhui Province	Industry and Trade	30.37%	30.37%	Sold
Xinjiang Jinneng	Changji Prefecture, Xinjiang	Mining	100%	100%	Sold

Note 1: The Company held a 51% equity interest in Tongling Zijin, and Tongling Zijin held a 59.55% equity interest in Tongling City Guanglong Scientific Industrial and Trading Co., Ltd.

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)*

- (1) The Group originally held a 100% equity interest in Gansu Mining Development. It entered into an equity transfer agreement with Gannan Sanbao Mining Co., Ltd. on 3 July 2017 to sell the 95% equity interest in Gansu Mining Development for RMB41,261,211. After the transfer, the Group recognised its remaining 5% equity interest in Gansu Mining Development as available-for-sale investment. The disposal date was 3 July 2017. The Group no longer included Gansu Mining Development in the scope of consolidation therefrom. The relevant financial information of Gansu Mining Development is as follows:

	3 July 2017 Carrying amount	31 December 2016 Carrying amount
Current assets	31,636,888	26,495,964
Non-current assets	11,341,495	18,105,555
Current liabilities	1,549,682	1,684,124
Net assets	41,428,701	42,917,395
Non-controlling interests	—	—
Net assets attributable to the Group	41,428,701	
The fair value of the remaining equity	2,171,643	
Gain on disposal	2,004,153	
Disposal consideration	41,261,211	

- (2) The Group entered into an equity transfer agreement with Anhui Niushan Mining Co., Ltd. on 5 September 2017 to sell a 51% equity interest in Tongling Zijin and a 59.55% equity interest in its subsidiary, Tongling City Guanglong Scientific Industrial and Trading Co., Ltd. for RMB82,250,000. The disposal date was 5 September 2017. The Group no longer included Tongling Zijin and its subsidiary in the scope of consolidation therefrom. The relevant financial information of Tongling Zijin and its subsidiary is as follows:

	5 September 2017 Carrying amount	31 December 2016 Carrying amount
Current assets	48,542,800	56,482,834
Non-current assets	76,737,559	78,584,387
Current liabilities	13,221,035	19,286,950
Net assets	112,059,324	115,780,271
Non-controlling interests	57,007,718	60,327,984
Net assets attributable to the Group	55,051,606	55,452,287
Gain on disposal	27,198,394	
Disposal consideration	82,250,000	

Notes to Financial Statements *(continued)*

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*(English translation is for reference only. If there is any discrepancy, Chinese version will prevail.)*VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*2. Disposal of subsidiaries *(continued)*

- (3) The Group entered into an equity transfer agreement with Xinjiang Xingguang Chemical Industry Co., Ltd. on 11 October 2017 to sell its 100% equity interest in Xinjiang Jinneng for RMB315,000,000. The disposal date was 11 October 2017. The Group no longer included Xinjiang Jinneng in the scope of consolidation therefrom. The relevant financial information of Xinjiang Jinneng is as follows:

	11 October 2017 Carrying amount	31 December 2016 Carrying amount
Current assets	183,145,047	79,910,478
Non-current assets	457,313,405	400,923,342
Current liabilities	599,511,146	419,098,992
Non-current liabilities	20,000,000	20,000,000
Net assets	20,947,306	41,734,828
Non-controlling interests	—	—
Net assets attributable to the Group	20,947,306	
Gain on disposal	294,052,694	
Disposal consideration	315,000,000	

3. Newly established subsidiaries

Gansu Yate Mining Co., Ltd. ("Gansu Yate") was established on 28 March 2017 in Li County, Longnan City, Gansu Province with a registered capital of RMB50,000,000. The Company's subsidiary, Longnan Zijin Mining Co., Ltd. ("Longnan Zijin") holds a 100% equity interest in Gansu Yate. The business scope of Gansu Yate includes mining, processing, extraction and refining of gold, as well as the sales of its products and by-products. As at 31 December 2017, the Group actually contributed RMB30,000. The newly established subsidiary was included in the scope of consolidation this year.

Shanghang Zijin Jiabo Electronic New Material Technology Co., Ltd. ("Shanghang Zijin Jiabo") was established on 21 June 2017 in Shanghang County, Longyan City, Fujian Province with a registered capital of RMB24,000,000. Zijin Mining Group Gold Refinery Co., Ltd., a subsidiary of the Group, holds 51% equity interest in Shanghang Zijin Jiabo. The business scope of the company includes gold bonding wires, silver bonding wires, copper bonding wires, sputtering and evaporation for metals and non-metals; the production and sales of sputtering target and evaporation target. As at 31 December 2017, the registered capital and paid-in capital of Shanghang Zijin Jiabo were RMB24,000,000 respectively. The newly established subsidiary was included in the scope of consolidation this year.

Shanghang County Zijin Metal Resources Co., Ltd. ("Zijin Metal Resources") was established on 27 September 2017 in Shanghang County, Longyan City, Fujian Province with a registered capital of RMB20,000,000. Zijin Mining Group (Xiamen) Metal Materials Co., Ltd., a subsidiary of the Group, holds 100% equity interest in Zijin Metals Resources. The business scope of the company includes the wholesale and retail of gold products, silver products, platinum products and jewelry and jade products, metal materials, construction materials, etc. As at 31 December 2017, the registered capital and paid-in capital of Zijin Metal Resources were RMB20,000,000 respectively. The newly established subsidiary was included in the scope of consolidation this year.

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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)*

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
Harbour Able Company Limited	British Virgin Islands	Investment holding	100%	100%	De-registration
Xiamen Zijin Engineering Design Company Limited ("Xiamen Zijin Engineering") (Note 1)	Xiamen City, Fujian Province	Engineering design	100%	100%	De-registration

Note 1: As Zijin Mining Construction Co., Ltd., a subsidiary of the Group, amalgamated and merged with Xiamen Zijin Engineering in 2017, Xiamen Zijin Engineering was deregistered.

VII. INVESTMENTS IN OTHER ENTITIES

1. INVESTMENTS IN 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 ownership interest	
					Direct	Indirect
Gold Mountains (H.K.) (Note 1)	Hong Kong	Hong Kong	Trading and investment	HKD8,673,462,786	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%
Zijin International Finance Company Limited	Hong Kong	Hong Kong	Bond issuance	HKD1	—	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 SUBSIDIARIES *(continued)*(1) Major subsidiaries acquired by establishment or investment *(continued)*

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Percentage of ownership interest	
					Direct	Indirect
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%	—

Note 1: In August 2017, the Group used the proceeds raised in non-public issuance of A Shares in 2017 to increase the capital of its subsidiary Gold Mountains (H.K.) by RMB1,354,880,000. The capital increase was intended for the construction of the Kolwezi copper mine project of its subsidiary Musonoie; in addition, the Group increased the capital of its subsidiary, Gold Mountains (H.K.) by RMB5,612,020,000 in the form of debt-equity swap in September 2017. After the capital enlargement, the registered capital of Gold Mountains (H.K.) became HKD8,673,462,786.

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 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 ownership interest	
					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 and mineral resources exploration and related information and technical 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, and sale of mineral products	375,000,000	87.20%	—
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	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%

Note: The abovementioned PRC subsidiaries are limited liability companies.

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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 SUBSIDIARIES (continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

2017

	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%	360,766,480	(122,500,000)	987,013,759
Guizhou Zijin Mining Company Limited ("Guizhou Zijin")	44.00%	(12,072)	—	326,044,492
Bayannaoer Zijin	12.80%	24,707,620	(4,800,000)	126,465,786
Xinjiang Jinbao	44.00%	203,242,020	(44,000,000)	446,782,475
Luoyang Kunyu	30.00%	(5,273,689)	—	262,518,453
NKWE	39.53%	(3,414,203)	—	286,438,742
Wenshan Malipo Zijin Tungsten Group Company Limited ("Wenshan Malipo Zijin")	24.08%	4,894,201	—	234,471,782
Yunnan Huaxi	47.00%	(12,630,843)	—	196,538,918
Huanmin Mining	49.00%	(68,386)	—	193,524,294
Hebei Chongli Zijin Mining Company Limited ("Chongli Zijin")	40.00%	325,237	—	159,184,693
Altynken	40.00%	(18,733,798)	—	124,690,861
Longnan Zijin	15.78%	(12,625,599)	—	125,080,116
Henan Jinda Mining Company Limited ("Henan Jinda")	43.50%	(70,558)	—	98,714,308
Malipo Jinwei (Note 1)	61.28%	(113,164,493)	—	(38,411,541)
Heilongjiang Zijin Longxing Mining Company Limited ("Hei Longxing")	30.00%	(25,140,353)	—	15,223,349
Russia Longxing (subsidiary of Hei Longxing)	30.00%	155,599,254	—	63,771,420
Jinhao Iron (Note 2)	61.48%	(755,825,370)	—	(1,127,571,123)
Kuitun Tongguan Metallurgical Chemical Company Limited ("Kuitun Tongguan")	49.00%	(14,598,773)	—	(155,796,596)
Others	N/A	(48,145,105)	(55,383,558)	318,437,875
Total		(260,168,430)	(226,683,558)	2,643,122,063

Note 1: Zijin Mining Group Southwest Co., Ltd. ("Southwest Zijin"), a wholly-owned subsidiary of the Group, holds a 74.258% equity interest in Wenshan Malipo Zijin and Wenshan Malipo Zijin holds a 51% equity interest in Malipo Jinwei. The Group has actual control over the financial and operating decisions of Malipo Jinwei and thus included it in the scope of consolidation. In addition, the Group holds a 0.85% equity interest in Malipo Jinwei through other subsidiaries within the Group.

Note 2: Zijin Mining Group Northwest Co., Ltd. ("Northwest Company"), a wholly-owned subsidiary of the Group, holds a 65% equity interest in Fuyun Jinshan Mining and Metallurgy Co., Ltd. ("Fuyun Jinshan"). Fuyun Jinshan holds a 51% equity interest in Jinhao Iron. The Group has actual control over the financial and operating decisions of Jinhao Iron and thus included it in the scope of consolidation. In addition, the Group holds a 5.37% equity interest in Jinhao Iron through other subsidiaries within the Group.

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 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 in the table above is stated below. These amounts are before elimination:

	2017						2016					
	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	940,819,350	2,709,696,397	3,650,515,747	(718,675,977)	(906,945,000)	(1,625,620,977)	850,527,250	2,254,877,149	3,105,404,399	(553,896,049)	(1,013,645,000)	(1,567,541,049)
Guizhou Zijin	231,458,824	2,031,430,716	2,262,889,540	(1,105,532,757)	(400,000,000)	(1,505,532,757)	341,988,610	2,001,883,920	2,343,872,530	(1,191,575,775)	(400,000,000)	(1,591,575,775)
Bayannaer Zijin	702,154,919	2,126,741,344	2,828,896,263	(1,572,527,703)	(321,733,667)	(1,894,261,370)	832,205,743	2,336,515,242	3,168,720,985	(1,248,396,101)	(1,020,897,000)	(2,269,293,101)
Xinjiang Jinbao	866,725,659	481,113,233	1,347,838,892	(345,489,105)	(6,161,429)	(351,650,534)	692,946,797	562,919,525	1,255,866,322	(614,530,352)	(7,061,293)	(621,591,645)
Luoyang Kunyu	79,345,416	746,268,470	825,613,886	(154,096,050)	(62,000,000)	(216,096,050)	101,361,080	785,333,254	886,694,334	(142,273,719)	(158,000,000)	(300,273,719)
NKWE	18,109,461	564,215,613	582,325,074	(1,624,497)	—	(1,624,497)	30,603,369	419,076,024	449,679,393	(1,591,978)	—	(1,591,978)
Wenshan Malipo Zijin	340,553,554	1,541,326,818	1,881,880,372	(760,433,967)	—	(760,433,967)	355,232,839	1,593,285,764	1,948,518,603	(853,798,532)	—	(853,798,532)
Yunnan Huaxi	138,679,614	167,522,619	306,202,233	(859,864)	—	(859,864)	136,665,563	177,317,530	313,983,093	(680,914)	—	(680,914)
Huanmin Mining	47,241,019	357,615,242	404,856,261	(54,692,204)	(128,084,013)	(182,776,217)	41,380,048	353,822,148	395,202,196	(44,898,576)	(128,084,013)	(172,982,589)
Chongli Zijin	83,002,182	418,887,369	501,889,551	(79,523,813)	(43,647)	(79,567,460)	90,769,781	509,890,626	600,660,407	(181,807,358)	(59,228)	(181,866,586)
Altynken	246,480,716	2,012,567,144	2,259,047,860	(2,319,605,657)	(11,538,227)	(2,331,143,884)	224,347,705	2,127,769,496	2,352,117,201	(2,388,033,067)	(2,893,951)	(2,390,927,018)
Longnan Zijin	91,398,889	892,535,727	983,934,616	(460,498,108)	(115,157,395)	(575,655,503)	64,451,947	911,436,648	975,888,595	(452,290,866)	(116,667,711)	(568,958,577)
Henan Jinda	167,931	230,106,484	230,274,415	(3,350,028)	—	(3,350,028)	207,224	230,106,484	230,313,708	(3,227,118)	—	(3,227,118)
Malipo Jinwei	36,059,515	5,085,173	41,144,688	(159,696,226)	—	(159,696,226)	38,055,855	232,527,322	270,583,177	(153,315,777)	—	(153,315,777)
Hei Longxing	544,906,491	2,967,881,619	3,512,788,110	3,085,853,632	207,000,000	3,292,853,632	1,687,433,853	3,711,852,968	5,399,286,821	(4,878,673,278)	(420,500,000)	(5,299,173,278)
Jinhao Iron	130,498,523	412,920,875	543,419,398	(1,030,974,196)	(1,048,479,881)	(2,079,454,077)	182,800,388	1,690,620,559	1,873,420,947	(1,106,324,004)	(977,185,982)	(2,083,509,986)
Kuitun Tongguan	82,752,664	492,629,043	575,381,707	(181,138,182)	(23,766,470)	(204,904,652)	72,237,087	513,066,765	585,303,852	(558,596,137)	(24,319,179)	(582,915,316)

	2017				2016			
	Operating income	Net profit/(loss)	Total comprehensive income/(losses)	Cash flows from operating activities	Operating income	Net profit/(loss)	Total comprehensive income / (losses)	Cash flows from operating activities
Xinjiang Ashele	1,775,888,670	737,031,420	737,031,420	949,136,271	1,237,677,752	397,565,223	397,565,223	712,985,858
Guizhou Zijin	1,219,822,492	5,060,027	5,060,027	20,635,130	1,081,610,850	(63,122,329)	(63,122,329)	(15,221,298)
Bayannaer Zijin	4,354,248,732	63,695,903	63,695,903	496,350,215	3,358,437,231	46,728,104	46,728,104	466,133,564
Xinjiang Jinbao	1,115,764,074	461,913,681	461,913,681	635,810,180	625,230,936	91,612,624	91,612,624	192,063,944
Luoyang Kunyu	507,364,224	23,078,419	23,078,419	124,959,044	463,037,104	1,879,147	1,879,147	133,575,058
NKWE	—	(8,636,991)	16,327,791	(8,281,901)	(7,184)	536,863	58,413,245	(6,219,077)
Wenshan Malipo Zijin	252,243,110	23,325,260	23,325,260	114,785,297	189,329,247	(52,433,556)	(52,433,556)	64,053,795
Yunnan Huaxi	134,320	(7,959,810)	(7,959,810)	(1,527,017)	421,947	2,402,566	2,402,566	(1,999,472)
Huanmin Mining	—	(139,564)	(139,564)	(26,627)	—	(100,255,075)	(100,255,075)	(524,811)
Chongli Zijin	302,733,968	2,496,384	2,496,384	74,109,746	408,518,865	(4,836,923)	(4,836,923)	174,550,067
Altynken	465,858,693	(31,841,672)	(31,841,672)	94,892,562	230,700,040	33,253,167	33,253,167	20,332,019
Longnan Zijin	178,296,732	11,123,006	11,123,006	69,065,148	570,510,266	135,843,384	135,843,384	100,587,964
Henan Jinda	—	(162,203)	(162,203)	(38,423)	—	(459,402)	(459,402)	(236,845)
Malipo Jinwei	42,735	(235,818,939)	(235,818,939)	430,996	347,373	(12,170,773)	(12,170,773)	(3,883,329)
Hei Longxing	1,504,375,203	444,930,864	444,930,864	599,808,095	529,892,295	(241,465,365)	(241,465,365)	107,800,209
Jinhao Iron	36,299,758	(1,145,945,639)	(1,145,945,639)	(3,403,642)	106,938,940	(130,845,580)	(130,845,580)	1,693,166
Kuitun Tongguan	52,173,675	(29,793,415)	(29,793,415)	(9,914,186)	17,915,539	(41,475,831)	(41,475,831)	5,215,094

2. TRANSACTION RESULTING IN CHANGES IN PROPORTION OF OWNERS' EQUITY BUT WITHOUT IMPACT ON THE CONTROL OF A SUBSIDIARY

In July 2017, the Group acquired a 20% non-controlling interest in the subsidiary, Bayannaer Zijin. After the acquisition, the proportion of shares of Bayannaer Zijin held by the Group increased from 67.2% to 87.2%. The consideration for the acquisition was RMB249,182,680. The transaction resulted in decrease in non-controlling interests and capital reserve in the consolidated financial statements by RMB205,903,705 and RMB43,278,975 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.)*VII. INVESTMENTS IN OTHER ENTITIES *(continued)*

3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Direct	Indirect	
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
Fujian Longhu Fishery (Note 4)	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 5)	Longyan City, Fujian Province	Longyan City, Fujian Province	Trade of precious metals, fine processing of gold, processing and sale 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
Haixia Technology (Note 6)	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)*

3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Direct	Indirect	
Associates <i>(continued)</i>							
Shanghang Xinyuan	Shanghang County, Fujian Province	Shanghang County, Fujian Province	Pipe water supply	300,000,000	—	38%	Equity method
Hunchun Jindi (Note 7)	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	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 sale 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 refining 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	813,340,000	—	37.38%	Equity method
Zijin Tongguan	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products, refining 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)*3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

Company name	Principal place of business	Place of registration	Principal activities	Registered capital RMB	Proportion of ownership interest		Accounting treatment
					Direct	Indirect	
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 8)	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; development and design of computer hardware and software products, provision of informational system integration service	10,000,000	10%	20%	Equity method
Science (Note 9)	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 and environmental protection equipment used in sewage and wastewater treatment	68,000,000	—	25%	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 ("Fujian Coal and Electric") 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. 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: 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.

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)*

3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

- Note 5: 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.
- Note 6: 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 the supervisory committee, the 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 7: 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 an 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 over 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 8: 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 a 100% equity interest in Xiamen Zijin Engineering, which makes the Group indirectly hold a 30% equity interest in Jinyue Huichuang in total. Pursuant to the articles of association of Jinyue Huichuang, the board of directors of Jinyue Huichuang consists of five directors, including one director and one deputy chairman appointed by the Group. Important decisions are effective only when approved by two-thirds of the directors. Therefore, the management of the Group considers that the Group merely has significant influence over Jinyue Huichuang, and accounted for it as an associate.
- Note 9: In April 2016, the Group's subsidiary, Capital Investment Company, entered into a capital increase agreement with Science, and Capital Investment Company subscribed for a 25% equity interest in Science in cash consideration of RMB166,600,000. Pursuant to the articles of association of Science, the board of directors consists of five directors including one appointed by the Group. In addition, the Group appointed one supervisor. Important decisions are effective only when approved by two-thirds of the directors. Therefore, the management of the Group considers that the Group merely has significant influence over Science and accounts for it as an associate.

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)*3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

The significant joint ventures of the Group include Shandong Guoda, Xiamen Zijin Zhonghang, Gold Eagle Mining and Kamo, 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:

2017

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining	Kamo
Current assets	692,588,888	287,308,645	626,664,039	334,053,699
<i>Including: Cash and cash equivalents</i>	195,408,573	49,536,649	551,002,836	265,579,453
Non-current assets	408,035,603	261,506,956	3,879,844,652	7,401,433,109
Total assets	1,100,624,491	548,815,601	4,506,508,691	7,735,486,808
Current liabilities	(504,939,934)	(69,493,380)	(1,246,282,900)	(130,033,700)
Non-current liabilities	(3,016,361)	(38,973,663)	(93,825,943)	(4,875,703,939)
Total liabilities	(507,956,295)	(108,467,043)	(1,340,108,843)	(5,005,737,639)
Non-controlling interests	—	—	(70,598,052)	(443,314,924)
Equity attributable to owners of the parent	592,668,196	440,348,558	3,236,997,900	3,173,064,093
Share of net assets based on proportion of equity interest	178,096,793	220,174,279	1,456,649,055	1,570,666,726
Adjustments				
Impairment provision	(12,350,855)	—	—	—
Book value of equity investments	165,745,938	220,174,279	1,456,649,055	1,570,666,726
Operating income	2,543,052,541	56,657,532	—	—
Financial expenses	14,936,241	(3,354,067)	47,000,677	267,982,728
<i>Including: Interest income</i>	—	(3,354,067)	—	(11,590,274)
<i>Including: Interest expenses</i>	6,288,801	—	46,999,052	279,573,002
Income tax expenses	9,119,864	30,757,217	—	—
Net profit/(loss)	16,313,175	93,199,580	(79,957,482)	(397,845,081)
Other comprehensive income	—	—	—	—
Total comprehensive income/(loss)	16,313,175	93,199,580	(79,957,482)	(397,845,081)
Dividends received	11,296,470	—	—	—

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)*

3. 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)*

2016

	Shandong Guoda	Xiamen Zijin Zhonghang	Gold Eagle Mining	Kamoa	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>	<i>308,124,447</i>	<i>277,476,072</i>	<i>676,563,336</i>	<i>255,250,366</i>	—
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
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	—
<i>Including: Interest income</i>	<i>(1,563,270)</i>	<i>(4,787,421)</i>	—	<i>(735,555)</i>	—
<i>Including: Interest expenses</i>	<i>22,938,322</i>	<i>15,083</i>	<i>1,371</i>	<i>215,392,403</i>	—
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)

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)*3. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*

The significant associates of the Group include Longyan Makeng, Tibet Yulong, Zijin Tongguan, Xinjiang Tianlong and Wengfu Zijin, 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:

2017

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Xinjiang Tianlong	Wengfu Zijin
Current assets	260,369,943	761,290,950	109,649,337	1,018,396,179	557,384,050
Non-current assets	4,025,704,397	5,371,147,143	1,604,347,238	4,171,882,636	2,049,195,980
Total assets	4,286,074,340	6,132,438,093	1,713,996,575	5,190,278,815	2,606,580,030
Current liabilities	(1,552,922,611)	(1,388,927,592)	(597,947,704)	(2,598,438,251)	(1,132,748,652)
Non-current liabilities	(1,397,119,105)	(3,746,808,792)	(8,371,334)	(312,898,609)	(737,784,859)
Total liabilities	(2,950,041,716)	(5,135,736,384)	(606,319,038)	(2,911,336,860)	(1,870,533,511)
Non-controlling interests	—	—	—	—	—
Equity attributable to owners of the parent	1,336,032,624	996,701,709	1,107,677,537	2,278,941,955	736,046,519
Share of net assets based on proportion of equity interest	554,453,539	219,274,376	498,454,892	374,202,269	286,101,282
Adjustments					
Impairment provision	—	—	(162,757,584)	—	—
Goodwill	331,615,363	—	—	—	—
Book value of equity investments	886,068,902	219,274,376	335,697,308	374,202,269	286,101,282
Operating income	610,452,682	230,083,071	—	2,947,399,092	1,415,742,579
Income tax expenses	31,587,010	29,349,726	—	18,018	3,895
Net profit/(loss)	72,941,439	326,318,559	(63,948,070)	20,075,079	67,764,134
Other comprehensive income	—	—	—	—	—
Total comprehensive income/(loss)	72,941,439	326,318,559	(63,948,070)	20,075,079	67,764,134
Dividends received	14,940,000	—	—	—	—

Notes to Financial Statements (continued)

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

VII. INVESTMENTS IN OTHER ENTITIES (continued)

3. 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):

2016

	Longyan Makeng	Tibet Yulong	Zijin Tongguan	Xinjiang Tianlong	Wengfu Zijin
Current assets	349,349,398	286,355,873	47,786,919	888,970,532	689,319,303
Non-current assets	3,696,710,763	5,197,444,827	1,609,987,368	4,097,884,126	2,108,781,475
Total assets	4,046,060,161	5,483,800,700	1,657,774,287	4,986,854,658	2,798,100,778
Current liabilities	(1,069,079,523)	(993,954,087)	(476,927,776)	(2,465,803,390)	(1,190,274,517)
Non-current liabilities	(1,877,889,450)	(3,819,463,464)	(9,220,902)	(262,184,392)	(939,543,877)
Total liabilities	(2,946,968,973)	(4,813,417,551)	(486,148,678)	(2,727,987,782)	(2,129,818,394)
Non-controlling interests	—	—	—	—	—
Equity attributable to owners of the parent	1,099,091,188	670,383,149	1,171,625,609	2,258,866,876	668,282,384
Share of net assets based on proportion of equity interest	456,122,843	147,484,293	527,231,524	370,905,941	259,761,363
Adjustments					
Impairment provision	—	—	(162,757,584)	—	—
Goodwill	331,615,363	—	—	—	—
Book value of equity investments	787,738,206	147,484,293	364,473,940	370,905,941	259,761,363
Operating income	461,813,463	751,528,502	—	1,717,620,033	1,213,788,507
Income tax expenses	3,045,551	—	—	—	(1,389,405)
Net profit/(loss)	8,036,030	73,771,752	5,569,627	30,725,175	(99,865,301)
Other comprehensive income	—	—	—	—	—
Total comprehensive income/(loss)	8,036,030	73,771,752	5,569,627	30,725,175	(99,865,301)
Dividends received	—	—	—	—	—

The following table illustrates the aggregate financial information of the Group's joint ventures and associates that are not individually significant:

	2017	2016
Joint ventures		
Aggregate book value of the Group's investments in joint ventures	108,261,966	107,108,231
Items below were calculated by the proportion of equity interest		
Share of net profit/(loss) of joint ventures	25,473,635	(1,105,437)
Share of other comprehensive income of joint ventures	—	—
Share of total comprehensive income/(loss) of joint ventures	25,473,635	(1,105,437)
Associates		
Aggregate book value of the Group's investments in associates	1,174,506,115	1,510,197,398
Items below were calculated by the proportion of equity interest		
Share of net profit/(loss) of associates	23,759,091	(6,605,503)
Share of other comprehensive income of associates	—	—
Share of total comprehensive income/(loss) of associates	23,759,091	(6,605,503)

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)*

4. 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 and accounted for it using proportionate consolidation method.

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:

2017

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	—	—	5,754,343,955	—	5,754,343,955
Financial assets at fair value through profit or loss	—	2,553,927,721	—	—	2,553,927,721
Bills receivable	—	—	1,519,375,541	—	1,519,375,541
Trade receivables	—	—	1,292,864,505	—	1,292,864,505
Other receivables	—	—	1,031,023,681	—	1,031,023,681
Current portion of non-current assets	—	—	257,775,683	—	257,775,683
Other current assets	—	—	417,087,784	2,321,454,667	2,738,542,451
Available-for-sale investments	—	—	—	778,201,186	778,201,186
Other non-current assets	—	—	3,329,860,975	189,528,156	3,519,389,131
	—	2,553,927,721	13,602,332,124	3,289,184,009	19,445,443,854

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)

2017 (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	—	—	9,855,873,011	9,855,873,011
Financial liabilities at fair value through profit or loss	—	2,314,244,937	—	2,314,244,937
Bills payable	—	—	179,417,453	179,417,453
Trade payables	—	—	4,216,836,578	4,216,836,578
Dividends payable	—	—	4,193,049	4,193,049
Other payables	—	—	3,590,651,247	3,590,651,247
Current portion of non-current liabilities	—	—	4,600,343,261	4,600,343,261
Long-term borrowings	—	—	6,599,046,795	6,599,046,795
Bonds payable	—	—	13,779,116,465	13,779,116,465
Long-term payables	—	—	469,166,999	469,166,999
	—	2,314,244,937	43,294,644,858	45,608,889,795

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)*

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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

2. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2017, the Group endorsed commercial acceptance bills with a carrying amount of RMB18,250,000 (31 December 2016: RMB83,500,000) to its suppliers in order to settle the trade payables due to such suppliers; the Group did not endorse bank acceptance bills (the "Endorsed Bills") (31 December 2016: RMB6,750,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). During the year of 2017, the Group operated a number of discounting businesses through several banks in China. As at 31 December 2017, the Group discounted commercial acceptance bills through the People's Bank of China with repurchase obligation at maturity date with a carrying amount of RMB144,000,000 (31 December 2016: RMB19,500,000). 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 aggregate carrying amount of the trade payables settled by the Endorsed Bills as at 31 December 2017 was RMB162,250,000 (31 December 2016: RMB109,750,000).

Notes to Financial Statements *(continued)*

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

VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

2. TRANSFER OF FINANCIAL ASSETS *(continued)*

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

As at 31 December 2017, the Group endorsed certain bank acceptance bills (the "Derecognised Bills") with a carrying amount of RMB71,195,068 (31 December 2016: RMB92,907,034) to certain of its suppliers in order to settle the trade payables due to such suppliers. During the year of 2017, the Group operated a number of discounting business through several banks in China. As at 31 December 2017, the Group discounted bank acceptance bills with a carrying amount of RMB30,000,000 (31 December 2016: RMB44,000,000) which are without repurchase obligation at maturity date 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 the 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 carrying amounts of such 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 2017, the Group has not recognised any gain or loss at the date of transfer of the Derecognised Bills. No gains or losses 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.

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, mainly 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, trade 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 comprise cash and cash equivalents, available-for-sale investments, loans and receivables and certain derivative instruments, arise 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. Credit risks 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 receivable balances.

There is no significant past due relating to those financial assets that were not impaired individually or collectively.

As at 31 December 2017, trade receivables that were neither past due nor impaired were related to a large number of dispersed customers without recent default record.

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**

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 and flexibility of funding through the use of debentures, bank borrowings and other borrowings. As at 31 December 2017, approximately 53% of the Group's debts will mature in less than one year (31 December 2016: 58%).

The table below summarises the maturity profile of the Group's financial liabilities based on the contractual undiscounted cash flows:

2017

	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	9,877,458,505	—	—	9,877,458,505
Financial liabilities at fair value through profit or loss	2,314,244,937	—	—	2,314,244,937
Bills payable	179,417,453	—	—	179,417,453
Trade payables	4,216,836,578	—	—	4,216,836,578
Dividends payable	4,193,049	—	—	4,193,049
Other payables	3,590,651,247	—	—	3,590,651,247
Current portion of non-current liabilities	4,734,586,981	—	—	4,734,586,981
Long-term borrowings	219,467,748	6,553,361,678	899,584,996	7,672,414,422
Bonds payable	541,100,000	15,002,825,000	—	15,543,925,000
Long-term payables	5,599,101	252,110,484	316,245,772	573,955,357
	25,683,555,599	21,808,297,162	1,215,830,768	48,707,683,529

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

Notes to Financial Statements (continued)

For the year ended 31 December 2017

RMB

(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

Interest rate risk

The Group's exposure to the risk of changes 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 2017, approximately 74% (31 December 2016: 81%) 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.

	Increase/(decrease) in basis points	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total increase/(decrease) in equity
2017				
RMB	100/(100)	(20,400,000)/20,400,000	—	(20,400,000)/20,400,000
USD	100/(100)	(45,258,834)/45,258,834	—	(45,258,834)/45,258,834
EUR	100/(100)	(1,954,476)/1,954,476	—	(1,954,476)/1,954,476

	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

Currency risk

The operating results of the Group is subject to the change of value in the assets and liabilities held at foreign currencies by the Group, which is caused by the fluctuation of exchange rate. The Group carried out hedging businesses for the exchange rate risk exposure. The Board approved the annual transaction amount, the maximum position quantity, business type and business duration for the foreign currency derivative transaction business. Financial planning team is responsible for the overall management of foreign currency business and makes adjustment to the foreign currency hedging strategy according to the market. A specialised monetary financial planning team is set up under the financial planning team to carry out the specific transaction business.

The table below demonstrates the sensitivity analysis of the impact on the net profit and other the comprehensive income after tax when there were reasonable and possible changes in the RMB exchange rates against the United States dollar, the Great British Pound, Hong Kong dollar, Canadian dollar, Australian dollar and Euro, under the assumption that other variables held constant.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

*(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)*

2017	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%	(81,724,223)	771,906	(80,952,317)
If RMB strengthens against USD	(10%)	81,724,223	(771,906)	80,952,317
If RMB weakens against GBP	10%	905,160	—	905,160
If RMB strengthens against GBP	(10%)	(905,160)	—	(905,160)
If RMB weakens against HKD	10%	13,953,346	—	13,953,346
If RMB strengthens against HKD	(10%)	(13,953,346)	—	(13,953,346)
If RMB weakens against CAD	10%	194,697,078	20,149,589	214,846,667
If RMB strengthens against CAD	(10%)	(194,697,078)	(20,149,589)	(214,846,667)
If RMB weakens against RUB	10%	2,604,585	—	2,604,585
If RMB strengthens against RUB	(10%)	(2,604,585)	—	(2,604,585)
If RMB weakens against AUD	10%	(6,888,742)	—	(6,888,742)
If RMB strengthens against AUD	(10%)	6,888,742	—	6,888,742
If RMB weakens against EUR	10%	(103,472,023)	—	(103,472,023)
If RMB strengthens against EUR	(10%)	103,472,023	—	103,472,023

2016	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%	(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

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 2017. 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.

Notes to Financial Statements (continued)

For the year ended 31 December 2017

RMB

(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)

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 2017	Highest/lowest 2017	End of 2016	Highest/lowest 2016
Shanghai – SSE Composite Index	3,307	3,448/3,053	3,104	3,362/2,656
Shenzhen – A Share Index	1,986	2,141/1,855	2,060	2,237/1,703
Hong Kong – Hang Seng Index	29,919	30,003/22,134	22,001	24,100/18,320
Toronto TSX Venture Exchange	851	851/484	762	839/474
Toronto Stock Exchange	16,209	16,222/14,953	15,288	15,422/11,843
New York Stock Exchange	12,809	12,853/11,149	11,057	11,237/9,030
London Stock Exchange Index	7,688	7,698/6,071	7,143	7,143/5,500
Australian Securities Exchange Index	6,065	6,065/5,621	5,666	5,666/4,881
Johannesburg Stock Exchange	52,533	55,192/43,541	43,902	48,679/41,247
NASDAQ	6,396	6,523/4,885	4,864	4,992/3,889

The table below shows 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 2017 towards the 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.

	Carrying amount of equity investments	Increase/(decrease) in net profit	Increase/(decrease) in other comprehensive income after tax	Total increase/(decrease) in equity
2017				
Financial assets at fair value through profit or loss				
Shanghai Stock Exchange	54,694,162	4,102,062/(4,102,062)	—	4,102,062/(4,102,062)
Shenzhen Stock Exchange	35,536,218	2,665,216/(2,665,216)	—	2,665,216/(2,665,216)
Hong Kong Stock Exchange	57,866,714	4,340,004/(4,340,004)	—	4,340,004/(4,340,004)
Toronto Stock Exchange	203,954,106	15,296,558/(15,296,558)	—	15,296,558/(15,296,558)
Toronto TSX Venture Exchange	1,757,856,505	131,839,238/(131,839,238)	—	131,839,238/(131,839,238)
New York Stock Exchange	82,679,197	6,200,940/(6,200,940)	—	6,200,940/(6,200,940)
Australian Securities Exchange	113,424,240	8,506,818/(8,506,818)	—	8,506,818/(8,506,818)
Johannesburg Stock Exchange	4,827,401	362,055/(362,055)	—	362,055/(362,055)
NASDAQ	20,334,430	1,525,082/(1,525,082)	—	1,525,082/(1,525,082)
Available-for-sale investments				
Toronto TSX Venture Exchange	201,495,890	—	15,112,192/(15,112,192)	15,112,192/(15,112,192)
Hong Kong Stock Exchange	9,433,922	—	707,544/(707,544)	707,544/(707,544)
Johannesburg Stock Exchange	7,719,056	—	578,929/(578,929)	578,929/(578,929)

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

Commodity price risk

The Group's exposure to commodity price risk principally relates to the future 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 sales 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 team and hedging business team are responsible for the organisation and implementation, and constantly pay attention to the price fluctuation of commodity futures contracts.

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 2017 and 31 December 2016.

The Group monitors capital using the 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:

	2017	2016
Total assets	89,315,263,550	89,217,700,259
Total liabilities	51,672,418,332	58,101,192,073
Debt-to-asset ratio	58%	65%

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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

2017

	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 debt investments	34,525,569	—	—	34,525,569
Held for trading equity investments	2,331,172,973	—	—	2,331,172,973
Derivative financial assets	14,784,532	1,918,699	—	16,703,231
Others	171,525,948	—	—	171,525,948
Available-for-sale investments				
Listed available-for-sale equity instruments	218,648,868	—	—	218,648,868
Total assets measured at fair value	2,770,657,890	1,918,699	—	2,772,576,589
Financial liabilities at fair value through profit or loss				
Gold leasing	2,231,963,403	—	—	2,231,963,403
Derivative financial liabilities	27,017,250	46,303,526	—	73,320,776
Cross currency swaps	—	8,960,758	—	8,960,758
Total liabilities measured at fair value	2,258,980,653	55,264,284	—	2,314,244,937

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 swaps	—	20,178,616	—	20,178,616
Total liabilities measured at fair value	36,351,548	56,788,939	—	93,140,487

In the years 2017 and 2016, 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)*

For the year ended 31 December 2017

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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

2017

	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	—	—	3,329,860,975	3,329,860,975
Borrowings	—	16,454,919,806	—	16,454,919,806
Bonds payable	—	13,779,116,465	—	13,779,116,465
Long-term payables	—	—	469,166,999	469,166,999
Current portion of non-current assets	—	—	257,775,683	257,775,683
Current portion of non-current liabilities	—	4,552,453,525	47,889,736	4,600,343,261

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	—	—	2,458,701,529	2,458,701,529
Borrowings	—	18,125,463,527	—	18,125,463,527
Bonds payable	—	16,270,310,335	—	16,270,310,335
Long-term payables	—	—	309,939,860	309,939,860
Current portion of non-current assets	—	—	366,489,750	366,489,750
Current portion of non-current liabilities	—	3,560,839,618	657,769,494	4,218,609,112

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 that 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, the current portion of non-current liabilities and other current liabilities approximate to their carrying amounts largely due to the short remaining 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 for other financial instruments with similar terms, credit risk and remaining maturities. As at 31 December 2017, 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)*

For the year ended 31 December 2017

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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 power	Ultimate controlling entity
Minxi Xinghang	No. 110 Zhenxing Road, Linjiang Village, Shanghang County, Longyan City, Fujian Province	Investment in Fujian	RMB368 million	25.88%	25.88%	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.3.

4. JOINT OPERATION

Information about joint operation of the Company is disclosed in Note VII.4.

5. OTHER RELATED PARTIES OF THE COMPANY

Name of related parties	Relationship between the related parties and the Company
Mr. Zhu Hongxing	A non-controlling shareholder of Huanmin Mining
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 Metal Materials")	A subsidiary of Xinjiang Non-ferrous Metal Industry (Group) Company Limited, a non-controlling shareholder of Xinjiang Ashele
Gansu Province Non-ferrous Metal Geological Exploration Bureau Tianshui Mineral Exploration Institute	A subsidiary of Gansu Jiuzhou Exploration Mining Co., Ltd., a non-controlling shareholder of Longnan Zijin
Fujian Shanghang Qilin Mining Construction Co., Ltd. ("Qilin Mining")	A non-controlling shareholder of Zijin Mining Construction Company Limited
La Générale des Carrières et des Mines (Gécamines) ("Gécamines")	A non-controlling shareholder of Musonoie

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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	2017	2016
Wancheng Commercial	Purchase of zinc concentrates	Market price	262,099,867	164,456,959
Haixia Technology	Purchase of raw materials	Market price	1,969,748	1,984,760
Xiamen Zijin Zhonghang	Construction service	Market price	17,542,345	40,752,917
Southwest Zijin Gold	Purchase of low-purity gold	Market price	89,667,395	812,776,896
Zisen (Xiamen)	Purchase of raw materials	Market price	1,235,916,408	52,165,809
Shanghang County Jinshan Trading	Purchase of raw materials	Market price	20,833,378	—
Qilin Mining	Construction and transportation service	Market price	15,115,449	—
			1,643,144,590	1,072,137,341

Sales of products/rendering of services to related parties

	Nature of transaction	Pricing method and decision making procedures of the related party transaction	2017	2016
Shandong Guoda	Sale of silver concentrates	Market price	90,839,522	53,295,159
Wengfu Zijin	Sale of vitriol	Market price	68,075,865	41,857,667
Zisen (Xiamen)	Sale of zinc concentrates and copper cathodes	Market price	296,824,235	167,973,860
Southwest Zijin Gold	Sale of copper cathodes	Market price	—	335,196,190
Xinjiang Non-ferrous Metal Materials	Sale of copper concentrates [#]	Market price	803,336,480	503,411,632
Wuxin Copper	Sale of copper concentrates/provision of testing services	Market price	—	5,290,524
Longyan Makeng	Sale of goods	Market price	2,567,839	—
Zijin Cuifu	Sale of materials	Market price	1,186,667	—
			1,262,830,608	1,107,025,032

[#] Continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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)

(B) Related party guarantees

- (1) Provision of guarantees by related parties for bank loans of the Group

In 2017 and 2016, there were no related party guarantees provided for bank loans of the Group.

- (2) The Group's provision of guarantees for bank loans of related parties

2017

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))	144,800,000	28 April 2011	27 April 2019	No

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

(C) Borrowings from/to related parties

Borrowings from related parties

2017

Borrower	Note	Amount of borrowings	Inception date	Due date	Annual interest rate
The Company	Note 1	51,300,000	29 December 2015	28 December 2026	1.20%
The Company	Note 1	27,400,000	11 December 2015	9 December 2027	1.20%
		78,700,000			

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	11 December 2015	9 December 2027	1.20%
		85,000,000			

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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

2017

Borrowers	Notes	Amount of borrowings	Inception date	Due date	Annual interest rate
Zijin Tongguan	Note V.6 (note 1)	9,000,000	13 April 2012	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	109,350,000	20 June 2012	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	9,000,000	14 January 2013	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	13,500,000	31 October 2013	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	5,400,000	31 July 2014	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	4,500,000	21 January 2015	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	6,300,000	29 May 2015	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	6,975,000	23 July 2015	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	2,286,000	15 December 2015	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	3,429,000	15 January 2016	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	21,276,000	29 June 2016	—	4.35%
Zijin Tongguan	Note V.6 (note 1)	19,507,405	31 March 2017	—	4.75%
Zijin Tongguan	Note V.6 (note 1)	26,227,488	31 October 2017	—	4.75%
Zijin Tongguan	Note V.6 (note 1)	13,360,754	31 October 2017	—	4.75%
Zijin Tongguan	Note 6	9,000,000	30 November 2017	31 December 2019	4.75%
Zijin Tongguan	Note 6	15,300,000	7 November 2017	31 December 2019	4.75%
Zijin Tongguan	Note 6	5,850,000	2 November 2017	31 December 2019	4.75%
Gold Eagle Mining	Note 3	207,775,684	11 July 2012	30 June 2018	LIBOR+2.6%
Gold Eagle Mining	Note 3	351,265,115	18 August 2017	31 August 2020	LIBOR+2.6%
Longyan Zijin AVIC	Note 5	425,246,280	18 March 2016	17 March 2019	6.50%
Kamoa	Note 4	1,183,716,298	8 December 2015	—	LIBOR+7%
Kamoa	Note 4	32,671,000	2 January 2016	—	LIBOR+7%
Kamoa	Note 4	50,477,192	15 March 2016	—	LIBOR+7%
Kamoa	Note 4	133,905,361	15 August 2016	—	LIBOR+7%
Kamoa	Note 4	123,056,720	14 October 2016	—	LIBOR+7%
Kamoa	Note 4	74,143,358	21 December 2016	—	LIBOR+7%
Kamoa	Note 4	22,948,790	24 January 2017	—	LIBOR+7%
Kamoa	Note 4	22,948,790	22 February 2017	—	LIBOR+7%
Kamoa	Note 4	29,770,835	24 March 2017	—	LIBOR+7%
Kamoa	Note 4	12,611,026	31 March 2017	—	LIBOR+7%
Kamoa	Note 4	27,088,467	24 April 2017	—	LIBOR+7%
Kamoa	Note 4	73,705,515	24 May 2017	—	LIBOR+7%
Kamoa	Note 4	32,067,423	31 July 2017	—	LIBOR+7%
Kamoa	Note 4	86,264,574	31 August 2017	—	LIBOR+7%
Kamoa	Note 4	48,777,496	31 August 2017	—	LIBOR+7%
Kamoa	Note 4	54,751,238	30 September 2017	—	LIBOR+7%
Kamoa	Note 4	47,442,487	31 October 2017	—	LIBOR+7%
Kamoa	Note 4	53,564,941	30 November 2017	—	LIBOR+7%
Kamoa	Note 4	301,017,140	—	—	—
Longyan Makeng	Note V.6 (note 5)	50,112,612	28 September 2017	28 September 2018	4.35%
		3,725,589,992			

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 *(continued)*

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 6)	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 5)	50,000,000	21 September 2016	20 September 2017	4.35%
		2,984,806,667			

[#] Continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Note 1: Minxi Xinghang, a shareholder of the Company, provided the Company with an unsecured loan of RMB30,000,000 on 11 December 2015. As at 31 December 2017, the Company has repaid RMB2,600,000; Minxi Xinghang provided the Company with an unsecured loan of RMB57,000,000 on 29 December 2015. As at 31 December 2017, The Company repaid RMB5,700,000 in aggregate.

Note 2: Finance Company, a subsidiary of the Company, provided loans of RMB8,500,000 to Ting River Hydropower in 2014, and these loans are unsecured. Last year, Ting River Hydropower repaid RMB1,000,000 in advance. In the current year, Ting River Hydropower repaid the remaining loan of 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 2017, the total amount of the loan principal and the accrued interest was equivalent to RMB207,775,684 (31 December 2016: RMB212,344,857). In 2014, Jin Jian Global provided an additional loan of USD51,750,000 to Gold Eagle Mining which was extended to 31 August 2020 in the current year. As at 31 December 2017, the total amount of the loan principal and the accrued interest was equivalent to RMB351,265,115 (31 December 2016: RMB358,989,750). The above loans were both unsecured with an interest rate of the one-year LIBOR +2.60%.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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)*

Note 4: Pursuant to the equity transfer agreement, part of the original shareholders' loans of Kamoia in the amount of USD181,157,035 was transferred to the Group's subsidiary, Gold Mountains (H.K.). As at 31 December 2017, the amount was equivalent to RMB1,183,716,298 (31 December 2016: RMB1,256,686,352). These loans were unsecured with an interest rate of the one-year LIBOR+7%. The Company and Kamoia agreed that these loans would be repaid with Kamoia's future operating cash flows. Besides, based on the working capital requirements for Kamoia, Gold Mountains (H.K.) provided loans of USD141,745,770 to Kamoia (equivalent to RMB926,195,213). As at 31 December 2017, the total interest receivable from Kamoia of Gold Mountains (H.K.) was RMB301,017,140.

Note 5: In 2016, the Company provided a loan of RMB419,440,000 to an associate company, Longyan Zijin AVIC. The loan was unsecured with an interest rate of 6.50% per annum. As at 31 December, 2017, the principal and interest was RMB425,246,280 in total. In the current year, the Company made provision for bad debts of RMB153,203,515 for the loan provided to Longyan Zijin AVIC.

Note 6: In 2017, the Company provided a loan of RMB30,150,000 to an associate company, Zijin Tongguan. The loan was unsecured and bore annual interest at the prevailing bank's interest rate for the same maturity. The maturity date of the loan is 31 December 2019.

(D) Other major related party transactions

- (1) Compensation of key management and remuneration of directors accrued during the year

	2017	2016
Remuneration of directors	27,329,518	17,151,789
Compensation of key management	10,154,060	6,707,760
	37,483,578	23,859,549

Details of remuneration of directors are disclosed in Note XII.3.

- (2) Commitments between the Group and related parties

In 2017, there was no commitment between the Group and related parties.

- (3) Joint external investments between the Group and related parties

In 2017, there was no joint external investment between the Group and related 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.)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. AMOUNTS DUE FROM RELATED PARTIES

	2017		2016	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Trade receivables				
Zisen (Xiamen)	57,892,351	—	40,085,525	—
Wengfu Zijin	19,555,943	—	15,507,257	—
Shandong Guoda	1,450,891	—	—	—
	78,899,185	—	55,592,782	—
Prepayments				
Xiamen Zijin Zhonghang	—	—	53,466,945	—
Wancheng Commercial	—	—	3,576,109	—
Haixia Technology	—	—	2,025,414	—
Shanghang County Jinshan Trading	3,584,061	—	2,325,421	—
	3,584,061	—	61,393,889	—
Other receivables				
Chongli Finance Bureau State-owned Asset Management Centre	20,000,000	—	20,000,000	—
Longyan Makeng	50,112,612	—	50,066,458	—
Longyan Zijin AVIC	5,806,280	—	49,039,358	—
Wengfu Zijin	14,000,000	—	—	—
Minxi Xinghang	30,683,478	—	30,683,478	—
Xiamen Modern Terminal Company Limited	8,750,000	—	—	—
Wancheng Commercial	—	—	30,503	—
Jilin The Sixth Geological Survey	—	—	1,196,735	—
Xinjiang Tianlong	—	—	72,719	—
Zijin Tongguan	250,111,647	140,992,416	205,229,024	140,992,416
	379,464,017	140,992,416	356,318,275	140,992,416
Current portion of non-current assets				
Gold Eagle Mining	207,775,684	—	358,989,750	—
Ting River Hydropower	—	—	7,500,000	—
	207,775,684	—	366,489,750	—
Other non-current assets				
Zijin Tongguan	30,150,000	—	—	—
Tibet Yulong	132,000,000	—	132,000,000	—
Gold Eagle Mining	351,265,115	—	212,344,857	—
Longyan Zijin AVIC	419,440,000	153,203,515	419,440,000	—
Kamo	2,410,928,651	—	1,827,001,942	—
	3,343,783,766	153,203,515	2,590,786,799	—

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)***8. AMOUNTS DUE TO RELATED PARTIES**

Trade payables	2017	2016
Haixia Technology	32,303,500	34,551,075
Xiamen Zijin Zhonghang	17,542,345	—
Wancheng Commercial	5,560,051	—
Zisen (Xiamen)	204,835,750	8,345,760
Southwest Zijin Gold	—	24,982,579
	260,241,646	67,879,414
Advances from customers		
Xinjiang Non-ferrous Materials	7,387,576	46,367,123
Other payables		
Mr. Zhu Hongxing	29,672,233	29,672,233
Gécamines	17,642,340	—
Haixia Technology	6,990,854	6,990,854
Gansu Province Non-ferrous Metal Geological Exploration Bureau Tianshui Mineral Exploration Institute	5,185,117	3,343,436
Wengfu Zijin	4,284,471	—
Hongyang Mining	—	24,989,600
	63,775,015	64,996,123
Current portion of non-current liabilities		
Gécamines	35,284,680	—
Minxi Xinghang	8,300,000	—
	43,584,680	—
Long-term payables		
Gécamines	123,496,380	—
Minxi Xinghang	70,400,000	85,000,000
	193,896,380	85,000,000

Except for the amounts due from Ting River Hydropower, Gold Eagle Mining, Longyan Makeng, Longyan Zijin AVIC and the new amount of loans to Zijin Tongguan for the year which were interest-bearing and had a fixed term of repayment, the amount due from Kamo and the amount due from Zijin Tongguan in previous years were interest-bearing and without a fixed term of repayment and the amount of entrance fee due to Gécamines 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 2017.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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

	2017	2016
Contracted, but not provided Capital commitments (Note 1)	1,656,796,483	812,184,210

Note 1: As at 31 December 2017, the amounts of the capital commitments relating to the acquisition and construction of property, plant, machinery and equipment, and mining assets were RMB1,388,029,367 (2016: RMB810,525,353).

2. CONTINGENCIES

	2017	2016
Guarantees provided to third parties		
Wengfu Zijin (Note 1)	144,800,000	177,240,000
Fujian Rare Earth (Group) Company Limited ("Fujian Rare Earth") (Note 2)	229,256,707	331,585,000
Subtotal	374,056,707	508,825,000
Contingencies arising from pending litigation (Note 3)	—	43,144,709
Total	374,056,707	551,969,709

Note 1: As at 31 December 2017, 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 2016: RMB450,000,000). As at 31 December 2017, Wengfu Zijin utilised RMB144,800,000 of the guarantee facility (31 December 2016: RMB177,240,000).

Note 2: As at 31 December 2017, the unused guarantee of the Company provided to Makeng Mining, an associate of the Company, was RMB552,425,800. Makeng Mining's controlling shareholder, Fujian Rare Earth provided a guarantee for its financing. The Company pledged its 41.5% equity interest in Makeng Mining and the interest derived from such shareholdings to provide counter guarantee for Fujian Rare Earth. As at 31 December 2017, the guarantee provided by the Company amounted to RMB229,256,707 (31 December 2016: RMB331,585,000).

Note 3: 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 "9.21 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 between 2011 and 2012.

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 plant) shall be settled with a one-off compensation of RMB245,000,000 paid by Xinyi Zijin. The plaintiff then withdrew the lawsuits. Six hydropower stations including Shihuadi Hydropower Station and one water plant claimed compensation for property losses of RMB70,663,798 from the Company and Xinyi Zijin.

On 31 December 2015, Xinyi Municipal Court made the first verdict, ruling that Xinyi Zijin needed 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 filed an appeal.

On 7 July 2017, Xinyi Zijin and Shihuadi Hydropower Station and other plaintiffs reached a mediation agreement and the Intermediate People's Court of Maoming City issued a mediation certificate. Xinyi Zijin compensated for the plaintiffs a total amount of RMB24,767,180. Xinyi Zijin withdrew its counter-claims against Shihuadi Hydropower Station and other defendants at the same time. So far all lawsuits or disputes related to the 9.21 Dam Collapse Incident were fully settled.

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.

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

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 relating to vitriol, copperplate, silver, iron, real estate development income, etc.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 94% (2016: 92%) of the Group's operating income was derived from customers of Mainland China, and over 71% (2016: 71%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2017, the Group's income from Shanghai Gold Exchange was RMB40,519,637,614 (2016: RMB38,098,986,224), which was mainly derived from gold bullion segment, processed, refinery and trading gold 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:

	2017	2016
Within 1 year (1 year inclusive)	35,878,325	20,230,455
Over 1 year but within 2 years (2 years inclusive)	25,181,433	21,296,961
Over 2 years but within 3 years (3 years inclusive)	26,448,256	23,781,860
Over 3 years but within 5 years (5 years inclusive)	43,551,884	42,462,322
Over 5 years	75,705,348	109,254,948
	206,765,246	217,026,546

The assets for operating leases above, primarily offices and plants, are accounted for as investment properties of the Group.

*The operating lease income included in profit or loss in 2017 was RMB29,392,772 (2016: RMB10,722,743).

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:

	2017	2016
Within 1 year (1 year inclusive)	9,124,097	5,780,968
Over 1 year but within 2 years (2 years inclusive)	10,454,396	5,181,005
Over 2 years but within 3 years (3 years inclusive)	2,506,000	1,673,368
Over 3 years but within 5 years (5 years inclusive)	2,604,149	—
	24,688,642	12,635,341

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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	2017	2016
Fees	600,000	367,778
Other emoluments:		
Basic salaries	13,933,204	14,803,705
Discretionary bonuses [#]	12,664,141	1,881,262
Pension scheme contributions	132,173	99,044
	26,729,518	16,784,011
	27,329,518	17,151,789

[#]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 (2016: 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:

	2017	2016
Mr. Sit Hoi Wah, Kenneth	150,000	150,000
Mr. Lu Shihua	—	—
Mr. Li Jian	150,000	150,000
Mr. Zhu Guang	150,000	67,778
Mr. Cai Meifeng	150,000	—
	600,000	367,778

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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 remuneration accrued for executive directors during the year is as follows:

	Basic salaries	Discretionary bonuses	Pension scheme contributions	Total
2017				
Mr. Chen Jinghe	2,880,000	2,727,718	33,240	5,640,958
Mr. Lan Fusheng (Note 3)	2,880,000	2,449,326	24,036	5,353,362
Mr. Zou Laichang	1,800,000	1,816,591	32,145	3,648,736
Mr. Lin Hongfu	1,800,000	1,847,558	21,376	3,668,934
Mr. Fang Qixue	2,773,204	2,026,448	—	4,799,652
Ms. Lin Hongying (Note 4)	1,800,000	1,796,500	21,376	3,617,876
	13,933,204	12,664,141	132,173	26,729,518
2016				
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

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 the president and an executive director of the Company on 30 December 2016.

Note 2: Resigned as the vice-chairman and an executive director of the Company on 30 December 2016.

Note 3: Appointed as the president of the Company on 30 December 2016.

Note 4: Appointed as the vice-president and an 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 is as follows:

	Basic salaries	Discretionary bonuses	Pension scheme contributions	Fees	Total
2017					
Mr. Lin Shuiqing	1,800,000	1,790,211	32,501	—	3,622,712
Mr. Xu Qiang	—	—	—	120,000	120,000
Mr. Fan Wensheng	—	—	—	72,000	72,000
Mr. Liu Wenhong	—	—	—	72,000	72,000
Ms. Lan Liying (Note 2)	—	—	—	72,000	72,000
	1,800,000	1,790,211	32,501	336,000	3,958,712
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

Note 1: Resigned as a supervisor representing workers and staff of the Company on 30 December 2016.

Note 2: Appointed as a supervisor representing workers and staff of the Company on 30 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 (2016: five directors). Details of the remuneration are as follows:

	2017	2016
Basic salaries	12,133,204	11,203,705
Discretionary bonuses	10,867,641	2,399,467
Pension scheme contributions	110,797	73,933
	23,111,642	13,677,105

Notes to Financial Statements (continued)

For the year ended 31 December 2017

RMB

(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:

	2017	2016
RMB2,000,001 — RMB2,500,000	—	2
RMB2,500,001 — RMB3,000,000	—	2
RMB3,000,001 — RMB3,500,000	—	—
RMB3,500,001 — RMB4,000,000	2	1
RMB4,000,001 — RMB4,500,000	—	—
RMB4,500,001 — RMB5,000,000	1	—
RMB5,000,001 — RMB5,500,000	1	—
RMB5,500,001 — RMB6,000,000	1	—
	5	5

*5. PENSION SCHEME CONTRIBUTIONS

	2017	2016
Net payment of pension scheme contributions	160,773,099	145,054,160

In 2017, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2016: Nil).

*6. NET CURRENT (LIABILITIES)/ASSETS

	31 December 2017 Group	31 December 2016 Group	31 December 2017 Company	31 December 2016 Company
Current assets	28,675,010,591	24,140,208,828	18,188,453,187	15,530,416,358
Less: Current liabilities	28,793,593,015	33,851,986,645	11,901,647,765	13,939,687,396
Net current (liabilities)/assets	(118,582,424)	(9,711,777,817)	6,286,805,422	1,590,728,962

*7. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2017 Group	31 December 2016 Group	31 December 2017 Company	31 December 2016 Company
Total assets	89,315,263,550	89,217,700,259	59,268,990,975	55,951,346,794
Less: Current liabilities	28,793,593,015	33,851,986,645	11,901,647,765	13,939,687,396
Total assets less current liabilities	60,521,670,535	55,365,713,614	47,367,343,210	42,011,659,398

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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 in general.

An ageing analysis of the trade receivables is as follows:

	2017	2016
Within 1 year	774,074,450	1,132,335,737
Over 1 year but within 2 years	130,395,377	126,928,560
Over 2 years but within 3 years	53,542,451	37,098,547
Over 3 years	36,114,832	249,014
	994,127,110	1,296,611,858
Less: Bad debt provision for trade receivables	119,579	122,345
	994,007,531	1,296,489,513

The movements of bad debt provision for trade receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
2017	122,345	—	—	(2,766)	119,579
2016	169,799	—	—	(47,454)	122,345

	2017					2016				
	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 made individually	953,003,016	95.86	—	—	953,003,016	1,269,277,828	97.89	—	—	1,269,277,828
Individually not significant but for which bad debt provision has been made individually	41,124,094	4.14	119,579	0.29	41,004,515	27,334,030	2.11	122,345	0.45	27,211,685
	994,127,110	100.00	119,579	0.01	994,007,531	1,296,611,858	100.00	122,345	0.01	1,296,489,513

In 2017, there was no provision for bad debt (2016: Nil), and there was no recovery or reversal of provision for bad debt (2016: Nil).

In 2017, the trade receivables written off amounted to RMB2,766 (2016: RMB47,454).

Notes to Financial Statements (continued)

For the year ended 31 December 2017

RMB

(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 2017 are as follows:

Name of entity	Amount	Proportion of trade receivables (%)	Ageing	Closing balance of bad debt provision
Zijin Copper	531,796,884	53.49	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years/ over 3 years	—
Fujian Zijin Copper Company Limited	421,208,252	42.37	Within 1 year/ over 1 year but within 2 years	—
Xinjiang Lantian Petroleum and Chemicals Logistics Co., Ltd.	10,000,000	1.01	Within 1 year	—
Longkou Jinfeng Co., Ltd.	6,000,000	0.60	Within 1 year	—
Heilongjiang Duobaoshan Copper Company Limited ("Duobaoshan Copper")	4,421,156	0.44	Within 1 year/ over 1 year but within 2 years	—
	973,426,292	97.91		—

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
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 Company Limited	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	—
Duobaoshan Copper	3,857,860	0.30	Within 1 year/ over 1 year but within 2 years	—
	1,277,779,414	98.55		—

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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:

	2017	2016
Within 1 year	3,810,234,645	4,107,173,115
Over 1 year but within 2 years	2,006,496,196	1,617,316,373
Over 2 years but within 3 years	1,522,590,893	932,503,326
Over 3 years	3,455,951,464	2,850,964,876
	10,795,273,198	9,507,957,690
Less: Bad debt provision for other receivables	145,955,374	145,987,988
	10,649,317,824	9,361,969,702

The movements of bad debt provision for other receivables are as follows:

	At 1 January	Additions	Reversal	Write-off	At 31 December
2017	145,987,988	—	—	(32,614)	145,955,374
2016	145,987,988	—	—	—	145,987,988

	2017					2016				
	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 made individually	10,555,535,856	97.78	140,992,416	1.34	10,414,543,440	9,037,313,784	95.05	140,992,416	1.56	8,896,321,368
Individually not significant but for which bad debt provision has been made individually	239,737,342	2.22	4,962,958	2.07	234,774,384	470,643,906	4.95	4,995,572	1.06	465,648,334
	10,795,273,198	100.00	145,955,374	1.35	10,649,317,824	9,507,957,690	100.00	145,987,988	1.54	9,361,969,702

As at 31 December 2017, other receivables, which were individually significant and for which bad debt provision had been made individually, were as follows:

	Carrying amount	Bad debt provision	Proportion (%)	Reason for making bad debt provision
Zijin Tongguan	199,751,000	140,992,416	70.58	No progress for the project for which the borrowing is used

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

(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 2016, other receivables, which were individually significant and for which bad debt provision had been made 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

Category of other receivables by nature is as follows:

	2017	2016
Due from subsidiaries	10,185,477,368	8,813,549,822
Due from associates and joint ventures	210,217,675	419,803,059
Receivables from disposal of assets	50,000,000	—
Advanced material costs	65,999,709	51,442,581
Securities and deposits	43,686,602	31,801,965
Deferred expenses	25,278,996	18,387,583
Receivables from settlement of futures	13,718,114	14,052,319
Staff advances and reserve funds	1,366,790	441,436
Others	199,527,944	158,478,925
	10,795,273,198	9,507,957,690
Less: Bad debt provision for other receivables	145,955,374	145,987,988
	10,649,317,824	9,361,969,702

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

*(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 2017 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	2,537,753,973	Within 1 year/ over 1 year but within 2 years/ over 2 years	23.51	—
ZGC	Due from subsidiaries	1,171,182,006	but within 3 years Within 1 year/ over 1 year but within 2 years/ over 2 years	10.85	—
Southern Investment	Due from subsidiaries	1,115,716,503	but within 3 years and over 3 years Within 1 year/ over 1 year but within 2 years/ over 2 years	10.34	—
Zijin Copper	Due from subsidiaries	670,991,277	but within 3 years and over 3 years Within 1 year/ over 1 year but within 2 years/ and over 3 years	6.22	—
Xinyi Zijin	Due from subsidiaries	614,838,037	Within 1 year/ over 1 year but within 2 years/ over 2 years but within 3 years and over 3 years	5.70	—
		6,110,481,796		56.62	—

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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	—
Hei 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)

For the year ended 31 December 2017

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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

	2017			2016		
	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	460,422,337	—	460,422,337	184,750,000	—	184,750,000
	460,422,337	—	460,422,337	184,750,000	—	184,750,000

Available-for-sale investments measured at cost are as follows:

2017

	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	700,000
Xingcheng Guarantee	50,000,000	—	—	50,000,000	—	—	—	—	20.00	—
Bindi Potash	—	196,761,400	—	196,761,400	—	—	—	—	3.60	—
Beijing Larkworld Environmental Technology Incorporated Company	—	76,739,294	—	76,739,294	—	—	—	—	16.67	—
Gansu Mineral Development	—	2,171,643	—	2,171,643	—	—	—	—	5.00	—
	184,750,000	275,672,337	—	460,422,337	—	—	—	—		17,500,000

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

4. LONG-TERM EQUITY INVESTMENTS

	2017			2016		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Investments in subsidiaries	23,249,392,831	(286,919,351)	22,962,473,480	15,362,221,465	(286,919,351)	15,075,302,114
Investments in associates	1,693,285,451	(162,757,584)	1,530,527,867	1,548,205,377	(162,757,584)	1,385,447,793
	24,942,678,282	(449,676,935)	24,493,001,347	16,910,426,842	(449,676,935)	16,460,749,907

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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

	1 January 2016	Additions	Reductions	31 December 2016	Additions	Reductions	31 December 2017	Provision for impairment at 31 December 2017
Zijin Copper	2,120,647,343	—	—	2,120,647,343	105,102,200	—	2,225,749,543	—
Southwest Zijin	1,186,767,999	1,405,689	—	1,188,173,688	1,081,657	—	1,189,255,345	—
Qinghai West	936,000,000	—	—	936,000,000	—	—	936,000,000	—
Gold Mountains (H.K.)	851,643,399	—	—	851,643,399	6,966,900,000	—	7,818,543,399	—
Luoyang Kunyu	701,316,274	288,749	(25,000,000)	676,605,023	—	—	676,605,023	—
Northeast Asia	673,406,692	—	(673,406,692)	—	—	—	—	—
Finance Company	475,000,000	—	—	475,000,000	—	—	475,000,000	—
Xiamen Investment	397,061,613	—	—	397,061,613	—	—	397,061,613	—
Longnan Zijin	370,505,723	28,064	—	370,533,787	306,131	—	370,839,918	(43,019,351)
Bayannaoer Zijin	329,844,784	—	—	329,844,784	249,182,680	—	579,027,464	—
Northwest Company	326,746,201	801,123,274	—	1,127,869,475	—	—	1,127,869,475	—
Southern Investment	318,204,677	936,984,205	—	1,255,188,882	65,014	—	1,255,253,896	—
Huanmin Mining	306,000,000	—	—	306,000,000	—	—	306,000,000	—
Zijin Real Estate	300,000,000	—	—	300,000,000	200,000,000	—	500,000,000	—
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	—	400,000,000	—	—	400,000,000	—
Zijin International Mining	207,936,714	680,459,972	—	888,396,686	482,500,000	—	1,370,896,686	—
Hunchun Zijin	185,437,500	110,956	(46,359,375)	139,189,081	—	—	139,189,081	—
Jilin Zijin Copper Company Limited	—	46,359,375	—	46,359,375	911,615	—	47,270,990	—
Fujian Zijin Copper Company Limited	146,222,366	—	—	146,222,366	—	—	146,222,366	—
Chongli Zijin	142,500,000	1,896	—	142,501,896	—	—	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	87,787,471	—	—	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	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	—
Gansu Mining Development	43,460,000	—	—	43,460,000	—	(43,460,000)	—	—
Guizhou Zijin	30,600,000	74,252	—	30,674,252	39,623	—	30,713,875	—

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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 2016	Additions	Reductions	31 December 2016	Additions	Reductions	31 December 2017	Provision for impairment at 31 December 2017
Tongling Zijin	25,500,000	—	—	25,500,000	—	(25,500,000)	—	—
Xiamen Boshang Zijin E-Commerce Company Limited	25,500,000	—	—	25,500,000	42,446	—	25,542,446	—
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 Mining Logistics Company Limited	13,000,000	38,539,700	—	51,539,700	—	—	51,539,700	—
Fujian Zijin Hotel Property 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	—
NKWE	3,272,490	—	—	3,272,490	—	—	3,272,490	—
Heilong Mining	—	1,561,220,000	—	1,561,220,000	—	—	1,561,220,000	—
Gold Refinery Company	—	50,000,000	—	50,000,000	—	—	50,000,000	—
Total	11,790,391,400	4,316,596,132	(744,766,067)	15,362,221,465	8,006,131,366	(118,960,000)	23,249,392,831	(286,919,351)

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)

(ii) Investments in associates

2017

	Movements during the year							Provision for impairment losses at 31 December 2017
	At 1 January 2017	Additions	Reductions	Investment income/(losses) under the equity method	Other comprehensive income	Other changes in equity	Cash dividends declared by investee	
Investee								
Longyan Makeng	787,738,206	83,000,000	—	30,270,696	—	—	(14,940,000)	886,068,902
Tibet Yulong	147,484,293	—	—	71,790,083	—	—	—	219,274,376
Songpan Zijin	39,249,785	—	—	—	—	—	—	39,249,785
Zijin Tongguan	364,473,940	—	—	(28,776,632)	—	—	—	335,697,308
Wancheng Commercial	45,532,703	—	—	15,036,594	—	—	(11,104,303)	49,464,994
Jinyue Huchuang	968,866	—	—	(196,364)	—	—	—	772,502
Total	1,385,447,793	83,000,000	—	88,124,377	—	—	(26,044,303)	1,530,527,867

2016

	Movements during the year							Provision for impairment losses at 31 December 2016
	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	
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
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)

968,866

1,385,447,793

(162,757,584)

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(162,757,584)

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1,385,447,793

(162,757,584)

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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

2017

	Buildings	Mining assets	Power generation and transmission equipment	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures and others	Total
Cost							
At 1 January 2017	847,617,449	4,227,519,937	52,731,732	875,829,446	81,679,818	87,960,410	6,173,338,792
Purchase additions	(3,142,635)	41,686,894	854,109	262,598,999	3,054,667	6,162,513	311,214,547
Transferred from construction in progress	9,241,334	131,793,879	283,074	7,991,151	—	—	149,309,438
Disposals or write-off	(1,530,124)	(237,024,415)	(956,972)	(117,914,925)	(6,742,217)	(2,327,249)	(366,495,902)
At 31 December 2017	852,186,024	4,163,976,295	52,911,943	1,028,504,671	77,992,268	91,795,674	6,267,366,875
Accumulated depreciation							
At 1 January 2017	179,063,275	1,609,430,400	27,917,147	506,971,149	63,162,898	61,251,085	2,447,795,954
Depreciation for the year	43,547,697	317,577,094	2,039,629	83,644,948	8,987,275	6,460,852	462,257,495
Disposals or write-off	(1,313,357)	(132,442,185)	(516,607)	(84,314,005)	(5,990,426)	(1,820,317)	(226,396,897)
At 31 December 2017	221,297,615	1,794,565,309	29,440,169	506,302,092	66,159,747	65,891,620	2,683,656,552
Impairment provision							
At 1 January 2017	—	285,118	13,157	2,591,429	—	1,632	2,891,336
Impairment provided for the year	—	1,369,242	—	—	—	—	1,369,242
Disposals or write-off	—	(1,369,242)	—	(449,204)	—	—	(1,818,446)
At 31 December 2017	—	285,118	13,157	2,142,225	—	1,632	2,442,132
Net book value							
At 31 December 2017	630,888,409	2,369,125,868	23,458,617	520,060,354	11,832,521	25,902,422	3,581,268,191
At 1 January 2017	668,554,174	2,617,804,419	24,801,428	366,266,868	18,516,920	26,707,693	3,722,651,502

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

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)

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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 fully depreciated but still in use are as follows:

	2017		2016	
	Cost	Net book value	Cost	Net book value
Buildings	34,037,752	—	22,900,357	—
Mining assets	615,272,286	3,532,911	663,183,761	3,862,612
Power generation and transmission equipment	12,281,115	364,383	12,684,999	376,500
Plant, machinery and equipment	236,486,495	6,759,032	257,536,312	7,323,543
Motor vehicles	37,774,886	1,107,466	22,319,173	643,795
Furniture and fixtures and others	35,670,254	1,129,958	31,301,943	999,098
	971,522,788	12,893,750	1,009,926,545	13,205,548

Fixed assets that are temporarily idle are as follows:

2017

	Cost	Accumulated depreciation	Impairment provision	Net book value
Mining assets	523,412	(424,714)	—	98,698
Power generation and transmission equipment	32,718	(20,364)	—	12,354
Plant, machinery and equipment	9,561,652	(4,884,863)	(177,994)	4,498,795
	10,117,782	(5,329,941)	(177,994)	4,609,847

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

There were no fixed assets of the Company leased or leased out under finance leases.

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)*

5. FIXED ASSETS *(continued)*

Fixed assets of which certificates of title have not been obtained as at 31 December 2017 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained
Buildings	136,464,325	In the process of applying

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

6. CONSTRUCTION IN PROGRESS

2017			2016		
Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
205,217,505	—	205,217,505	128,809,922	—	128,809,922

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

2017:

	Budget	At 1 January 2017	Additions	Transferred to fixed assets	Other reductions	At 31 December 2017	Contribution in budget	Progress of construction	Accumulated balance of capitalised interest as at 31 December 2017	Including: capitalised interest for the year	Interest rate of capitalisation (%)	Source of funds
Zijinshan gold and copper mine infrastructure project	476,011,622	128,809,922	233,990,519	(148,850,498)	(8,732,438)	205,217,505	76%	71%	—	—	N/A	Equity fund
Others	—	—	458,940	(458,940)	—	—	N/A	N/A	—	—	N/A	Equity fund
	476,011,622	128,809,922	234,449,459	(149,309,438)	(8,732,438)	205,217,505			—	—		
Impairment provision for construction in progress	—	—	—	—	—	—	—	—	—	—	—	—
	128,809,922	128,809,922	205,217,505	205,217,505	205,217,505	205,217,505						

2016:

	Budget	At 1 January 2016	Additions	Transferred to fixed assets	Other reductions	At 31 December 2016	Contribution in budget	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 for construction in progress	—	—	—	—	—	—	—	—	—	—	—	—
	571,988,264	571,988,264	128,809,922	128,809,922	128,809,922	128,809,922						

For the year ended 31 December 2017 and 31 December 2016, there were no borrowing costs eligible for capitalisation of the Company.
As at 31 December 2017 and 31 December 2016, there was no impairment provision for construction in progress of the Company.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2017

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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

2017

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2017	388,144,802	93,955,477	11,366,050	493,466,329
Purchase additions	—	—	19,963,797	19,963,797
Disposals or write-off	—	—	—	—
At 31 December 2017	388,144,802	93,955,477	31,329,847	513,430,126
Accumulated amortisation				
At 1 January 2017	192,667,685	20,119,679	3,236,530	216,023,894
Amortisation provided for the year	4,512,300	2,243,217	1,829,742	8,585,259
Disposals or write-off	—	—	—	—
At 31 December 2017	197,179,985	22,362,896	5,066,272	224,609,153
Impairment provision				
At 1 January 2017	—	—	—	—
Impairment provided for the year	—	—	—	—
Disposals or write-off	—	—	—	—
At 31 December 2017	—	—	—	—
Net book value				
At 31 December 2017	190,964,817	71,592,581	26,263,575	288,820,973
At 1 January 2017	195,477,117	73,835,798	8,129,520	277,442,435

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

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

8. LONG-TERM DEFERRED ASSETS

2017

	At 1 January 2017	Additions	Amortisation	Other reductions	At 31 December 2017
Land compensation costs (Note 1)	38,046,166	5,928,141	(5,616,319)	(3,793,883)	34,564,105
Others (Note 2)	155,155,134	42,717,495	(53,265,115)	(2,991,521)	141,615,993
	193,201,300	48,645,636	(58,881,434)	(6,785,404)	176,180,098

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)

8. LONG-TERM DEFERRED ASSETS (continued)

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

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 periods range from 5 to 50 years.

Note 2: Other long-term deferred assets mainly included forest compensation expenditure of RMB45,683,368 (31 December 2016: RMB55,237,098). The amortisation period is 10 years.

9. OTHER NON-CURRENT ASSETS

	2017	2016
Exploration and development costs	133,550,819	127,098,392
Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	11,484,289,895	18,941,966,183
	11,617,840,714	19,069,064,575

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 2016: RMB130,900,000) and long-term receivables of RMB11,273,246,221 (31 December 2016: RMB18,797,691,879).

10. PROVISION FOR IMPAIRMENT OF ASSETS

2017

	At 1 January 2017	Additions	Reductions		At 31 December 2017
			Reversal	Write-off	
Bad debt provision	146,564,562	—	—	(35,380)	146,529,182
<i>Including: Trade receivables</i>	122,345	—	—	(2,766)	119,579
<i>Other receivables</i>	145,987,988	—	—	(32,614)	145,955,374
<i>Prepayments</i>	454,229	—	—	—	454,229
Inventory provision	3,731,641	—	—	—	3,731,641
Impairment provision for long-term equity investments	449,676,935	—	—	—	449,676,935
Impairment provision for fixed assets	2,891,336	1,369,242	—	(1,818,446)	2,442,132
Impairment provision for other non-current assets	45,000,000	153,203,515	—	—	198,203,515
	647,864,474	154,572,757	—	(1,853,826)	800,583,405

Notes to Financial Statements (continued)

For the year ended 31 December 2017

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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)

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>	<i>169,799</i>	<i>—</i>	<i>—</i>	<i>(47,454)</i>	<i>122,345</i>
<i>Other receivables</i>	<i>145,987,988</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>145,987,988</i>
<i>Prepayments</i>	<i>454,229</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>454,229</i>
Inventory provision	2,407,696	1,371,750	—	(47,805)	3,731,641
Impairment provision for long-term equity investments	449,676,935	—	—	—	449,676,935
Impairment provision for fixed assets	3,172,906	95,883	—	(377,453)	2,891,336
Impairment provision for other non-current assets	45,000,000	—	—	—	45,000,000
	646,869,553	1,467,633	—	(472,712)	647,864,474

11. TRADE PAYABLES

Trade payables are interest-free and normally settled within four months.

As at 31 December 2017 and 31 December 2016, the Company had no significant trade payables aged more than one year.

12. BONDS PAYABLE

In 2013, the Company registered the maximum credit limits 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 an 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.

Pursuant to approval from the CSRC on 17 February 2016, the Company issued corporate bonds with a face value of RMB2 billion on the Shanghai Stock Exchange on 18 March 2016. The bonds have a duration of five years and an interest 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 five 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 an interest 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 five 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 an interest 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 five years and interest rate of 3.45%. The interest of the above bonds shall be settled annually and the principal shall be repaid upon their maturity.

As at 31 December 2017 and 31 December 2016, the Company had no overdue bonds.

Notes to Financial Statements *(continued)*

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XIII. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

13. LONG-TERM PAYABLES

	2017	2016
Entrusted investment	94,206,740	94,206,740
Deposit for restoration and improvement of ecological environment in mines	68,320,794	68,320,794
Loan from a shareholder	78,700,000	85,000,000
	241,227,534	247,527,534
Including: Current portion of long-term payables	(8,300,000)	(56,661,740)
	232,927,534	190,865,794

Maturity analysis of long-term payables is as follows:

	2017	2016
Within 1 year or repayable on demand	8,300,000	56,661,740
Over 1 year but within 2 years	84,200,000	17,545,000
Over 2 years but within 5 years	21,700,000	105,000,000
Over 5 years	127,027,534	68,320,794
	241,227,534	247,527,534

14. OPERATING INCOME AND OPERATING COSTS

	2017		2016	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	3,561,406,503	2,049,295,156	3,109,167,245	2,157,732,997
Other operations	224,682,485	192,551,991	262,624,322	224,095,438
	3,786,088,988	2,241,847,147	3,371,791,567	2,381,828,435

15. FINANCIAL EXPENSES

	2017	2016
Interest expenses:	1,187,819,033	1,015,605,826
<i>Including: Bank loans</i>	429,725,273	319,969,707
<i> Bonds payable</i>	686,351,538	580,939,033
<i> Ultra short-term financing bonds</i>	71,742,222	114,697,086
Less: Interest income	984,241,991	1,033,685,160
Exchange losses/(gains)	53,032,423	(75,941,568)
Bank charges	23,848,300	59,919,292
	280,457,765	(34,101,610)

In 2017 and 2016, the Company incurred no capitalised interest expenses, and there was no interest income arising from impaired financial assets.

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)*

16. IMPAIRMENT LOSSES ON ASSETS

	2017	2016
Impairment provision for other non-current assets	153,203,515	—
Provision for decline in value of inventories	—	1,371,750
Impairment provision for fixed assets	1,369,242	95,883
	154,572,757	1,467,633

17. INVESTMENT INCOME/(LOSSES)

	2017	2016
Gains from long-term equity investments under the cost method and gains from available-for-sale investments measured at cost	1,123,004,520	236,271,007
Investment income from long-term equity investments under the equity method	88,124,377	17,706,853
Gains on disposal of subsidiaries	321,722,854	—
Losses on disposal of financial assets and financial liabilities at fair value through profit or loss (Note 1)	(82,550,470)	(1,063,225,996)
	1,450,301,281	(809,248,136)

Note 1: The losses on disposal of financial assets and financial liabilities at fair value through profit or loss included the investment losses from gold leasing amounting to RMB30,700,011 (2016: losses of RMB508,406,553), the investment losses from hedging derivative financial instruments amounting to RMB72,540,895 (2016: losses of RMB549,903,652), and other investment gains amounting to RMB20,690,436 (2016: losses of RMB4,915,791).

18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit/(loss) to cash flows from operating activities:

	2017	2016
Net profit/(loss)	1,464,337,622	(450,369,732)
Add: Provision for impairment losses of assets	154,572,757	1,467,633
Depreciation of fixed assets	462,257,495	414,632,519
Amortisation of intangible assets	8,585,259	8,580,872
Amortisation of long-term deferred assets	58,881,434	51,671,276
Gains on disposal of fixed assets, intangible assets and other long-term assets	(15,455,106)	(406,034)
Losses on write-off of fixed assets	55,063,536	26,594,042
(Gains)/Losses on changes in fair values	(66,289,913)	77,243,609
Financial expenses	297,124,176	(34,101,610)
Investment (income)/losses	(1,485,088,782)	293,423,054
Decrease/(Increase) in deferred tax assets	96,939,265	(199,241,947)
Decrease in deferred tax liabilities	—	(27,630,156)
Decrease in inventories	27,599,589	97,144,481
Decrease/(Increase) in receivables from operating activities	229,762,060	(482,509,073)
Increase in payables from operating activities	26,065,093	424,010,427
Others	(15,903,092)	—
Net cash flows from operating activities	1,298,451,393	200,509,361

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)*

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

	2017	2016
Closing balance of cash	1,841,597,980	1,765,445,387
Less: Opening balance of cash	1,765,445,387	2,238,665,178
Add: Closing balance of cash equivalents	1,554,442,193	746,290,026
Less: Opening balance of cash equivalents	746,290,026	2,273,675,083
Increase/(Decrease) in cash and cash equivalents	884,304,760	(2,000,604,848)

(2) Cash and cash equivalents

	2017	2016
Cash	1,841,597,980	1,765,445,387
<i>Including: Cash on hand</i>	241,059	104,940
<i>Cash at banks that can be readily drawn on demand</i>	1,841,356,921	1,765,340,447
Cash equivalents	1,554,442,193	746,290,026
Closing balance of cash and cash equivalents	3,396,040,173	2,511,735,413

19. COMMITMENTS

	2017	2016
Capital commitments		
Contracted, but not provided (Note 1)	34,830,434	52,009,565

Note 1: As at 31 December 2017, the amounts of the capital commitments relating to the acquisition and construction of property, plant, machinery and equipment, and mining assets were RMB34,830,434 (31 December 2016: RMB52,009,565).

Supplementary Information to Financial Statements

For the year ended 31 December 2017

RMB

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

I. SUMMARY OF NON-RECURRING PROFIT OR LOSS

Item	2017
Net profit attributable to owners of the parent	3,507,717,627
Add/(Less): Non-recurring profit or loss attributable to owners of the parent	
Net losses on disposal of non-current assets	234,350,050
Government grants recognised in the statement of profit or loss	(230,882,015)
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 and gold leasing (Note 1)	(598,484,635)
Capital utilisation fee received from non-financial enterprises which is included in the profit or loss for the current period	(164,403,514)
Impairment provision for available-for-sale investments	49,704,548
Investment gains on disposal of long-term equity investment	(318,166,951)
Other non-operating income and expenses other than the aforesaid items	181,878,389
	2,661,713,499
Impact on income tax	(23,942,795)
	2,637,770,704
Impact on the non-controlling interests (after tax)	59,137,799
	2,696,908,503

The non-recurring profit or loss of the Group was recognised under the 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 and gold leasing 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 and gold leasing 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 and gold leasing transactions is not classified as non-recurring profit or loss.

Note 1: Including the gains on changes in fair values of trading stocks, funds and currency swaps amounting to RMB750,200,343 and losses on disposal of stocks, funds, currency swaps and wealth management products amounting to RMB151,715,708.

Supplementary Information to Financial Statements *(continued)*

For the year ended 31 December 2017

RMB

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II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

2017

	Return on net assets (%)			Basic earnings per share [#]
	Fully diluted	Weighted average		
Net profit attributable to ordinary shareholders of the parent	3,507,717,627	10.02	11.10	0.16
Net profit after non-recurring profit or loss attributable to ordinary shareholders of the parent	2,696,908,503	7.71	8.49	0.12

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

Net assets attributable to ordinary shareholders of the Company

	2017	2016
Net assets at 31 December attributable to ordinary shareholders of the Company	34,999,723,155	27,762,474,794
Weighted average net assets attributable to ordinary shareholders of the Company	31,759,907,697	27,607,187,345

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 2017 and 31 December 2016.

