洛阳钼业

洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 3993

2020

ANNUAL REPORT

* For identification purposes only

CONTENTS

THIS ANNUAL REPORT INCLUDES FORWARD-LOOKING STATEMENTS. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACTS, THAT ADDRESS BUSINESS ACTIVITIES, EVENTS OR DEVELOPMENTS THAT THE COMPANY EXPECTS OR ANTICIPATES MAY OR WILL OCCUR IN THE FUTURE (INCLUDING BUT NOT LIMITED TO PROJECTIONS, TARGETS, ESTIMATES AND BUSINESS PLANS) ARE FORWARD-LOOKING STATEMENTS. THE COMPANY’S ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THOSE INDICATED BY THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS VARIABLES AND UNCERTAINTIES. THE COMPANY MAKES THE FORWARD-LOOKING STATEMENTS IN THIS ANNUAL REPORT FOR THE YEAR REFERRED TO HEREIN AS AT 22 MARCH 2021 AND UNDERTAKES NO OBLIGATION OR RESPONSIBILITY TO UPDATE THESE STATEMENTS, AND DO NOT CONSTITUTE THE COMPANY’S SUBSTANTIVE UNDERTAKINGS TO INVESTORS. INVESTORS ARE ADVISED TO PAY ATTENTION TO INVESTMENT RISKS.

Note: This annual report was prepared in both Chinese and English versions. Where there is discrepancy between the Chinese and English versions, the Chinese version shall prevail.

COMPANY PROFILE

China Molybdenum Co., Ltd. (hereinafter referred to as "**CMOC**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a joint stock company established in the People's Republic of China (the "**PRC**" or "**China**") on 25 August 2006. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 April 2007 and the Shanghai Stock Exchange (the "**SSE**") on 9 October 2012.

The Company engages in the non-ferrous metal industry, mainly the mining and processing business, which includes mining, beneficiation, smelting and refining of base and rare metals, and mineral trading business. With its main business located over five continents: Asia, Africa, South America, Oceania and Europe, the Company is one of the largest scheelite producer, the second largest cobalt and niobium producer, one of the top seven molybdenum producers and a leading copper producer in the world. It is also the second largest producer of phosphatic fertilizers in Brazil. In terms of trading business, the Company is among the third biggest base metals merchants in the world. The Company ranks 1,463 among the top 2,000 global listed companies by Forbes 2020, 151 among the 2020 Fortune China 500, and 22 among the top 50 Global mining companies (market capitalization) in 2020.

The Company's vision is to become a respected world-class modern resource company. Adhering to the operation principle of meritocracy, cost control, continuous improvement, and achievement sharing, the Company is committed to reinforcing and maintaining the current competitiveness of the Company's business, and strengthening competitive cost advantages of existing business through continuously identifying cost reduction opportunities and improving efficiency; optimizing business development fueled by organic growth of current production capacity and outward investment, based on existing resource endowment, while continuously optimizing the Company's production capacity structure. Appropriate and active external investment should be made to expand resources & reserves and growth potential; continuously managing and optimizing the balance sheet by rationalizing financing structure and reducing capital costs; creating synergies with minerals trading business while ensuring stable domestic and overseas operations; relying on its comprehensive competitive advantages of scale, industrial chain, technology, capital, market and management, and diversified financing platform, the Company is stepping firmly towards its strategic goals.

I. SUMMARISED FINANCIAL INFORMATION

Unit: Yuan Currency: RMB

Major accounting information	2020	2019	Increase or decrease as compared to last year *(%)*	2018
Operating revenue	**112,981,018,624.55**	68,676,565,008.79	64.51	25,962,862,773.77
Net profit attributable to shareholders of listed company	**2,328,787,511.92**	1,857,014,210.98	25.40	4,635,583,953.16
Net profit after deduction of non-recurring profits or losses attributable to shareholders of listed company	**1,090,576,448.35**	746,685,213.05	46.06	4,560,178,551.23
Net cash flow from operating activities	**8,492,453,630.20**	1,704,827,883.87	398.14	9,434,533,590.15
EBITDA	**8,998,930,803.00**	8,075,199,693.12	11.44	12,615,392,379.22
Total assets	**122,441,249,889.87**	116,862,226,476.73	4.77	101,216,117,236.03
Net assets attributable to shareholders of listed company	**38,891,780,788.15**	40,802,774,133.85	-4.68	40,948,873,571.40
Gearing ratio	**61.34%**	57.65%	Increased by 3.69 percentage points	51.00%
Net interest-bearing debt ratio	**25.07%**	25.34%	Decreased by 0.27 percentage points	9.87%

II. MAJOR FINANCIAL INDICATORS

Item	For the year ended 31 December 2020	2019	Increase or decrease as compared to last year *(%)*	For the year ended 31 December 2018
Basic earnings per share ("**EPS**") *(RMB Yuan per Share)*	**0.11**	0.09	22.22	0.21
Diluted EPS *(RMB Yuan per Share)*	**N/A**	N/A	N/A	N/A
Basic EPS after deduction of non-recurring profits or losses *(RMB Yuan per Share)*	**0.05**	0.03	66.67	0.21
Weighted average return on net assets *(%)*	**5.83**	4.54	Increased by 1.29 percentage points	11.72
Weighted average return on net assets after deduction of non-recurring profits or losses *(%)*	**2.78**	1.85	Increased by 0.93 percentage points	11.54

III. ITEMS AND AMOUNTS OF NON-RECURRING PROFITS OR LOSSES

Unit: Yuan Currency: RMB

Items	2020	Explanations	2019	2018
Profits or losses from disposal of non-current assets	**-812,670.82**		-64,265,650.01	-31,121,956.96
Government grants included in profit and loss for the current period, except for those closely relevant to the Company's normal business and in compliance with national policies and regulations and granted continuously according to certain standardized amounts or quotas.	**38,232,080.76**	Including tax refund of RMB 13 million and subsidies for low-grade scheelite project of RMB 7 million.	20,903,479.63	14,510,421.30
Gains on acquisitions of subsidiaries and associates where the investment cost is less than the shares of the fair value of the identifiable net assets.	**/**		133,096,178.59	/
Profit and loss of changes in fair value arising from holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities and investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other credit investments, except for effective hedging activities associated with normal business operations of the Company	**-1,934,640,418.79**	Including losses from changes of fair value in derivative financial instruments of IXM amounting to RMB 2,243 million.	2,828,166,471.97	199,002,099.44
Other losses in changes of fair value	**-9,404,961.04**		-4,029,238.41	/
Donation expenditure	**-12,200,813.25**		-27,034,716.53	-59,932,740.00
Gains or losses on changes in fair value of assets and liabilities including trading inventories measured at fair value of IXM's metal trading business	**3,621,955,093.95**		-1,581,795,820.24	/
Other non-operating income or expenses other than the above items	**-58,907,802.74**	Including losses from discarding of fixed assets of RMB 61 million.	27,175,239.04	-10,153,653.92
Other profit/loss items falling within the definition of non-recurring profit and loss	**-187,269,402.18**	Mainly for settlement compensation paid for SNEL and cut costs of overseas offices.	37,464,818.80	-31,615,388.19
Effects of Non-controlling interests	**23,163,671.92**		7,886,757.14	8,774,017.98
Income tax effects	**-241,903,714.24**		-267,238,522.05	-14,057,397.72
Total	**1,238,211,063.57**		1,110,328,997.93	75,405,401.93

IV. CONSOLIDATED FINANCIAL STATEMENTS

(I) Consolidated Balance Sheet

Unit: Yuan Currency: RMB

Item	31 December 2020	31 December 2019	Increase (decrease)
Current assets:			
Cash and bank balances	**16,947,648,080.87**	15,647,900,059.61	8.31%
Held-for-trading financial assets	**7,435,128,840.50**	7,719,450,290.97	-3.68%
Derivative financial assets	**2,060,111,110.42**	2,178,322,223.39	-5.43%
Accounts receivables	**702,193,713.91**	1,510,508,440.50	-53.51%
Financing receivables	**405,697,607.38**	375,935,645.39	7.92%
Prepayments	**1,405,838,288.25**	1,065,494,520.83	31.94%
Other receivables	**1,676,752,484.31**	1,119,039,260.19	49.84%
Including: Interests receivable	**344,628,170.18**	198,921,505.19	73.25%
Dividends receivable	**0.00**	2,235,286.10	-100.00%
Inventories	**21,170,188,531.54**	20,730,673,736.79	2.12%
Other current assets	**5,436,087,014.38**	3,830,180,430.37	41.93%
Total current assets	**57,239,645,671.56**	54,177,504,608.04	5.65%
Non-current assets:			
Long-term equity investment	**1,348,252,898.68**	1,033,168,028.11	30.50%
Other investments in equity instruments	**86,214,350.23**	85,344,307.06	1.02%
Other non-current financial assets	**4,678,191,536.17**	4,356,783,464.12	7.38%
Non-current derivative financial assets	**0.00**	7,620,425.07	-100.00%
Fixed assets	**23,328,330,597.04**	24,439,595,450.35	-4.55%
Construction in progress	**3,958,981,388.37**	2,386,791,478.58	65.87%
Right-of-use assets	**487,786,129.11**	346,815,801.39	40.65%
Intangible assets	**21,511,518,662.57**	20,446,930,377.08	5.21%
Long-term inventory	**5,845,918,877.35**	5,660,505,828.69	3.28%
Goodwill	**396,265,256.07**	659,468,043.85	-39.91%
Long-term prepaid expenses	**127,533,613.45**	136,987,188.97	-6.90%
Deferred tax assets	**497,166,341.93**	645,508,458.12	-22.98%
Other non-current assets	**2,935,444,567.34**	2,479,203,017.30	18.40%
Total non-current assets	**65,201,604,218.31**	62,684,721,868.69	4.02%
Total assets	**122,441,249,889.87**	116,862,226,476.73	4.77%

FINANCIAL HIGHLIGHTS

Item	31 December 2020	31 December 2019	Increase (decrease)
Current liabilities:			
Short-term borrowings	**20,464,481,097.49**	18,589,025,832.49	10.09%
Held-for-trading financing liabilities	**4,291,950,709.21**	3,157,951,924.72	35.91%
Derivative financial liabilities	**5,021,779,572.93**	2,640,928,053.07	90.15%
Notes payable	**627,937,567.02**	233,224,073.53	169.24%
Accounts payable	**876,914,865.30**	1,944,506,406.62	-54.90%
Contract liabilities	**371,984,342.17**	416,194,761.78	-10.62%
Employee benefits payable	**769,350,564.51**	692,638,178.24	11.08%
Taxes payable	**845,217,960.37**	399,251,199.18	111.70%
Other payables	**1,599,240,517.18**	1,584,737,923.47	0.92%
Including: Interests payable	**222,893,031.58**	246,838,776.68	-9.70%
Dividends payable	**27,885,796.67**	27,885,796.67	0.00%
Non-current liabilities due within one year	**5,329,646,086.38**	3,749,103,660.62	42.16%
Other current liabilities	**2,159,431,822.36**	1,167,803,612.80	84.91%
Total current liabilities	**42,357,935,104.92**	34,575,365,626.52	22.51%
Non-current liabilities:			
Long-term borrowings	**15,360,372,820.17**	16,278,909,765.88	-5.64%
Bonds payable	**3,631,225,000.00**	5,092,860,000.00	-28.70%
Non-current derivative financial liabilities	**417,159,248.94**	202,416,693.40	106.09%
Lease liabilities	**247,794,476.14**	273,971,191.18	-9.55%
Long-term employee benefits payable	**323,797,716.11**	254,249,008.22	27.35%
Provision	**2,750,507,412.49**	2,495,171,563.70	10.23%
Deferred income	**60,587,483.62**	68,005,249.90	-10.91%
Deferred tax liabilities	**6,269,305,883.30**	7,887,539,765.83	-20.52%
Other non-current liabilities	**3,687,709,740.77**	238,141,518.84	1,448.54%
Total non-current liabilities	**32,748,459,781.54**	32,791,264,756.95	-0.13%
Total liabilities	**75,106,394,886.46**	67,366,630,383.47	11.49%
Shareholders' equity (or equity interest):			
Paid-in capital (or share capital)	**4,319,848,116.60**	4,319,848,116.60	0.00%
Capital reserve	**27,582,794,983.23**	27,582,794,983.23	0.00%
Less: treasury share	**193,840,466.48**	0.00	100%
Other comprehensive income	**-3,585,690,161.76**	-468,588,363.13	-665.21%
Special reserve	**230,899.06**	302,145.46	-23.58%
Surplus reserve	**1,295,599,051.54**	1,286,827,000.91	0.68%
Retained profits	**9,472,838,365.96**	8,081,590,250.78	17.22%
Total equity (or equity interest) attributable to owners of the parent company	**38,891,780,788.15**	40,802,774,133.85	-4.68%
Non-controlling interests	**8,443,074,215.26**	8,692,821,959.41	-2.87%
Total shareholders' equity (or equity interest)	**47,334,855,003.41**	49,495,596,093.26	-4.37%
Total liabilities and shareholders' equity (or equity interest)	**122,441,249,889.87**	116,862,226,476.73	4.77%

(II) Consolidated Income Statement

Unit: Yuan Currency: RMB

Item	2020	2019	Increase (decrease)
I. Total operating income	**112,981,018,624.55**	68,676,565,008.79	64.51%
Including: Operating income	**112,981,018,624.55**	68,676,565,008.79	64.51%
II. Total operating costs	**108,328,837,499.80**	69,261,920,764.53	56.40%
Including: Operating costs	**104,536,006,657.71**	65,605,691,676.40	59.34%
Taxes and levies	**892,221,743.36**	812,716,202.17	9.78%
Selling expenses	**73,456,574.59**	90,657,673.80	-18.97%
Administrative expenses	**1,330,306,248.91**	1,233,696,509.26	7.83%
Research and development expenses	**173,582,899.01**	268,320,900.73	-35.31%
Financial expenses	**1,323,263,376.22**	1,250,837,802.17	5.79%
Including: Interest expenses	**1,787,719,461.87**	1,840,227,297.31	-2.85%
Interest income	**691,961,398.68**	929,942,890.97	-25.59%
Add: Other income	**38,182,004.23**	17,294,553.35	120.77%
Investment income (losses are indicated by "-")	**408,815,417.07**	194,629,428.14	110.05%
Including: Income from investments in associates and joint ventures	**-11,735,678.34**	21,744,539.34	-153.97%
Gains from changes in fair value (losses are indicated by "-")	**-1,915,935,321.09**	2,703,857,555.18	-170.86%
Credit impairment losses (losses are indicated by "-")	**11,726,548.03**	-6,311,229.01	285.80%
Asset impairment losses (losses are indicated by "-")	**-246,808,770.60**	-38,246,066.61	-545.32%
Income from the disposal of assets (losses are indicated by "-")	**-812,670.82**	-64,265,650.01	98.74%
III. Operating profit (losses are indicated by "-")	**2,947,348,331.57**	2,221,602,835.30	32.67%
Add: Non-operating income	**14,694,897.50**	170,387,882.33	-91.38%
Less: Non-operating expenses	**85,753,436.96**	33,542,253.71	155.66%
IV. Total profit (total losses are indicated by "-")	**2,876,289,792.11**	2,358,448,463.92	21.96%
Less: Income tax expenses	**397,649,247.09**	592,600,086.07	-32.90%
V. Net profit (net losses are indicated by "-")	**2,478,640,545.02**	1,765,848,377.85	40.37%
(1) Classified by business continuity			
1. Net profit from continuing operations (losses are indicated by "-")	**2,478,640,545.02**	1,765,848,377.85	40.37%
(2) Classified by ownership			
1. Net profit attributable to owners of the parent company (losses are indicated by "-")	**2,328,787,511.92**	1,857,014,210.98	25.40%
2. Non-controlling interest (losses are indicated by "-")	**149,853,033.10**	-91,165,833.13	264.37%

FINANCIAL HIGHLIGHTS

Item	2020	2019	Increase (decrease)
VI. Other comprehensive income, net of tax	**-3,759,485,512.45**	510,713,480.88	-836.12%
(I) Other comprehensive income attributable to owners of the parent company, net of tax	**-3,213,314,637.04**	375,539,057.08	-955.65%
1. Other comprehensive income cannot be reclassified into the profit or loss subsequently	**-29,210,113.06**	60,440,773.28	-148.33%
(1) Remeasurement of changes in defined benefit plans	**-21,466,231.83**	-8,303,640.00	-158.52%
(2) Changes in fair value of other equity instrument investments	**-7,743,881.23**	68,744,413.28	-111.26%
2. Other comprehensive income that will be reclassified subsequently into the profit or loss	**-3,184,104,523.98**	315,098,283.80	-1,110.51%
(1) Other comprehensive income to be reclassified into profit or loss under equity method	**0.00**	20,822,262.48	-100.00%
(2) Cash flow hedge reserve	**-1,318,514,045.16**	-173,044,901.70	-661.95%
(3) Foreign exchange differences from translation of financial statements	**-1,865,590,478.82**	467,320,923.02	-499.21%
(II) Other comprehensive income, net of tax attributable to non-controlling shareholders	**-546,170,875.41**	135,174,423.80	-504.05%
VII. Total comprehensive income	**-1,280,844,967.43**	2,276,561,858.73	-156.26%
(I) Attributable to owners of the parent company	**-884,527,125.12**	2,232,553,268.06	-139.62%
(II) Attributable to non-controlling shareholders	**-396,317,842.31**	44,008,590.67	-1,000.55%
VIII. Earnings per share:			
(I) Basic earnings per share *(RMB Yuan per Share)*	**0.11**	0.09	22.22%
(II) Diluted earnings per share *(RMB Yuan per Share)*	**N/A**	N/A	N/A

(III) Consolidated Statement of Cash Flow

Unit: Yuan Currency: RMB

	For the year ended 31 December 2021		
Items	**2020**	2019	Increase (decrease)
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering services	**124,430,020,607.24**	71,786,252,657.57	73.33%
Cash received from tax refund	**201,729,168.37**	0.00	100.00%
Cash received related to other operating activities	**4,433,968,969.06**	4,753,257,983.02	-6.72%
Sub-total of cash inflows from operating activities	**129,065,718,744.67**	76,539,510,640.59	68.63%
Cash paid for purchasing goods and receiving labour services	**112,356,590,717.10**	66,328,481,964.48	69.39%
Cash paid to employees and paid for employees	**2,186,110,884.36**	2,307,952,972.59	-5.28%
Taxes and fees paid	**3,730,988,386.09**	4,168,334,672.22	-10.49%
Cash paid for other operating activities	**2,299,575,126.92**	2,029,913,147.43	13.28%
Sub-total of cash outflow from operating activities	**120,573,265,114.47**	74,834,682,756.72	61.12%
Net cash flow from operating activities	**8,492,453,630.20**	1,704,827,883.87	398.14%
II. Cash flows from investing activities:			
Cash received from recovery of investment	**14,828,067,938.53**	4,784,176,788.82	209.94%
Cash received from investment income	**610,308,701.04**	1,632,774,545.59	-62.62%
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	**114,105,741.51**	24,417,189.84	367.32%
Cash received related to other investing activities	**2,491,976,308.57**	3,009,624,827.50	-17.20%
Sub-total of cash inflows from investment activities	**18,044,458,689.65**	9,450,993,351.75	90.93%
Cash paid for acquiring or construction of fixed assets, intangible assets and other long-term assets	**7,621,789,128.23**	2,718,622,240.73	180.35%
Cash paid for investment	**16,139,927,989.55**	5,095,283,003.45	216.76%
Cash paid on acquisition or disposal of subsidiaries and other operating units	**597,959,999.97**	2,069,009,623.30	-71.10%
Cash paid for other investment activities	**3,089,577,857.70**	2,247,181,202.53	37.49%
Sub-total of cash outflow from investment activities	**27,449,254,975.45**	12,130,096,070.01	126.29%
Net cash flows from investment activities	**-9,404,796,285.80**	-2,679,102,718.26	-251.04%
III. Cash flows from financing activities:			
Cash received from borrowings	**37,658,074,610.27**	32,091,740,322.20	17.35%
Cash received from other financing activities	**3,715,446,908.04**	2,903,278,100.00	27.97%
Sub-total of cash inflows from financing activities	**41,373,521,518.31**	34,995,018,422.20	18.23%
Cash paid for debt repayment	**33,554,165,884.84**	31,372,194,483.49	6.96%
Cash paid for distribution of dividends, profits and interest payment	**2,678,785,191.37**	4,203,154,203.48	-36.27%
Including: dividends paid by subsidiaries to non-controlling shareholders	**41,759,360.00**	0.00	100.00%
Cash paid for other financing activities	**4,718,269,511.52**	9,667,041,045.09	-51.19%
Sub-total of cash outflow from financing activities	**40,951,220,587.73**	45,242,389,732.06	-9.48%
Net cash flow from financing activities	**422,300,930.58**	-10,247,371,309.86	104.12%
IV. Effect of exchange rate changes on cash and cash equivalents	**-453,255,348.58**	373,190,382.07	-221.45%
V. Net decrease in cash and cash equivalents	**-943,297,073.60**	-10,848,455,762.18	91.30%
Add: Balance of cash and cash equivalents at the beginning of year	**12,392,247,511.85**	23,240,703,274.03	-46.68%
VI. Balance of cash and cash equivalents at the end of year	**11,448,950,438.25**	12,392,247,511.85	-7.61%

MARKET REVIEW AND PROSPECTS

During the reporting period, the Company generated revenue mainly from the sales of copper, cobalt, molybdenum, tungsten, niobium, phosphates and other relevant products. The Company's operating results are largely subject to the fluctuations in the prices of the above resources. At the same time, the Company also has sales of gold as a by-product in NPM, and the fluctuation of the prices in gold would also have certain impact on the results of the Company.

1. COMPARISON OF PRICES OF MAJOR RELEVANT METAL PRODUCTS OF THE COMPANY FOR THE YEAR OF 2020 AS COMPARED WITH THE PREVIOUS YEAR

Domestic market price of the relevant products of the Company

Products		**2020**	2019	**Increase/ decrease on a year-on-year basis** *(%)*
Molybdenum	Molybdenum concentrates *(RMB/metric tonne unit)*	**1,453**	1,775	-18.14
	Ferromolybdenum *(RMB'000/tonne)*	**9.99**	11.98	-16.61
Tungsten	Wolframite concentrates *(RMB/metric tonne unit)*	**1,290**	1,352	-4.59
	APT *(RMB'000/tonne)*	**12.76**	13.54	-5.76

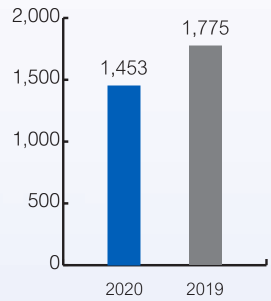
Note: Data from the average prices quoted on the website of Comelan (product standard: 47.5% for molybdenum concentrate, 60% for ferromolybdenum, grade I for wolframite concentrate, APT GB-O).

International market price of relevant products of the Company

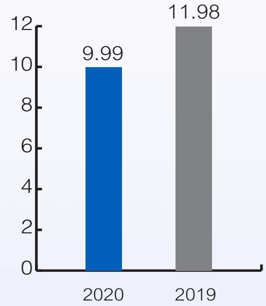
Products		**2020**	2019	**Increase/ decrease on a year-on-year basis** *(%)*
Molybdenum	Molybdenum oxide *(USD/lb of molybdenum)*	**8.70**	11.34	-23.28
Copper	Copper cathode *(USD/tonne)*	**6,186**	6,005	3.01
Cobalt	Cobalt metal *(USD/lb)*	**15.37**	16.093	-4.49
Phosphate	MAP *(USD/tonne)*	**337**	359	-6.13
Lead	Lead concentrate *(USD/tonne)*	**1,825**	1,962	-6.98
Zinc	Zinc concentrate *(USD/tonne)*	**2,269**	2,385	-4.86

Note: the price of molybdenum oxide is the average price quoted on the Metals Week; the prices of copper, lead and zinc are the spot average price on LME (London Metal Exchange); cobalt price is the average low price of MB (Metal Bulletin) standard grade cobalt; phosphate fertilizer price is from Argus Media.

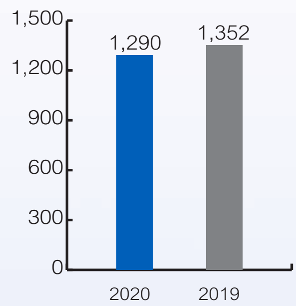
Molybdenum concentrates (RMB/metric tonne unit, 47.5%)



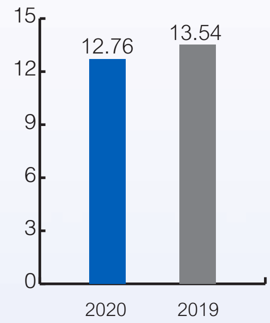
Ferromolybdenum (RMB'0000/tonne, 60%)



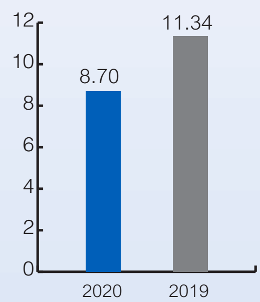
Wolframite concentrates (RMB/metric tonne unit)



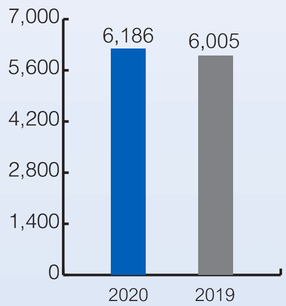
APT (RMB'0000/tonne)



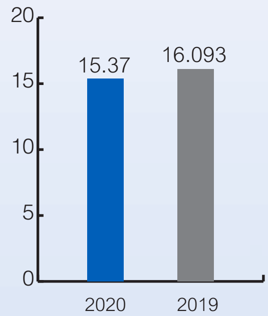
Molybdenum oxide (USD/lb of molybdenum)



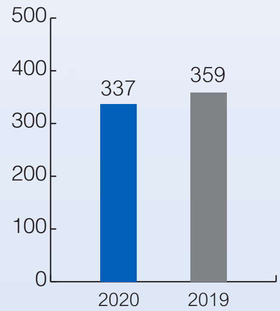
Copper cathode (USD/tonne)



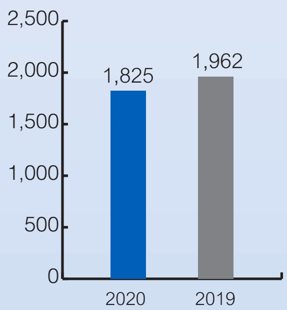
Cobalt metal (USD/lb)



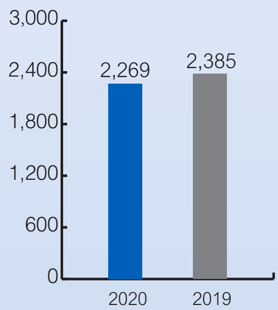
MAP (USD/tonne)



Lead concentrate (USD/tonne)



Zinc concentrate (USD/tonne)



MARKET REVIEW AND PROSPECTS

MARKET REVIEW ON EACH METAL SEGMENT IN 2020

(1) Copper market

The Company mainly sells both copper concentrate and copper cathode to the international markets. Due to the outbreak of COVID-19 pandemic in the first quarter of 2020, the global copper market sentiment deteriorated rapidly, coupled with the tightening of U.S. dollar liquidity, leading to a significant drop in copper prices. Since late March in 2020, benefiting from the stimulus of monetary policies and fiscal policies of major global economies, the liquidity has greatly improved and the market confidence has been gradually rebuilt. Inflation brought about by economic stimulus would also cause hidden ascending of the prices of all products. In addition, the Politburo meeting held at the end of July 2020 set the tone for the economy in the second half of the year. Under the complex and severe external economic and political situation, the government would continue to intensify the implementation of macroeconomic policies and adhere to "domestic circulation" and the policy to boost domestic demand. The issuance of government's special debt is expected to continue to support infrastructure projects in the first half of 2021. All of these will benefit the non-ferrous metal industry. As the world's most important copper consumer, China has rapidly recovered its economic activities, especially with the massive issuance of special bonds by Chinese local governments, and the demand for infrastructure continues to exceed expectations, which benefits the demand for copper materials such as low-voltage cables and photovoltaics. According to data from the China Association of Automobile Manufacturers, the automobile sales of China has also rebounded rapidly, and monthly output has continued increasing year-on-year. At the same time, the continued spread of the epidemic overseas, especially in Latin America, has caused major copper-producing countries such as Chile, Peru, and Mexico to continue reducing production in the second and third quarters. According to Wood Mackenzie's statistics, the global mine production has been reduced by more than 500,000 tonnes due to the epidemic, accounting for more than 2% of the global total. Under such influence, the domestic processing fee for copper concentrate dropped to around USD 50 per dry basis, which affected the enthusiasm of smelters for production. The scrap copper imports of China also fell sharply year-on-year due to the drop in import approvals. The combination of exceeding-expected consumption and continuous supply cuts has made the global copper cathode inventory reach its lowest level in recent years in the third quarter. At the same time, the U.S. dollar index has continued to decline, which also raised the operating range of copper prices in a continuous manner. Copper prices on the London Metal Exchange have risen from a low of USD4,371 tonne during the year to over USD8,000 tonne at the end of the year.

(2) Cobalt market

In 2020, the fluctuation of cobalt price is narrowed. Global cobalt supply and demand fluctuated in stages due to the epidemic. In the first half of the year, market concern about the supply risk due to the hindered logistic transportation boosted the price of metal in a short term. However, as the impairment of the demand for traditional alloy catalysts gradually became apparent, the cobalt metal was significantly surplus. In the second half of the year, the purchase and storage news improved the fundamental expectations of cobalt, but the recovery of overseas new energy vehicles and the order shift effect of traditional consumer electronics also boosted the demand for cobalt salt of Chinese midstream companies. Hence the price of cobalt metal slowly recovered, and the price coefficient of cobalt intermediates rose steadily.

(3) Molybdenum market

The major molybdenum product of the Company is ferromolybdenum, which is sold mainly in the domestic market in China. In 2020, due to the production suspension in certain mines, environmental supervision, and national economic stimulus, the domestic supply of molybdenum raw materials fell by 0.98% year-on-year, and the terminal demand for molybdenum increased by 7.86% year-on-year. However, due to the international pandemic outbreak and the soaring copper price, international low-priced molybdenum raw materials flowed into the domestic market substantially, and the domestic annual net import of molybdenum raw materials reached as high as 44,800 tonnes of molybdenum, and the newly added domestic social inventory reaching about 31,000 tonnes of molybdenum, which resulted in the average prices of molybdenum concentrates and ferromolybdenum in domestic market falling by varying degrees. During the year, the price of molybdenum concentrate (47.5% Mo) ranged from RMB1,220 to 1,790/metric tonne unit with an average price of RMB1,453/metric tonne unit, approximately down 18.14% year-on-year; the price of ferromolybdenum ranged from RMB84,000 to 125,000/tonne with an average price of RMB99,900/tonne, approximately down 16.61% year-on-year.

There has been a sharp decline of global manufacturing investments under the influence of the epidemic in 2020. The price war between the two major oil industry giants, Saudi Arabia and Russia, has led to a sharp drop in crude oil prices, resulting in an obvious shrinkage in international molybdenum demand and continuously driving molybdenum prices downward. In 2020, the average price of molybdenum oxide of MW (US Metals Week) was USD8.7/pound of molybdenum, representing a year-on-year decrease of 23.28%. The lowest price was USD6.8/pound of molybdenum, and the highest price was USD11/pound of molybdenum.

(4) Tungsten market

The major tungsten products of the Company are tungsten concentrate and ammonium paratungstate ("**APT**"), which are sold in the domestic market in China. In 2020, the tungsten industry has been in the status quo of overcapacity, oversupply and destocking for a long time. Under the pressure of weakening demand and difficulty in destocking, the tungsten market as a whole showed a trend of first rising and then declining with certain small fluctuations. In the first half of the year, the market price of tungsten showed a downward trend as a whole. In the first quarter, affected by factors such as the pandemic, delays in resumption of work and poor logistics, there was a partial shortage of market supply, and APT prices quickly soared to the highest point of the year above RMB140,000/tonne. With the initial results of the pandemic control and the gradual resumption of production of tungsten mines and smelters, the supply-side tension eased to some extent. However, during the same period, the international pandemic broke out, export demand plummeted, and the terminal demand represented by the automobile industry also experienced a precipitous decline, leading the contradiction between market supply and demand to rapidly intensified and the APT market price fell all the way to the lowest level of the year (around RMB115,000/tonne). After entering the second quarter, the raw material end increasingly tended to hold and was reluctant to sell as the price of concentrates had fallen to the cost line of the mine. On the other hand, the tradable supply of tungsten in the market dropped with the continuous increase of production suspension as well as reductions of smelting companies due to price inversions. Hence the domestic tungsten prices began to bottom out and rebound. In the second half of the year, domestic terminal demand continued to improve, accompanied by the impact of bargain purchases by trading companies and the entry of social funds, the spot market tended to be tight in supply, the tungsten market as a whole showed a slow recovery trend, and tungsten prices gradually rose. However, export demand experienced a "freezing point" and was difficult to recover in the short term, hence large domestic tungsten companies gradually shifted their key sales area to China. Downstream powder and cemented carbide companies were vying to grab orders for sales. Therefore, the upward path of tungsten prices had become increasingly slow.

In 2020, the average price of wolframite concentrate was RMB1,290/metric tonne unit, down by 4.59% year on year; the average price of APT was RMB127,600/tonne, down by 5.76% year on year.

According to the data of the UK's Metal Bulletin, the average price of APT in the European market in 2020 was USD225.9/metric tonne unit, representing a year-on-year decrease of 1.78%. The lowest price throughout the year was USD205/metric tonne unit, and the highest was USD245/metric tonne unit.

(5) Niobium market

In 2020, the successive outbreak of COVID-19 pandemic in China and abroad caused a significant decline in global niobium demand, which was confirmed from the side by the fact that the export volume of ferroniobium from Brazil, the main producer of ferroniobium around the world, fell by 32.85% year-on-year. However, with the effective and strong response of the Chinese government, the domestic pandemic quickly returned to a controllable extent, accompanied by the rapid advancement of new 5G and new urbanization construction under a number of economic stimulus plans, making the domestic economy recover rapidly and lead the world. The annual crude steel output even reached a record high of 1.065 billion tonnes, maximizing the demand for ferroniobium in the domestic market. Statistics shows that the domestic demand for ferroniobium in 2020 is about 30,300 tonnes, representing a year-on-year decrease of 23.29%. Based on this, it can be seen that the recovery speed of domestic ferroniobium demand is significantly better than that of other global markets.

(6) Phosphates market

The annual output of soybeans and corn, Brazil's main domestic crops, was not affected by the COVID-19 pandemic, and may even be higher than before. Despite the relatively low price of fertilizers in Brazil in 2020, the total delivery volume of fertilizers in Brazil was still higher than that in 2019. In 2020, the benchmarking price of MAP in Brazil according to Argus Media dropped by 6.13% compared with that of 2019 (from USD359/tonne to USD337/tonne). In the first quarter of 2020, due to insufficient seasonal demand and global oversupply, international fertilizer demand slowed down. From the second quarter, due to the impact of the pandemic, many countries restricted production activities, and the major phosphate fertilizer manufacturers around the world reduced or stopped production, making the previous stock depleted well. As demand continued to pick up, phosphate fertilizer prices began to maintain stale and gradually rebounded. From January to December 2020, the actual price of MAP increased by 35%, reaching USD396/tonne.

(7) Mineral trading market

Copper concentrate: At the end of 2019, most market participants agreed on the expectation that the supply of copper concentrates in 2020 would be much shorter than that in 2019. Both the supply and demand sides set a benchmark TC/RC of 62/6.2 for the year of 2020, which was at a historical low. With the spread of the pandemic in the first quarter of 2020, major smelters in China, overseas smelters, as well as the mines in major copper supply regions such as Chile, Peru and Africa reduced their production. The short-term fundamental reversal caused spot TC/RC to quickly rebounded to 70/7.0 or above from the price of 50/5.0 at the beginning of the year. In the second quarter, China gradually resumed normal economic activities. The production reduction in global mines was far more than that in smelters, and the net supply reduction of copper concentrate with the amount of 350,000 tonnes of metal copper caused a global supply shortage that was even more serious than expected at the end of 2019. The spot processing fee dropped to around 50/5.0. As the domestic economy took the lead in recovering and realized positive growth, and smelters continued to produce at full capacity, accompanied by the restriction on the import of certain raw materials, the supply shortage continued from the second quarter to the end of 2020, and the spot processing fee fell to around 45/4.5. At the end of 2020, both the supply and demand sides determined that the 2021 benchmarking processing fee was 59.5/5.95, which was relatively consistent with the general consensus of market participants. It was expected that the short-term supply shortage trend would continue until the middle of 2021 when certain new mines were put into operation.

Zinc and lead concentrate: At the beginning of 2020, the overall supply of zinc-lead ore in the global market was relatively surplus. Due to the outbreak of pandemic, some domestic mines in China suspended the production, which dragged down TC from a high point. With the spread of the epidemic, overseas mines began to cut production or halt production under the pressure of the COVID-19 pandemic and cost, which also severely affected the international transportation market. During this period, China's economy recovered strongly, and the demand for raw materials from smelters remained strong. The order quantity far exceeded that of previous years, and processing fee continued the decline trend. In the third quarter, with the gradual recovery of the supply side, the TC maintained stable and rebounded. In the fourth quarter, smelters increased their purchases for winter storage, and TC fell again.

Refined metal: The market experienced severe volatility in 2020. In the initial stage of the outbreak of the pandemic, China's economy paused suddenly, and the market was extremely pessimistic. Metal prices fell deeply, and the demand plummeted precipitously. In the second quarter, as China took the lead in resuming production and work and launching a series of economic stimulus measures, the demand rebounded further and lifted metal prices, and also drove a large amount of imports of copper, aluminum, zinc and other metals. The spread of the pandemic overseas led to restricted transportation and high inventories, making LME have a positive basis structure. There were some full carry opportunities because of the widened contango in LME futures markets for copper, aluminum, lead, zinc and nickel. With the recovery of industrial activities and consumer demand, the Asian manufacturing industry had been boosted, the container freight market rose further, and the sea freight capacity gap continued until the end of the year.

Special metals: According to the unified arrangement of the Company, IXM started to trade in niobium and cobalt, which continuously expanded the market influence. The pandemic in 2020 caused a serious mismatch in the global logistics chain. IXM actively faced challenges and successfully seized trading opportunities. In the post pandemic era, the implementation of economic stimulus measures by governments of various countries would have an impact on the development of the future industrial market and continue to provide trade opportunities for IXM.

MARKET PROSPECTS FOR EACH METAL SEGMENT FOR 2021

(1) Copper market

In 2021, due to the recovery of output damaged by the pandemic and the commissioning of new projects, it is expected that the global copper supply will improve compared with 2020, but there is still uncertainty about the progress of the recovery. Affected by the marginal weakening effect of fiscal stimulus, the growth rate of China's copper demand is expected to slow down, but the overall strength is still sustainable. Overseas demand affected by vaccination may rebound significantly. After the implementation of China's new national standard for Secondary copper, imports will increase significantly. In general, it is expected that the supply and demand of the electrolytic copper market in 2021 will be slightly looser than in 2020. However, as the initial inventory of electrolytic copper and copper concentrates are both at a low level, we shall be alert to the risks and uncertainties brought by the pandemic and vaccines. The relative weakness of the U.S. dollar will still support the copper prices. China's stimulus policy will not make a "swift turn", which will also help maintain market sentiment and physical consumption.

(2) Cobalt market

In 2021, it is expected that the global cobalt market will generally maintain a balance under the recovery of both supply and demand. On the supply side, new and expansion projects will release capacity in a steady manner, but the impact of the pandemic on logistics and transportation may be repeated. On the demand side, the European new energy vehicle market is expected to grow strongly under carbon emission requirements, and North America will continue to pay more attention to the development of clean energy. In the short term, the Chinese market will face the expansion of the market share of lithium iron phosphate batteries, which will help the popularization of electrification. However, the car models equipped with nickel-cobalt-manganese ternary high-energy-density batteries will continuously appear in the market, which is still the long-term development direction. In addition, consumer electronics will benefit from the popularization of 5G base stations and the expansion of the new consumer electronics market. During the 14th Five-Year Plan period, energy storage market demand prospects of China will be promising. The cobalt prices in the medium and long term still have an upward range.

(3) Molybdenum market

In 2020, with the outbreak of the COVID-19, the global economy began to fall into the worst economic recession since the Great Depression in the last century. The steep deteriorating manufacturing investments at home and abroad have caused the global demand for molybdenum products to weaken, especially in the international market. China might be the only country to see some positive growths in the end. Taking into account the government's determination to stimulate the economy, investment in railway, highway and infrastructure construction will continue to increase. In particular, in the first half of this year, more than RMB2 trillion new special bonds were issued across the country, and the approval and construction progress of a large number of key projects were accelerated, which will benefit the overall demand for steel. It is expected that the crude steel output of China will reach a historical peak of 1.05 billion tonnes. According to the information published on the industry website, international major associated molybdenum mines are obviously expected to reduce production in 2021. Although the global oversupply of molybdenum is about 22,300 tonnes in 2020, taking into account the acceleration of infrastructure investment and construction in the later period, as well as the expected recovery of molybdenum consumption demand led by international market demand in the post pandemic era, it is expected that the global molybdenum market is expected to remain stable in 2021.

(4) Tungsten market

In 2020, with the continuous tightening of environmental protection supervision, the grade decline of tungsten ore resources, the reserve decline of large tungsten mines, the level-by-level strengthening of the safety entry threshold for regional small mines, the overall raised operational costs of mines, the rigid increasing costs of mining of tungsten ore and the overall trend of steady decline in the domestic tungsten concentrate output will become more obvious, which would gradually consume the surplus inventory of 2020 and facilitate the healthy rise of the price of primary tungsten products. In terms of domestic economic development trends, under the influence of increasing infrastructure investment and the in-depth development of the "Belt and Road", the country vigorously promotes the upgrade of the high-tech industry and equipment manufacturing industry, domestic tungsten market demand is expected to rebound with the strong support of the above policies. Although tungsten exports suffered a setback in 2020, the macro-cycle recovery after the overseas pandemic will also boost the export-oriented tungsten market.

(5) Niobium market

In 2020, the COVID-19 pandemic has caused Chinese manufacturing activities to contract sharply and the downstream consumption drop below the freezing point in the first quarter, but with various supportive measures that the Chinese government has launched, to promote the economic stability including large amount of liquidity being released to restore financial system and market confidence as well as quicker approvals of local government bonds, domestic infrastructure construction and manufacturing activities showed a faster rebound in the second quarter, and have been operating stably until the end of the year. This will contribute to more consumption of ferroniobium to some extent. In addition, due to the drop of about 2,500 metal tonnes of the estimated apparent inventory of current domestic niobium market, the unbalanced supply-demand relationship in the previous period became gradually stabilized, and the domestic ferro-niobium price in 2020 only declined slightly under the background of the impact of the pandemic. With the demand recovering further, it is expected that the price of ferroniobium will maintain stable and recover gradually in 2021.

(6) Phosphates market

The demand for phosphate will increase by approximately 2.4% in 2021, according to the International Fertilizer Association (IFA). The strong agricultural fundamentals in the United States, Brazil and India will boost the demand for chemical fertilizers in order to achieve a higher level of food production. In addition, compared with 2020, the level of chemical fertilizer inventories at the beginning of 2021 is low, mainly concentrated in India and China. Compared with the extremely low demand at the beginning of 2020, the market is expected to be more balanced in 2021. For the long run, IFA forecasts an annual average demand growth of chemical fertilizer of approximately 1.1%, based on driving factors such as population growth, food per capita consumption improvement and limitations in resources for agriculture, such as water and fertile soils.

(7) Mineral trading

Copper concentrates: Limited logistics and rising metal demand led to strong demand of China's smelters. In the first quarter of 2021, the spot TC/RC remained at around 40/4.0, and the tense situation in the spot market may continue till the middle of the year. In the second half of 2021, it is expected that certain new mine projects will expand production and start operation, however, the seldom increase of smelting capacity and major smelters' large-scale maintenance plans may slow down the demand. Therefore, under the premise that the mine resumes production and new projects are put into production on schedule, the shortage of copper concentrate market supply will be alleviated to some extent compared to 2020, and the supply and demand will tend to balance. The TC/RC is expected to go upwards, but the following dynamic factors need to be paid attention: the impact of the aftermath of the COVID-19 pandemic on the normal production, expansion and reaching designed capacity of major copper mines, and potential labor disputes in South American countries that have suffered economic trauma.

Zinc and lead concentrates: In the first quarter of 2021, mine productions in northern China have been reduced seasonally, and lead and zinc ore TC remained low. With the gradual recovery of domestic and overseas mine supply, it is expected that the supply and demand market of lead and zinc concentrate will tend to balance, and the processing fee may rise slowly.

Refined metals: In 2021, the macro economy will have a dominant impact on prices. It is expected that there will be import opportunities for refined metals such as copper, aluminum and zinc in China. With the recovery of demand abroad, the spot market will also be supported.

Specialty metals: In 2021, the fundamentals of battery metals are still strong, which will obviously promote the demand for cobalt and nickel products; with the implementation of government stimulus measures and infrastructure bills, the prospect of demand for ferroniobium from the steel industry will also be seen. IXM will continue to maintain positive expectations for the development of electric vehicles and a low-carbon, clean energy environment, continue to consolidate and increase the market share of speciality metals trading, and accelerate the expansion of overseas markets. IXM will pay close attention to the macroeconomic situation after the epidemic and various uncertainties in the market.

BUSINESS REVIEW AND PROSPECTS

2020 BUSINESS REVIEW ON ALL METAL SECTORS

1. Mineral exploration and processing

1. Copper and cobalt sector

During the reporting period, TFM Copper/Cobalt Mine achieved a production volume of 182,597 tonnes of copper metal, and 15,436 tonnes of cobalt metal.

2. Molybdenum and tungsten sector

During the reporting period, the Company realized a production volume of molybdenum metal of 13,780 tonnes, and tungsten metal of 8,680 tonnes (excluding Yulu Mining). Production volume of iron concentrate (65% content) reached 195,500 tonnes.

3. Niobium and phosphate sector

During the reporting period, Brazil achieved a production volume of phosphate fertilizers (high concentration fertilizer and low concentration fertilizer) of 1.09 million tonnes and niobium metal of 9,300 tonnes.

4. Copper and gold sector

During the reporting period, where calculated based on 80% of equity interests, NPM achieved a production volume of copper metal of 26,997 tonnes and gold of 20,897 ounces.

2. Mineral trading

During the reporting period, IXM achieved a physical trading volume (sales volume) of metal mineral of 2.74 million tonnes and 2.60 million tonnes of refined metal.

OPERATION REVIEW FOR THE YEAR OF 2020

1. Overcoming the adverse effects of the pandemic and stabilizing the production and operation of each business segment

At the beginning of 2020, the sudden outbreak of COVID-19 pandemic brought a huge impact on the economy and the order of production and life. The Company immediately established a pandemic prevention and control leading group to coordinate the deployment of prevention and control response measures, study and formulate prevention and control strategies and emergency plans, and coordinate the allocation of pandemic prevention materials with its advantages of global layout to ensure the safety of employees and the stability of production. Thanks to the effective implementation of various pandemic prevention measures, during the reporting period, the Company's production and operations in various business segments were stable. The copper metal production from the copper and cobalt business in TFM in Congo (DRC) recorded a year-on-year increase of 2.61%, the Brazilian niobium metal production recorded a year-on-year increase of 24.18%. At the same time, in response to the impact of the pandemic on logistics, especially measures such as port closures in South Africa and other countries, the Company relied on IXM's developed logistics network across the globe to quickly adjust transportation routes and seek alternative solutions so as to ensure the overall stability of the transportation of raw materials and finished products.

In response to the uncertainty of global economic development, the Company placed great emphasis on strengthening liquidity management, customer's credit risk management and contractor management, evaluating various extreme situations and conducting stress tests to ensure the continuity and stability of the Company's operations. As of the end of the reporting period, the Company's monetary capital balance was RMB16.9 billion, the net interest-bearing debt ratio was 25.07%, and the unused bank credit and other liquidity reserves were sufficient.

2. Continuously promoting cost reduction and efficiency increase, and taking various measures to improve the level of operations

During the reporting period, the Company continued to promote the implementation of cost reduction and efficiency enhancement plans for each segment. On the one hand, by optimizing the personnel structure and management system, strictly controlling non-productive costs, the Company continuously reduced management expenses, and improved management efficiency. On the other hand, each business segment continued to promote the reduction of cash costs in the mining segment by improving production processes, strengthening on-site fine management, adjusting the supply chain layout, optimizing the procurement of raw materials and spare parts, and saving pharmaceutical consumption. During the reporting period, the production and operation costs of the Company's mining business segments achieved a year-on-year reduction of more than RMB2,930 million in the same caliber. Among them, the Congo (DRC) copper and cobalt sector strengthened on-site management and optimized technical indicators, achieving a reduction of approximately USD365 million in production and operating cash costs, a decrease of US$76 million in cash costs in mining, and a decrease in cash costs of more than USD203 million in smelting; Brazil's Niobium and Phosphorus sector achieved a reduction of USD65.73 million in production and operation costs by optimising processes, strengthening daily management, and reducing energy consumption. The China business achieved a year-on-year reduction in production and operating cash costs of over RMB111 million by continuously strengthening technological innovation, optimizing production process and taking advantage of preferential policies during the pandemic. The above series of measures to reduce costs and enhance efficiency continued to enhance the Company's core competitiveness, especially during the special period of the pandemic, which helped the Company continuously optimize its cost structure, maintain a stable profitability level, and improve its ability to resist risks.

3. Promoting the upgrading of the organizational structure, and initially forming a global integrated management structure

The Company adhered to the business philosophy of "meritocracy, cost control, continuous improvement, and achievement sharing", and continued to promote organizational upgrading and cultural rebuilding. During the Reporting Period, the Company adjusted the positions of chairman, president, etc., and completed the establishment of an operation management team with the president as the core. The functions and personnel of the headquarters were gradually put in place, and the globally integrated management and control structure was basically established. Relying on the extensive experience of the new management team in corporate management, cost control and cultural construction, as well as the good development momentum maintained despite the impact of the pandemic under its leadership, and based on the successful experience of TFM, the Company further promoted the export of Chinese management models to Brazilian mining areas, and strived to explore the international development road of Chinese corporates. Cultural construction is the cornerstone to ensure the Company's long-term stable development. With the continuous deepening of the Company's global layout, the Company has established a new mission and vision, and vigorously advocated the values of pursuit of excellence, openness and transparency, truth seeking, solidarity and cooperation, gradually forming its company culture with the characteristics of major shareholders, CMOC's characteristics and mining feature. Relying on the soft power of corporate culture, the Company has made new progress in attracting outstanding talents and stimulating entrepreneurial passion, made continuous improvement of team cohesion and combat effectiveness, which is conducive to the realization of strategic development goal of combining endogenous and exogenous factors.

4. Relying on technological innovation and process innovation to continuously optimize production and operation

During the reporting period, continuously adhering to the orientation of technological innovation, relying on the unique, long-life, low-cost, and high-quality assets full of development potential, the Company carried out a series of project development, technology improvement, process research and transformation projects, and achieved good effect. In the Congo (DRC) copper and cobalt segment, through a series of technological transformation projects such as hard rock crushing, cobalt drying, and lime plant, the recovery rate, product quality and other process technical indicators were comprehensively enhanced; at the same time, the Company actively overcame the impact of the pandemic, promoted the construction progress of energy and efficiency enhancement projects, and sped up the development of sulfide ore and the utilization and research of low-grade resources. In China's tungsten and molybdenum segment, the Company optimized its management system, so that Sandaozhuang Molybdenum and Tungsten Mine's recovery rate saw a year-on-year increase and its equipment operation rate continued to rise; the Company further promoted the construction of smart mines and unmanned mines, to improve automation management and operation level by utilizing advanced technologies such as 5G and electric mineral trucks, so as to further save manpower and energy consumption, and use the digital technology to rejuvenate the ancient industry.

5. Gradually exerting the synergistic effect of mining and trading sectors, and recording excellent performance in trading business

During the reporting period, the Company gradually realized the integration of IXM's overseas sales business, and built an overseas sales platform. Relying on IXM's comprehensive global supply chain and customer system, and leveraging IXM's advantages of its global sales network and logistics warehousing system, the Company accelerated business integration and resource sharing to tap new profit growth points. Especially under the background that the COVID-19 pandemic caused a great impact on global logistics, IXM effectively combated sudden risks with its perfect risk management system and stable operation style and the operation model integrating spot and futures, and achieved good results. During the reporting period, IXM achieved a net profit attributable to the parent company of RMB0.772 billion. After the completion of the merger, IXM and the Company's original mining segments further promoted their integration in corporate culture, resource sharing, cost reduction and efficiency enhancement.

6. Improving the overall asset quality and realizing the value enhancement of the Company

During the reporting period, despite the challenges and restrictions on the global investment and acquisition business due to the pandemic, the Company still actively explored the path of development and looked for opportunities to improve global asset allocation. The Company obtained USD550 million in cash through NPM gold streaming transactions and realized part of the value of the Australian copper and gold business by use of the market sentiment, which fully reflected the advantages of the Company in the diversity of its Australian products, mine life and operation stability. The Company also acquired the undeveloped KFM copper cobalt mine project in DRC, which further consolidated the Company's position in the field of battery metals and electric vehicles while expanding the mine resource reserves of the Company, enabling the Company to contribute to the transformation of the global energy industry. The Company will also give full play to its experience in the stable operation of TFM mines to provide security for all stakeholders (including government and local communities in the DRC) and ensure that the Company will develop and manage projects in accordance with international advanced industry standards.

Through the innovative business model, the Company further enhanced its capital strength. Such measures are conducive to the Company's implementation of active capital structure management strategies, providing sufficient liquidity support for the future development strategy of endogenous growth and extensional expansion.

BUSINESS REVIEW AND PROSPECTS

2021 BUSINESS PROSPECT

The budget of the production volume of major products of each business segment of the Company for 2021 is estimated as follows:

1. Copper and cobalt business:

Estimated copper metal output from 187,300 tonnes to 228,900 tonnes, and estimated cobalt metal output from 16,500 tonnes to 20,100 tonnes.

2. Molybdenum and tungsten business:

Estimated molybdenum metal output from 13,800 tonnes to 16,900 tonnes, of which joint venture Fuchuan Mining's molybdenum metal output from 3,800 tonnes to 4,600 tonnes, and estimated tungsten metal output from 6,900 tonnes to 8,400 tonnes (excluding Yulu Mining).

3. Copper and gold business (calculation on 80% equity):

Estimated NPM copper metal output from 24,100 tonnes to 29,400 tonnes, and gold output from 21,300 ounces to 26,000 ounces.

4. Phosphate business:

Estimated niobium metal output from 8,700 tonnes to 10,600 tonnes, and estimated phosphate fertilizer (high concentration fertilizer + low concentration fertilizer) output from 0.999 million tonnes to 1.221 million tonnes.

5. Mineral trade business:

Physical trade volume from 4.79 million tonnes to 5.85 million tonnes.

The above budgeted targets are based on the judgement of current economic environment and expected economic development trend. Whether it may realize or not depends on the macro-economic environment, industry development, market circumstance, efforts of the management team of the Company and other factors, which is subject to uncertainty. The Board decided to apply for the authorization at the general meeting of the Company to adjust the above budgeted targets as appropriate based on the market conditions and the business of the Company.

The above budgeted targets do not constitute substantive commitments to investors, and investors shall exercise caution about investment risk.

OVERVIEW

During the reporting period, the Company's net profit increased from approximately RMB1,765.85 million for 2019 to approximately RMB2,478.64 million, which increased by approximately RMB712.79 million or 40.37%. Among others: net profit attributable to shareholders of the parent company amounted to approximately RMB2,328.79 million, representing an increase of approximately RMB471.78 million or 25.40% from approximately RMB1,857.01 million as of the end of 2019. The main reason is that the Company completed the merger and acquisition of IXM on 24 July 2019, and the basic metal trading business increased year on year during the period. During the merger period, the profitabilities of mining and processing business increased..

PRINCIPAL BUSINESSES BY INDUSTRY, PRODUCT AND REGION

Unit: Yuan Currency: RMB

Principal businesses by industry

By industry	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase or decrease in operating revenue as compared to last year *(%)*	Increase or decrease in operating cost as compared to last year *(%)*	Increase or decrease in gross profit margin as compared to last year *(%)*
Mineral exploration and processing	18,476,618,429.88	13,581,602,691.14	26.49	-4.06	-7.82	Increased by 2.99 percentage points
Mineral trading *(Note)*	94,069,733,756.29	90,613,743,963.89	3.67	91.29	78.88	Increased by 6.68 percentage points
Others	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	Decreased by 42.36 percentage points

Principal businesses by product

By product	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase or decrease in operating revenue as compared to last year *(%)*	Increase or decrease in operating cost as compared to last year *(%)*	Increase or decrease in gross profit margin as compared to last year *(%)*
Mineral exploration and processing						
Molybdenum and tungsten	3,550,860,438.37	2,225,528,480.14	37.32	-21.19	4.59	Decreased by 15.45 percentage points
Copper and gold	1,436,122,875.79	1,015,888,358.55	29.26	8.59	-1.46	Increased by 7.21 percentage points
Niobium and phosphate	5,195,268,644.58	3,697,504,188.69	28.83	1.88	-1.59	Increased by 2.51 percentage points
Copper and cobalt	8,294,366,471.14	6,642,681,663.76	19.91	-0.45	-15.03	Increased by 13.74 percentage points
Mineral trading *(Note)*						
Mineral metals	39,155,090,529.66	36,172,326,227.21	7.62	183.60	135.73	Increased by 18.76 percentage points
Refined metals	54,914,643,226.63	54,441,417,736.68	0.86	55.26	54.18	Increased by 0.69 percentage points
Others	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	Decreased by 42.36 percentage points

Principal businesses by region

By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase or decrease in operating revenue as compared to last year (%)	Increase or decrease in operating cost as compared to last year (%)	Increase or decrease in gross profit margin as compared to last year (%)
Mineral exploration and processing						
China	3,550,860,438.37	2,225,528,480.14	37.32	-21.19	4.59	Decreased by 15.45 percentage points
Australia	1,436,122,875.79	1,015,888,358.55	29.26	8.59	-1.46	Increased by 7.21 percentage points
Brazil	5,195,268,644.58	3,697,504,188.69	28.83	1.88	-1.59	Increased by 2.51 percentage points
DRC	8,294,366,471.14	6,642,681,663.76	19.91	-0.45	-15.03	Increased by 13.74 percentage points
Mineral trading *(Note)*						
China	12,728,275,521.19	13,089,152,972.49	-2.84	-2.84	5.57	Decreased by 8.20 percentage points
Outside China	81,341,458,235.10	77,524,590,991.40	4.69	125.47	102.64	Increased by 10.73 percentage points
Others						
China	4,185,414.40	4,210,093.84	-0.59	-89.00	-80.99	Decreased by 42.36 percentage points

EXPLANATION TO PRINCIPAL BUSINESSES BY INDUSTRY, PRODUCT AND REGION

Notes:

1. IXM is engaged in the metal trading business which combines the futures and spot commodities. The Group only included the corresponding cost of the spot commodities in accordance with the requirements of the Accounting Standards for Enterprises when calculating the operating cost of the metal trade; the profit and loss related to the futures business is recognized in gains in fair value change.

2. On 24 July 2019, the Company completed the merger and acquisition of IXM, and the basic metal trading business during the merger period recorded year-on-year increase.

ANALYSIS OF PRODUCTION AND SALES VOLUME OF PRINCIPAL PRODUCTS

Principal products	Unit	Production volume/ procurement volume	Sales volume	Inventory volume	YoY increase or decrease of production volume/ procurement volume as compared to last year (%)	YoY increase or decrease of sales volume as compared to last year (%)	Increase or decrease of inventory volume as compared to the end of last year (%)
Mineral exploration and processing *(Note 1)*							
Molybdenum	Tonnes	13,780	13,641	1,510	-7.63	-8.87	-13.52
Tungsten	Tonnes	8,680	8,590	870	-19.04	-20.04	-33.32
Niobium	Tonnes	9,300	9,674	3,181	24.18	29.79	18.86
Phosphate fertilizer (HA+LA)	Tonnes	1,090,740	1,140,756	147,159	-0.63	8.53	-24.67
Copper (TFM)	Tonnes	182,597	185,680	37,700	2.61	16.69	17.37
Cobalt	Tonnes	15,436	17,333	11,645	4.11	14.56	220.82
Copper (80% equity interest of NPM)	Tonnes	26,997	27,157	572	-5.58	-6.97	-62.03
Gold	Ounces	20,897	21,553	/	5.64	7.26	/
Mineral trading							
Mineral metals *(Note 2)*	Tonnes	2,856,000	2,736,000	370,551	135.20	157.63	-21.32
Refined metals *(Note 3)*	Tonnes	2,798,200	2,599,459	453,776	96.78	81.07	44.02

Note 1: Data relating to production volume, sales volume and inventory in the mining and processing stage of the mines is the data of each mine.

Note 2: The primary products of metal minerals, mainly are the concentrates.

Note 3: The smelting of metal minerals and chemical products.

COMPONENT OF COST OF PRINCIPAL PRODUCTS

Unit: RMB'000

By Industry

By industry	Component of cost	Amount for the current year	Percentage over total cost for the current year (%)	Amount for last year	Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)
Mineral exploration and processing	Materials	5,735,124	40.84	7,441,821	48.16	-22.93
	Labour	1,544,223	11.00	1,587,884	10.28	-2.75
	Depreciation	3,748,701	26.69	3,347,840	21.67	11.97
	Energy	690,865	4.92	757,474	4.90	-8.79
	Manufacturing fees	2,324,708	16.55	2,317,077	14.99	0.33
Mineral trading	Purchase cost	99,793,383	100.00	51,847,507	100.00	92.47

COST ANALYSIS

By Product

By product	Component of cost	Amount for the current year	Percentage over total cost for the current year (%)	Amount for last year	Percentage over total cost for last year (%)	Percentage of changes in amount as compared to last year (%)
Mineral exploration and processing						
Molybdenum and tungsten related products	Materials	856,265	41.87	667,142	36.50	28.35
	Labour	330,645	16.17	316,691	17.32	4.41
	Depreciation	155,575	7.61	152,266	8.33	2.17
	Energy	237,552	11.62	237,253	12.98	0.13
	Manufacturing fees	464,903	22.73	454,615	24.87	2.26
Copper and gold related products	Materials	184,138	18.82	193,320	19.54	-4.75
	Labour	160,270	16.38	143,671	14.52	11.55
	Depreciation	391,579	40.03	400,910	40.52	-2.33
	Energy	111,042	11.35	122,424	12.37	-9.30
	Manufacturing fees	131,150	13.42	129,043	13.05	1.63
Niobium and phosphate related products	Materials	916,094	26.49	1,107,697	29.99	-17.30
	Labour	481,150	13.91	610,586	16.53	-21.20
	Depreciation	728,618	21.07	560,436	15.17	30.01
	Energy	122,604	3.55	185,146	5.01	-33.78
	Manufacturing fees	1,209,313	34.98	1,230,229	33.30	-1.70
Copper and cobalt related products	Materials	3,778,627	49.96	5,473,662	61.22	-30.97
	Labour	572,159	7.57	516,936	5.78	10.68
	Depreciation	2,472,930	32.70	2,234,228	24.99	10.68
	Energy	219,666	2.90	212,650	2.38	3.30
	Manufacturing fees	519,342	6.87	503,189	5.63	3.21
Mineral trading						
Mineral metals *(note)*	Purchase cost	36,582,556	100.00	15,344,493	100.00	138.41
Refined metals *(note)*	Purchase cost	63,210,827	100.00	36,503,014	100.00	73.17

Note: On 24 July 2019, the Company completed the merger and acquisition of IXM, and the length of consolidated period for basic metal trading business increased year-on-year during the period.

OPERATING INCOME

For the year ended 31 December 2020, the operating income of the Group amounted to approximately RMB112,981.02 million, representing an increase of approximately RMB44,304.45 million or 64.51% from approximately RMB68,676.57 million for the same period in 2019, mainly due to the completion of merger and acquisition of IXM on 24 July 2019 and the increase of fundamental mineral trading business for the current period as compared to the same period last year during the merger period.

OPERATING COSTS

For the year ended 31 December 2020, the operating costs of the Group amounted to approximately RMB104,536.01 million, representing an increase of approximately RMB38,930.32 million or 59.34% from approximately RMB65,605.69 million for the same period in 2019, mainly due to the completion of merger and acquisition of IXM on 24 July 2019 and the increase of fundamental mineral trading business for the current period as compared to the same period last year during the merge period.

RESEARCH AND DEVELOPMENT EXPENSES

For the year ended 31 December 2020, research and development expenses of the Group amounted to approximately RMB173.58 million, representing a decrease of approximately RMB94.74 million or 35.31% from approximately RMB268.32 million for the same period in 2019, mainly due to a year-on-year decrease in research and development expenses affected by COVID-19.

OTHER INCOME

For the year ended 31 December 2020, other income of the Group amounted to approximately RMB38.18 million, representing an increase of approximately RMB20.89 million or 120.77% from approximately RMB17.29 million for the same period in 2019, mainly due to a year-on-year increase in government grants received in relation to daily activities during the current period.

INVESTMENT INCOME

For the year ended 31 December 2020, investment income of the Group amounted to approximately RMB408.82 million, representing an increase of approximately RMB214.19 million or 110.05% from approximately RMB194.63 million for the same period in 2019, mainly due to a year-on-year increase in investment income held in other non-current financial assets obtained during the current period.

GAINS FROM CHANGES IN FAIR VALUE

For the year ended 31 December 2020, gains from changes in fair value of the Group amounted to approximately RMB -1,915.94 million, representing a decrease of approximately RMB4,619.80 million or 170.86% from approximately RMB2,703.86 million for the same period in 2019, mainly due to a year-on-year increase in losses from changes in fair value of derivative financial instruments during the current period.

IMPAIRMENT LOSSES ON ASSETS

For the year ended 31 December 2020, the impairment losses on assets of the Group amounted to approximately RMB-246.81 million, representing a decrease of approximately RMB208.56 million or 545.32% from approximately RMB-38.25 million for the same period in 2019, mainly due to the recognition of impairment loss on goodwill of the phosphorus business during the current period as compared to the same period last year.

INCOME FROM DISPOSAL OF ASSETS

For the year ended 31 December 2020, income from disposal of assets of the Group amounted to approximately RMB-0.81 million, representing an increase of approximately RMB63.46 million or 98.74% from approximately RMB-64.27 million for the same period in 2019, mainly due to the decrease in loss from disposal of fixed assets during the current period as compared to the same period last year.

NON-OPERATING INCOME

For the year ended 31 December 2020, the non-operating income of the Group amounted to approximately RMB14.69 million, representing a decrease of approximately RMB155.70 million or 91.38% from approximately RMB170.39 million for the same period in 2019, mainly due to the recognition of negative goodwill arising from the merger and acquisition of IXM for the same period last year.

NON-OPERATING EXPENSES

For the year ended 31 December 2020, the non-operating expenses of the Group amounted to approximately RMB85.75 million, representing an increase of approximately RMB52.21 million or 155.66% from approximately RMB33.54 million for the same period in 2019, mainly due to an increase in losses on write-off of fixed assets during the current period as compared to the same period last year.

INCOME TAX EXPENSES

For the year ended 31 December 2020, the income tax expenses of the Group amounted to approximately RMB397.65 million, representing a decrease of approximately RMB194.95 million or 32.90% from approximately RMB592.60 million for the same period in 2019, mainly due to the reorganization of business in Brazil and the exchange rate fluctuation of Brazilian Real against US dollar resulted in a year-on-year decrease in deferred tax expenses.

FINANCIAL POSITION

As at 31 December 2020, the total assets of the Group amounted to approximately RMB122,441.25 million, comprising non-current assets of approximately RMB65,201.60 million and current assets of approximately RMB57,239.65 million. Equity attributable to shareholders of the parent company as at 31 December 2020 decreased by approximately RMB1,910.99 million or 4.68% to approximately RMB38,891.78 million from approximately RMB40,802.77 million as at 31 December 2019.

CURRENT ASSETS

As at 31 December 2020, the current assets of the Group increased by approximately RMB3,062.15 million or 5.65% to approximately RMB57,239.65 million as at 31 December 2020 from approximately RMB54,177.50 million as at 31 December 2019.

NON-CURRENT ASSETS

Non-current assets of the Group increased by approximately RMB2,516.88 million or 4.02% to approximately RMB65,201.60 million as at 31 December 2020 from approximately RMB62,684.72 million as at 31 December 2019.

SCOPE OF RESTRICTED ASSETS

As at the end of the Reporting Period, details of the Group 's major restricted assets are set out in the Note (V) of the Notes to the Consolidated Financial Statements of the financial statements in the 2020 Financial Statements and the Audit Report published by the Company, namely "1. Currency" and "2. "Held-for-trading assets", "5. Receivables financing", "8. Inventories" and "9. Other current assets".

CURRENT LIABILITIES

The current liabilities of the Group increased by approximately RMB7,782.57 million or 22.51% to approximately RMB42,357.94 million as at 31 December 2020 from approximately RMB34,575.37 million as at 31 December 2019.

NON-CURRENT LIABILITIES

The non-current liabilities of the Group decreased by approximately RMB42.80 million or 0.13% to approximately RMB32,748.46 million as at 31 December 2020 from approximately RMB32,791.26 million as at 31 December 2019.

EXPLANATION TO THE BALANCE SHEET ITEMS

Unit: Yuan Currency: RMB

Items	**Balance as at the end of the current period**	**Balance as at the end of the current period as a percentage of total assets** *(%)*	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets *(%)*	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year *(%)*	Explanation
Accounts receivable	**702,193,713.91**	**0.57**	1,510,508,440.50	1.29	-53.51	Receipt of accounts receivable for the current period
Prepayments	**1,405,838,288.25**	**1.15**	1,065,494,520.83	0.91	31.94	Increase in prepayments for procurement for the current period
Other receivables	**1,676,752,484.31**	**1.37**	1,119,039,260.19	0.96	49.84	Increase in deductible tax of niobium-phosphorus business and tax refund receivables of copper-cobalt business for the current period
Other current assets	**5,436,087,014.38**	**4.44**	3,830,180,430.37	3.28	41.93	Increase in fundamental metal trading business deposits for the current period
Long-term equity investments	**1,348,252,898.68**	**1.10**	1,033,168,028.11	0.88	30.50	Capital injection in PT.Huayue Nickel Cobalt (an associate) for the current period
Construction in progress	**3,958,981,388.37**	**3.23**	2,386,791,478.58	2.04	65.87	Increase in investment for construction in progress for the current period
Goodwill	**396,265,256.07**	**0.32**	659,468,043.85	0.56	-39.91	Provision for impairment of goodwill of phosphorus business in the current period
Held-for-trading financing liabilities	**4,291,950,709.21**	**3.51**	3,157,951,924.72	2.70	35.91	Increase in the amount payable for goods designated as held-for-trading financing liabilities in the basic metal trading business in the current period
Derivative financial liabilities	**5,021,779,572.93**	**4.10**	2,640,928,053.07	2.26	90.15	Increase in derivative financial liabilities of fundamental metal trading business for the current period
Accounts payable	**876,914,865.30**	**0.72**	1,944,506,406.62	1.66	-54.90	Decrease in metal trade business payables for the current period
Taxes payable	**845,217,960.37**	**0.69**	399,251,199.18	0.34	111.70	Increase in enterprise income tax payable for copper and cobalt business for the current period

Items	Balance as at the end of the current period	Balance as at the end of the current period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Non-current liabilities due within one year	**5,329,646,086.38**	**4.35**	3,749,103,660.62	3.21	42.16	Transfer of medium-term notes due within one year from bonds payable for the current period
Other current liabilities	**2,159,431,822.36**	**1.76**	1,167,803,612.80	1.00	84.91	Issuance of ultra short-term financing bonds for the current period
Other non-current liabilities	**3,687,709,740.77**	**3.01**	238,141,518.84	0.20	1,448.54	Prepayments received from gold streaming business for the current period
Other comprehensive income	**-3,585,690,161.76**	**-2.93**	-468,588,363.13	-0.40	-665.21	Changes on translation of financial statements in foreign currencies and cash flow hedge reserves.

CONTINGENCIES

(1) Pending litigation

Copper-Cobalt business of the Group in Congo (DRC)

The Group's Copper-Cobalt business in Congo (DRC) may have some lawsuits, claims and liability claims in the daily business. The management considers that the results of such contingencies will not have a material adverse effect on the financial position, operating performance or cash flows of the business based on the information currently available.

The Group's Niobium-Phosphorus business in Brazil

The Group's Niobium-Phosphorus business in Brazil may face with various litigations and disputes in its daily business activities. The management determine the possibility of losing and consequent economic benefits outflow in accordance with the information available and the professional advice of external legal experts. If the possibility of economic benefits outflow were low, the management would determine as contingencies. The results of such contingencies will not have a material adverse effect on the financial position, operating performance or cash flows of the business based on the information currently available.

(2) Guarantees

As at 31 December 2020, the Group provides guarantees for the Australian Northparkes copper and gold mine business to Southwest Welsh government agencies of Australia, with guaranteed amount of AUD47,040,000 (equivalent to RMB235,970,000). The relevant business venture agrees to any liability of the business compulsory executed from this guarantee. As at 31 December 2020, no material guarantee responsibility was undertaken.

In 2020, IXM, subsidiaries of the Group, provided guarantee for a supplier located in China, assisting the supplier to get facility totaling USD50,000,000.00 from the bank. The maximum guarantee undertaken by IXM is limited to 5.0% of the unsettled principal and interest under the credit facility, while bearing no obligations on the remaining principle and interest of the facility. As at 31 December 2020, the Group's guarantee obligation on the utilized facility amounted to USD1,530,000, equivalent to RMB9,980,000 and corresponding interest.

GEARING RATIO

The gearing ratio (total liabilities divided by total assets) of the Group increased to 61.34% as at 31 December 2020 from 57.65% as at 31 December 2019.

CASH FLOW

As at 31 December 2020, cash and cash equivalents of the Group decreased by approximately RMB943.30 million or 7.61% to approximately RMB11,448.95 million from approximately RMB12,392.25 million as at 31 December 2019. For the year ended 31 December 2020, net cash inflow generated from operating activities of the Group was approximately RMB8,492.45 million; net cash outflow from investment activities was approximately RMB9,404.80 million; and net cash inflow generated from financing activities was approximately RMB422.30 million.

The following table sets forth the cash flow position of the Group:

Unit: Yuan Currency: RMB

Item	Amount of current year	Amount of last year	Change amount	Change (%)	Explanation
Cash receipts from sales of goods and rendering of services	124,430,020,607.24	71,786,252,657.57	52,643,767,949.67	73.33	Completion of merger and acquisition of IXM on 24 July 2019 and a year-on- year increase in fundamental metal trading business during the merger period.
Cash payments for goods purchased and services received	112,356,590,717.10	66,328,481,964.48	45,628,108,752.62	69.39	Completion of merger and acquisition of IXM on 24 July 2019 and a year-on-year increase in fundamental metal trading business during the merge period for the current period.
Cash receipts from disposal or recovery of investments	14,828,067,938.53	4,784,176,788.82	10,043,891,149.71	209.94	Year-on-year increase in recovery of structured deposit and wealth management products for the current period.
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	7,621,789,128.23	2,718,622,240.73	4,903,166,887.50	180.35	Year-on-year increase of the cash paid for the purchase and construction of fixed assets, and the payment of the consideration for the acquisition of Kisanfu copper and cobalt mine in the current period.
Cash payments to acquire investments	16,139,927,989.55	5,095,283,003.45	11,044,644,986.10	216.76	Year-on-year increase in purchase of structured deposit and wealth management products for the current period
Net cash payments for acquisitions of subsidiaries and other business units	597,959,999.97	2,069,009,623.30	-1,471,049,623.33	-71.10	Year-on-year decrease in cash payments for acquisition of equity interest of subsidiaries for the current period
Cash payments relating to other investing activities	3,089,577,857.70	2,247,181,202.53	842,396,655.17	37.49	Year-on-year increase of the payment of margin for derivative financial instruments
Cash payments for distribution of dividends or profits or settlement of interests	2,678,785,191.37	4,203,154,203.48	-1,524,369,012.11	-36.27	Year-on-year decrease in the cash paid for the distribution of dividends for the current period
Other cash payments relating to financing activities	4,718,269,511.52	9,667,041,045.09	-4,948,771,533.57	-51.19	Payments for acquisition of 24% equity interest of DRC for the same period last year and year-on-year decrease in repayments of gold lease business during the same period of last year

CAPITAL STRUCTURE

The Group maintains sound capital structure and credit rating by issuing shares or loans to ensure normal production and operating activities. The Group might make adjustments to the capital structure in due course in light of changes in the economic environment by way of borrowing new debts or issuing new shares.

As at 31 December 2020, the equity interests of shareholders of the Company amounted to approximately RMB47.3 billion, among which the equity attributable to shareholders of the parent company was approximately RMB38.9 billion. There was no change in the capital of the Company during 2020.

As at 31 December 2020, the Company issued 21,599,240,583 shares, comprising 17,665,772,583 A shares and 3,933,468,000 H shares.

As at 31 December 2020, details of the Group's borrowing and issuance of bonds are set out in Note (v).22, Note (v).32, Note (v).33 and Note (v).34 to the consolidated financial statements.

FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, financing receivables and accounts receivable, other receivables, other current assets, other equity instrument investment, other non-current financial assets, non-current derivative financial assets, other non-current assets, held-for-trading financial liabilities, derivative financial liabilities, notes and accounts payable, other payables, borrowings, other current liabilities, non-current liabilities due within one year, bonds payable, and other non-current liabilities, etc. Details of these financial instruments are disclosed in Note (V) of the Auditor's Report set forth in this report.

Short-term Borrowings

Details of the Group's short-term borrowings are disclosed in Note (V). 22 of the Auditor's Report set forth in this report.

Long-term Borrowings

Details of the Group's long-term borrowings are disclosed in Note (V). 33 of the Auditor's Report set forth in this report.

Bonds payable

Details of the Group's bonds payable are disclosed in Note (V). 34 of the Auditor's Report set forth in this report.

RESOURCES AND RESERVES

1. BASIC INFORMATION OF PROPRIETARY MINES

As at 31 December 2020, the information of the mineral resources and ore reserves of the Company is as follows:

Name of mine	Main category	Resources *(million tonnes)*	Grade *(%)*	Recoverable Reserve *(million tonnes)*	Grade *(%)*	Annual production volume [3] *(million tonnes)*	Remaining exploitable years of resources [1] *(years)*	Validity period of the exploration right/License *(years)*
Sandaozhuang Molybdenum and Tungsten Mine	Molybdenum	412.18	0.102	202.53	0.106	18.29	11	0.4[7]
	Tungsten	412.18	0.095	202.53	0.126			
Shangfanggou Molybdenum Mine [2]	Molybdenum	459.01	0.139	37.88	0.185	1.91	20	13
	Iron	25.26	18.55	1.33	30.43			
Xinjiang Molybdenum Mine [3], [5]	Molybdenum	441	0.115	141.58	0.139	0	38	24
TFM copper and cobalt mine in the DRC	Copper	851.9	2.9	176.8	2.1	5.54	32	5-14
	Cobalt	851.9	0.29	176.8	0.30			
KFM copper and cobalt mine in the DRC	Copper	365	1.72	/[6]	/	/	/	26
	Cobalt	365	0.85	/	/	/	/	
Brazil Mine area I	Niobium	147.8	1.02	47.8	0.94	3.30	14	20
Brazil Mine area II	Niobium	409.3	0.28	197.10	0.34	5.61	35	31
	Phosphate	409.3	11.71	197.10	12.52			

Basic information about NPM copper and gold mine

Category	Resource *(million tonnes)*	Grade: Copper *(%)*	Grade: Gold *(g/t)*	Grade: Silver *(g/t)*	Annual production *(million tonnes)*	Remaining exploitable years of resources	Validity period of the exploration right/License
Measured	244.88	0.55	0.23	2.01			
Indicated	308.46	0.54	0.18	1.82			
Inferred	57.50	0.57	0.19	1.68			
Category	**Reserve** *(million tonnes)*	**Grade: Copper** *(%)*	**Grade: Gold** *(g/t)*	**Grade: Silver** *(g/t)*	7.40	17	8-16 years
Proven	25.88	0.51	0.27	1.81			
Probable	103.26	0.55	0.22	1.97			
Proven and probable	129.14	0.55	0.23	1.94			

Notes:

(1) Calculation of remaining exploitable years of resources: calculated by dividing the recoverable reserve in the mine under exploration at the end of 2020 by the actual production scale (annual production volume) in 2020. Update on the reserves and changes in the actual production scale (due to technology, equipment, etc.) of the Company will affect the changes in the remaining exploitable years of resources of the Company. The remaining exploitable term of resources of Xinjiang Molybdenum Mine is the designed service term of the mine area.

(2) The Shangfanggou Molybdenum Mine is owned by Fuchuan Mining, a joint venture of the Company. With the approval of the general meeting of Fuchuan Mining, Fuchuan Mining resumed its production in 2019, and its production management rights were delegated to CMOC, with a term of three years until July 2022. Fuchuan Mining's shareholding structure is as follows: a 10% equity interest of which is owned by Luanchuan Fukai Business and Trading Company Limited (欒川縣富凱商貿有限公司), a wholly-owned subsidiary of the Company and a 90% equity interest of which is owned by Xuzhou Huanyu, a joint venture of the Company (the Company holds a 50% equity interest in Xuzhou Huanyu and LMG holds a 50% equity interest in Xuzhou Huanyu).

(3) Resources and reserves of mines are measured under the standard of the Joint Ore Reserves Committee (JORC聯合礦山儲量委員會), except for those of Xinjiang Molybdenum Mine measured under the PRC standard. The above ore resources, including reserves, have been confirmed by internal expert of the Company.

(4) The annual production volume mentioned in the table above was the actual ore consumption (processing volume) during the reporting period, excluding comprehensive utilization amount of tailings.

(5) During the reporting period, no exploration, development or mining activities were conducted in Xinjiang Mine.

(6) During the year, the Company did not conduct any exploration, development or mining work in the Congo (DRC) KFM copper and cobalt mine.

(7) Sandaozhuang Mine is in the process of renewing the mining license in accordance with relevant regulations to resume work.

2. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) Exploration

(1) TFM Mine in the DRC

During the reporting period, total diamond drilling in 2020 was 34,284.44 metres and exploration activities were carried out around the oxidized mines and mixed mines of Kalwilu, Mulilo, Kachimilombe, Fungurume VI south extention, Tenke, Fwalu, Mudi, Shinkusu and other regions. In addition, the Company explored the limestone deposit in Mofya area to increase limestone supplies and four limestone deposit were discovered.

(2) Niobium and Phosphate Mine in Brazil

During the reporting period, National Mining Agency ("**NMA**") in Brazil has renewed four NMA exploration permits in Monjolos, Iraí de Minas, Monte Carmelo areas in Minas Gerais State. The preliminary test results of drill conducted in the Britânia areas indicated that there may be existence of silver (with grade between 2 g/t and 9 g/t) in the non-solid sand layer. To examine the mineralization degree, a total of 37 shallow drilling holes, totaling 914 metres, were undertaken and all the drilling samples were sent to the third-party chemical laboratory in December 2020. Affected by the epidemic, geophysical explorations in Iraí de Minas covering 40 km and in Monjolos areas covering 101 km were delayed until 2021. Regarding the activities carried out in currently existing mine areas in 2020, drilling activities in the Boa Vista ore body was commenced in February and completed in June; drilling activities in the Morro do Padre ore body was commenced in October and completed in November, completing five drilling holes in 1,098.15 metres in total; drilling activities in the Chapadão ore body was commenced in August and completed in December, completing seven drilling holes in 1,493.70 metres in total with two drill rigs.

(3) *Mines in the PRC*

Sandaozhuang Molybdenum and Tungsten Mine: During the reporting period, production exploration of mines were conducted in the northern and western mine areas, with drilling work from the surface of the opencast mine. The Company performed the construction of 62 drilling holes with reverse circulation drill rigs, with a total hole depth of 3,100 metres. In order to prevent the geological disasters and ensure the safety of open-pit mining, the engineering geological survey was carried out on the slope at 1,400m to 1,306m in the lower part of the mine viewing platform, completing eight holes with a hole depth of 641 metres.

Shangfanggou Molybdenum Mine: During the reporting period, in order to ensure the production safety and stability of the ore supply, mined-out area exploration and production exploration have been performed at 1,202m and 1,180m in the horizontal mined-out area and key production area, using the reverse circulation drill rigs to drill 37 exploration holes for mined-out area, with the hole depth of 2,411 metres, and 78 production exploration holes, with the hole depth of 4,716 metres.

(4) *NPM Copper and Gold Mine in Australia*

During the reporting period, surface and underground drilling assessment in NPM completed Mining area of 1,247 metres, and various drilling samplings and remote sensing projects were undertaken on Exploration Licenses EL5800, EL5801, EL5323 and EL8377. A total of 21,665 meters of drilling was completed.

(II) Development

(1) *TFM Mine in the DRC*

During the reporting period, the mining work was carried out smoothly at the new stopes Kato1, Kato2, Kasa2, Fgvi south extension and Mofya West after the completion of road construction, surface cleaning and preparation work before exploration; the surface cleaning work of dumps at the mining areas of Kwat6, Pump and Mofya West have been completed; the preliminary preparation and project permission processing work for the relocation of Fgme7 railway was completed. 17 dewatering wells have been completed during the year, totaling 2,041 metres, and 11 monitoring wells have been completed, totaling 1,690 metres. The river diversion project of Tenke3/5 river was completed, and the mining activities have been carried out normally in Tenk3.

(2) *Niobium and Phosphate Mine in Brazil*

During the reporting period, one reverse circulation drilling rig was used to conduct drilling in Boa Vista Mine (for optimizing the mining plan and grade control), completing a total of 778 drill holes, totaling 20,165 metres. Two core drill rigs were used to conduct drilling in the Chapadão Mine, completing a total of 64 drill holes, totaling 3,148.55 metres. Regarding mining infrastructures, the drainage system was updated in Boa Vista Mine and one weigh house was built in the Chapadão Mine.

(3) *Mines in the PRC*

Sandaozhuang Molybdenum and Tungsten Mine: During the reporting period, 2,752 metres of fixed road hardening was completed, 1,236.8 metres of intercepting ditch and drainage ditch was built, two high-pressure car-washing stations were built, and the closure project of No. 1 crushing station was implemented. The ecological restoration project was carried out to cover and grow vegetation on suitable area of the Dashi waste dump, the final slope of Bijiajian and the final slope of lower part of the control room. The greening area has reached 228,000m^2.

Shangfanggou Molybdenum Mine: During the reporting period, 2,620 metres of road hardening was completed, of which 1,700 metres was for the road hardening project from the south exit of the stope to the waste dump of the Xiaoshiyuangou and 920 metres was for ore-transporting road of 2# crushing station. 3,500 metres of intercepting ditch and drainage ditch was built, three high-pressure car-washing stations were built and 455 acres of land reclamation and ecological restoration projects were completed.

(4) NPM Copper and Gold Mine in Australia

In 2020, underground ventilation work was completed such as the ventilation of inclined shaft and the commissioning of new exhaust fan; the E26L1N excavation project advanced ahead of schedule, with a total tunnelling of 6,392 metres. The civil engineering for material delivery system has been steadily advancing. Expansion work of the ore processing plant was well underway, the construction of the newly constructed crushing station has been completed, and it was put into trial operation in January 2021.

(III) Exploration, Development and Mining Expenses

For the year ended 31 December 2020, the summary of the expenditures of exploration, development and mining activities of the Company is as follows:

(1) Domestic segment mining expenses:

Unit: RMB'0000

Project	**Exploration**	**Development**	**Mining**
Sandaozhuang Molybdenum and Tungsten Mine	125.40	1,669.84	46,453.90
Shangfanggou Molybdenum Mine	202.68	3,001.90	15,056.50
Total	328.08	4,671.74	61,510.40

(2) Overseas segment mining expenses:

Unit: USD Million

Project	**Exploration**	**Development**	**Mining**
Niobium Mine	0.89	0.94	23.28
Phosphate Mine	0.40	0.40	19.08
TFM Copper and Cobalt Mine	9.01	23.30	203.02
NPM Copper and Gold Mine	5.21	41.44	28.98
Total	15.51	66.08	274.36

I. MATERIAL EVENTS

(1) USD550 Million Metal Streaming Transaction Project of Australia NPM Copper and Gold Mine

On 12 July 2020, the Company issued an announcement in relation to the Metal Streaming Agreement entered into between a wholly-owned subsidiary of the Company and Triple Flag Mining Finance Bermuda Ltd., the specific contents are as follows: the Company's wholly-owned subsidiary and Triple Flag Mining Finance Bermuda Ltd., a wholly-owned subsidiary of Triple Flag Precious Metals Corp., (collectively referred to as "**Triple Flag**") entered into a metal purchase and sales agreement ("**Metal Streaming Agreement**"), pursuant to which Triple Flag will pay a cash prepayment of USD550 million, and the Company, agrees to deliver to Triple Flag an amount of gold and silver calculated by reference to a percentage of gold and silver produced from the agreed mining areas of the Northparkes Mines located in New South Wales, Australia. ("**Metal Streaming Transaction**").

On 17 July 2020, the Company received a cash prepayment of USD550 million for Metal Streaming Transaction.

Through Metal Streaming Transaction, the Company can obtain long-term funds at a lower cost than current financing channels and other financing channels in the international capital market, which helps optimize the Company's capital structure. At the same time, the Metal Streaming Transaction reflects the long-term abundant resources, stable and healthy operation of the North Parkes Mine, as well as the outstanding economic benefits shown throughout the industry cycle.

For details, please refer to the relevant announcement published on the Company's website, designated disclosure media and the websites of the Shanghai Stock Exchange (the "**SSE**") and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

(2) Successful acquisition of 95% equity of the Kisanfu copper cobalt mine in DRC

Despite the challenges and restrictions on the global investment and acquisition business due to the pandemic, the Company still actively explored the path of development and looked for opportunities to improve global asset allocation.

The "Resolution on the Acquisition of the Kisanfu Copper and Cobalt Mine Project in DRC" was considered and approved at the 17th meeting of the third session of the Investment Committee of the Company on 1 December 2020. The Company acquired the DRC Kisanfu copper cobalt project with USD550 million. The total resource of the project is about 365 million tonnes of ore. The average copper grade is about 1.72%, and the copper metal contained is about 6.28 million tonnes; the average cobalt grade is about 0.85%, and the cobalt metal contained is about 3.1 million tonnes. Kisanfu copper-cobalt mine is rich in resources, with high average grade of copper and cobalt, which has huge exploration potential and has the potential to become a world-class cobalt ore in the future. The acquisition will be highly coordinated with the existing business in DRC, and further consolidate the Company's position in the field of electric vehicles and battery metals.

For details, please refer to the relevant announcement published on the Company's website, designated disclosure media and the websites of the SSE and the Hong Kong Stock Exchange.

II. HONOURS

In December 2019, the Company was awarded "Industry-University-Research Collaboration Innovation and Promotion of China (First Prize)" (中國產學研合作創新成果一等獎) with its"Development and Application of Energy Management System of Pure Electric Mineral Card for Intelligent Road Condition"(純電動礦卡智能路況能源管理系統開發與應用), and the Company was awarded the "First Prize for Science and Technology Achievement in China's Non-Ferrous Metal Industry"(中國有色金屬工業科學技術一等獎) with its "Open-pit Mine Unmanned Mining Equipment and Key Technology of Intelligent Control Integration" (露天礦無人採礦裝備及智能管控一體化關鍵技術); during the reporting period, the Company's "5G smart mine construction based on cloud platform, Internet of Things, and big data" (基於雲平台、 物聯網、大數據條件下的5G智慧礦山建設) and "Efficient Recovery of Rare Metal Rhenium in Molybdenum Smelting Eluent" (鉬冶煉淋洗液中稀散金屬錸的高效回收) were awarded the first prize of Henan Province Resource Science and Technology; during the reporting period, the Company won the title of "National Enterprise Technology Center" jointly awarded by five ministries including the National Development and Reform Commission and the Ministry of Finance; won the Commendation Award of the 6th China Industrial Awards; won the honorary title of "The Fifth Batch of Manufacturing Individual Championships" by the Ministry of Industry and Information Technology due to the domestic market share of scheelite concentrate products.

III. DOMESTIC AND OVERSEAS INDUSTRY POLICIES

1. Within the PRC

Indicators for controlling the aggregate mining volume of tungsten mines

On 4 February 2021, the Ministry of Natural Resources issued the "Notice on Total Amount Control Indicators of Rare Earth and Tungsten Mining for the Year 2021 (First Batch)" (《關於下達2021年度稀土礦鎢礦開採總量控制指標(第一批)》的通知). The indicator for controlling the aggregate mining volume of tungsten concentrates (containing 65% tungsten trioxide) in China was 63,000 tonnes, including 46,890 tonnes of main indicators and 16,110 tonnes of indicators for comprehensive utilization.

Export qualification of tungsten

On 30 December 2019, the Company was approved with the export qualification of tungsten, which was the 15th enterprise with export qualification of tungsten in China.

Resource tax

On 26 August 2019, the 12th Session of the Standing Committee of the 13th National People's Congress voted on and passed the "Resource Tax Law of the People's Republic of China" (hereinafter referred to as the "**New Resource Tax Law**"), which will come into force on 1 September 2020. The New Resource Tax Law stipulates that the resource tax rate for molybdenum mines will be reduced from 11% to 8%. The exemption or reduction of the associated resource tax shall be decided by the Provincial People's Congress. According to the decision of the 19th meeting of the Standing Committee of the 13th People's Congress of Henan Province on 31 July 2020, associated mines are exempt from resource tax. The Company's tungsten, iron and other associated mines will continue to be exempted from resource tax from 1 September 2020.

The New Resource Tax Law will take tungsten and molybdenum as separate tax items and stipulate specific tax rates, which will be levied from volume to ad valorem, which, to some extent, is conducive to balancing the tax burden in the environment of market price fluctuation. Considering the future price fluctuation of molybdenum products, the ad valorem taxation may have a certain impact on the Company. In this regard, the Company will adopt the following three ways to reduce the tax burden: first, improving the mining efficiency of mineral resources and reducing product costs; second, strengthening the tax management of the Company, and effectively using the resource tax reduction policy; third, expanding the follow-up refinancing channels of the Company to provide financial guarantee for technological innovation and management innovation.

2. Overseas

Copper and cobalt business in the DRC

The Democratic Republic of the Congo (DRC) promulgated the Law No.18/001 (hereinafter referred to as the "**New Mining Code**") on 28 March 2018 after multiple major modifications on the prior Mining Code No.007/2002 issued on 11 July 2002. The applicable regulations of the New Mining Code, namely the 2018 Mining Regulations (hereinafter referred to as the "**Mining Regulations**"), were adopted and promulgated by the Council of Ministers of the DRC government on 8 June 2018. The New Mining Code made significant adjustments in tax policies, foreign exchange policies and equity transfer. For details, please refer to the contents disclosed in the previous periodic reports of the Company.

In addition, the New Mining Code requires that the subcontracting business of mining enterprises shall be carried out in accordance with Law No. 17/001 (hereinafter referred to as the "**Subcontractor Law**") issued by DRC on 8 February 2017, that is, unless exempted, the local mining companies can only choose natural persons of DRC and subcontractors controlled by natural or legal persons of DRC as subcontractors. On 24 May 2018, the DRC government issued government order No.18/018, setting up the Subcontractor Regulatory Agency to supervise the enforcement of Subcontractor Law.

On 12 October 2020, the DRC government issued two government decrees 20/024 and 20/025, which further clarified and revised the supporting regulations for the enforcement of the Subcontractor Law. Nevertheless, there are still some ambiguities in the interpretation and enforcement of the Subcontractor Law. As the DRC government strengthens the enforcement of the Subcontractor Law, the scope for the Company to select contractors will be restricted, and the cost of using the contractors will increase, which will have a certain negative impact on the future profitability of the Company.

The New Mining Code and Mining Regulations of DRC, the Subcontractor Law and its ancillary regulations were evidently in conflict with the Amended and Restated Mining Convention signed between the former TFM and the DRC government (hereinafter referred to as the "**Mining Convention**") and Agreement of Government of the People's Republic of China and the Government of the Democratic Republic of the Congo on Promotion and Protection of Investment (hereinafter referred to as the "**PRC-DRC Agreement**"), the Company will pay close attention to updates on circumstances for mining industry development in the DRC, seek solutions to protect rights of the Company to the greatest extent under the Mining Convention and the PRC-DRC Agreement through positive communication with the DRC government and meanwhile try to build a mutually beneficial and win-win harmonious relationship with the host government.

Niobium and phosphates in Brazil

In Brazil, the operations (mines and plants) are regulated by the National Mining Agency in Brazil ("Agência Nacional de Mineração"/"**ANM**") together with labour, environmental and other agencies. The municipal, state and federal governments and the public prosecutor's office are responsible for the enforcement of the relevant laws and regulations. After the dam accidents in Mariana/MG and Brumandinho/MG, the government and the agencies have given much more attention to the legislation of the mineral sector. As a result, the Federal House and Senate are tightening mining environmental and safety legislation. The ANM also quickly issued technical specifications, which are more restrictive than the previous technical specifications. On 1 October 2020, Brazil issued Federal Law No. 14.066/2020, which made major updates and amendments to the national dam safety policy, and implemented stricter safety rules and inspections on the tailings dams of the Brazilian mining industry, so as to prevent the risk of dam failure in the future. The competent authority is more severe in the process of dam construction and the criteria for approving the expansion of tailing dams shall be more stringent. In addition, the Prosecutor has been focusing on the mining sector and the lawsuits (Public Civil Action) against the segment have increased the industry pressure exponentially. The new norms and regulations have given very short deadlines for the Company, all relevant controls are now in place and the operations are fully compliant with the relevant limits and regulations.

RISK WARNING

1. EXPOSURE TO RISKS RELATED TO PRICE FLUCTUATIONS OF PRINCIPAL PRODUCTS

The revenue of the Company primarily generates from the sale of non-ferrous metals and phosphate products, including copper cathode, copper concentrates, cobalt hydroxide, ferromolybdenum, tungsten concentrates, ferroniobium, phosphate fertilizer and other related products. The Company's operating results are largely subject to fluctuations in the market prices thereof. As the fluctuations in the costs of mining and smelting process are relatively insignificant, the Company's profit and profit margin during the reporting period are closely related to the price trend of the products. Therefore, significant fluctuations in the prices of resource products may cause instability of the operating results of the Company. Particularly, if the prices of resource products record sharp decrease, the operating results of the Company will fluctuate significantly.

2. EXPOSURE TO RISKS RELATED TO RELIANCE ON MINERAL RESOURCES

As the primary operation of the Company is mineral resource exploitation, the Company is highly dependent on mineral resources. The retained reserves and grade of mineral resources have a direct impact on the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible in case of cost of production rising due to fluctuations in the market price, decrease in the recovery rate, inflation and other factors, or due to restrictions caused by technical problems and natural conditions such as weather and natural disasters in the mining process. Therefore, full utilization of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

Relevant internal technical staff of the Company will regularly review and update the amount of reserve and grade of resources according to the situation of resources exploitation, and optimize mining schemes and plans, thereby verifying the status of resources of the Company and implementing the best mining plans.

3. EXPOSURE TO RISKS RELATED TO PRODUCTION SAFETY OR NATURAL DISASTERS

The Company engages in the mining business and mineral resources processing, and the Company has invested substantial resources in production safety to form a relatively complete system of production safety management and continuously pushed forward the standardized safety management so as to establish a relatively comprehensive system for production safety management, risk prevention and supervision. However, safety incidents cannot be totally avoided. As an enterprise for mineral resource exploitation, large amounts of waste rocks and tailings are produced in the production process. Inefficient management of slag discharge fields and tailing storage facilities may result in disaster in certain area. The Company uses explosives in the mining process. If there are defects in the process of storage and use of such materials, there may be risks of casualties. In addition, tailing storage facilities and slag discharge fields may be damaged if serious natural disaster occurs such as rainstorms or debris flows.

The Company will continue to prevent and control safety risks by formulating and improving safety system, intensifying accountability and assessment in relation to safety and environmental protection, continuously increase investment in production safety and environmental protection and promoting standardized safety management. The Company will improve the ability and level of prevention and control of natural disaster through the formulation and drills of natural disaster emergency plans such as "rainy season" emergency plan and issuance of the universal "Governance Standard for Tailings and Mineral Residue Management" and other measures applicable to global businesses.

4. EXPOSURE TO RISKS RELATED TO THE COVID-19 PANDEMIC

Since the beginning of 2020, the continuous spread of the epidemic has had substantive impact on the global real economy, and the changes in demand structure, economic turmoil and market panic have brought about risks of significant fluctuations in the prices of products, as well as material challenges and adverse impact on the supply of goods, logistics guarantee, and business travel of multinational companies. The Company's business operations around the world have continued to bear the pressure of epidemic prevention and increasing costs. In response to the outbreak of the epidemic, the governments of the countries have successively launched measures to boost the economy, and the massive-released liquidity quickly pushed up the prices of some non-ferrous products including copper in the market. It is expected that various types of mining commodities, particularly non-ferrous such as copper, will continue benefiting from the loose monetary macro environment.

The Company will pay particular attention to the development of the epidemic, actively review the trend of the commodity market, and strengthen the prevention and control of the epidemic.

5. EXPOSURE TO RISKS RELATED TO EXCHANGE RATES

The Company's exposure to risks related to foreign exchange rates is primarily arising from assets and liabilities held in foreign currencies other than the functional currency and the international business of IXM. Its assets and liabilities are denominated in functional currencies different from those of the entities and are therefore subject to changes in foreign exchange rates. The foreign exchange rates risks exposed to the Company are mainly associated with USD, RMB, BRL, GBP, CDF, AUD and other currencies. All principal business operations of domestic subsidiaries are denominated and settled in RMB; the principal business operations of subsidiaries in Australia are mainly denominated and settled in AUD or USD; the niobium and phosphates businesses in Brazil are mainly denominated and settled in USD and BRL; and the copper and cobalt business in the DRC is mainly denominated and settled in USD and CDF. The functional currency of IXM is USD. The Company manages its exchange rates risks with the principle of matching the currencies of assets/revenue with those of liabilities, so the exchange rates risks exposure arising from financing is relatively insignificant.

Because currencies used for denominating revenue and cost may be different for certain parts of business, the fluctuation in the short-term exchange rates of different settlement currencies may have a certain effect on the operating results of the Company. The Company has paid close attention to the impact of the changes in exchange rates, and made use of financial instruments, such as forward foreign exchange contracts to hedge against foreign exchange rates risks in due course. For BRL and AUD with relatively significant fluctuations in exchange rate, the Company has made certain hedging arrangements for daily operation and capital expenditure. IXM and its affiliates have all entered into contracts on foreign exchange derivatives to hedge the risks back into their own functional currencies.

6. EXPOSURE TO RISKS RELATED TO POLICY

The primary operation of the Company locates in various countries and regions including China, DRC, Brazil, Australia and Switzerland. As there are major discrepancies in state politics and economy development level among different countries and there are major risks relating to policy implementation and adjustments in developing countries and underdeveloped countries, such as state macroeconomic control policies, foreign exchange administration policies, industry policies and tax policies in countries where the Company operates, which may incur certain impacts on the operation of the Company.

In 2018, the DRC government introduced the new law for mining industry and its implementation rules, involving substantial changes on equity, financial tax policies and foreign exchange management policies. Even though the DRC government is willing to continue carrying out discussion and negotiation in respect of the above matters, failure of reaching consensus through negotiation will still incur significant impact on the operation of the Company in the future.

The Company maintains close communication with government authorities in each of its business operating areas and pays attention to changes in political and economic circumstances in relevant countries so as to enhance its ability in preventing and responding to policy risks.

7. EXPOSURE TO RISKS RELATED TO POLITICS

The operating assets of the Company are distributed in different countries and regions, of which copper and cobalt mine of TFM and KFM copper and cobalt mine are located in the DRC, which is one of the underdeveloped countries in the world with critical social problems. If the political and security situation of the DRC deteriorates in the future, it will cause adverse effects on the production and operation of the Company. The overseas assets operational philosophy of the Company underlines the establishment of positive relations with local government, communities and social organizations. As the political ties between China and the DRC stabilize and draw ever closer, outbound investments into the DRC have been encouraged by the Chinese government and have become a trend. To further reduce potential economic losses of the Company incurred by relevant risks in operations, the Company has purchased overseas equity investment insurance for the DRC project from China Export & Credit Insurance Corporation. The insured investment includes: paid-up capital, retained profit and investment for equity acquisition. The insured risks include: foreign exchange restrictions, confiscation, war and political riots.

8. EXPOSURE TO RISKS RELATED TO OPERATIONS OF OVERSEAS ASSETS

The Company has a relatively extensive experience in operating and managing overseas assets. However, certain differences among different countries in terms of operation environment such as politics, economy, law and labour pose material challenges to the operation and management of assets by the Company in different regions. In addition, as the Company accelerates its pace of internationalization, it posts a big challenge to the reserve, cultivation and introduction of all kinds of professionals by the Company for international management. The operation and management of the Company may be subject to a shortage of professionals to a certain extent.

The Company actively implements the strategy of talent cultivation and introduction, introduces worldwide human resources with extensive industry operation experience and international management capabilities without restrictions, explores and establishes a management structure and control model suitable for the development of the Company and subject to adjustment as appropriate, and gives full play to the specialities of all kinds of professionals, in order to achieve efficient governance of the Company's global business, reduce operational risks and realise its goal of international and diversified growth.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Group's annual report for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has striven to uphold high standards of corporate governance to safeguard the interests of shareholders, to enhance corporate value and to implement accountability for the Group.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**").

In the opinion of the Board, the Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2020.

The Company reviews its corporate governance practices regularly to ensure compliance with the Corporate Governance Code.

THE BOARD

During the year ended 31 December 2020, the Board held 9 Board meetings in total for reviewing and approving the financial affairs and usual course of business, considering and approving the annual budgets and the overall strategies and policies of the Company, and considering and approving relevant matters in relation to the repurchase of shares by the Company and revision of internal governance system.

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Group, overseeing the Group's businesses, strategic decisions and performances. The Group's senior management is delegated the authority and responsibilities by the Board to manage the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees' various responsibilities (including corporate governance functions) set out in their terms of reference respectively.

Every Director carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate liability insurance which covers legal litigation arising from corporate activities against its Directors and senior management.

BOARD COMPOSITION

The Board currently comprises eight members, including two executive Directors, three non-executive Directors and three independent non-executive Directors.

The list of all Directors is set out under "Corporate Information" on page 87 and the independent non-executive Directors are expressly identified in all corporate communications pursuant to the Hong Kong Listing Rules.

As at the date of this report, the board of directors of the Company comprises the following Directors:

Executive Directors

Li Chaochun
Li Faben

Non-Executive Directors

Yuan Honglin, Chairman *(elected on 12 June 2020)*
Guo Yimin, Vice-Chairman
Cheng Yunlei

Independent Non-Executive Directors

Wang Gerry Yougui
Yan Ye
Li Shuhua

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Hong Kong Listing Rules. There is no relationship among members of the Board (including financial, business, family or other material or relevant relationship).

During the year ended 31 December 2020, the Board, at all times, met the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received an annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Hong Kong Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

Non-executive Directors (including independent non-executive Directors) bring a wide range of business and financial expertise, experience and independent judgment to the Board. Through active participation in Board meetings or meetings of Board committees, supervising management issues involving potential conflict of interests and serving on Board committees, all non-executive Directors (including independent non-executive Directors) make various contributions towards the direction of the Company.

CHAIRMAN AND PRESIDENT

The roles and duties of the Chairman and the President are carried out by different individuals and their respective responsibilities have been clearly specified in writing.

The Chairman, Mr. Yuan Honglin, provides leadership for the Board and is also responsible for chairing the meetings, leading the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner.

The President, Mr. Sun Ruiwen, appointed as the president of the Company on 28 August 2020, is responsible for running the Company's business operations and implementing the Group's strategic plans and business goals.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's articles of association (the "**Articles of Association**"), all Directors of the Company (including non-executive Directors) are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall submit himself/herself for election by shareholders at the first general meeting after appointment.

Each Director of the Company is appointed for a term commencing from the date on which the resolution regarding his/her appointment/re-election is passed until the conclusion of the annual general meeting of the Company to be held in 2021, at which meeting, they will retire. Among the retiring Directors of the current Board, Mr. Li Chaochun, Mr. Yuan Honglin, Mr. Guo Yimin, Mr. Cheng Yunlei, Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua are all eligible and willing to be re-elected at the annual general meeting to be held in 2021. Mr. Li Faben will no longer stand for re-election at the forthcoming annual general meeting. In addition, the Board nominated Mr. Sun Ruiwen as an executive director candidate to accept shareholders' election at the annual general meeting to be held in 2021.

According to the Detailed Working Rules for Independent Directors adopted on 9 October 2012, the term of office for independent non-executive Directors shall be the same as that of other Directors of the Company, and they may stand for re-election upon expiry of their term, but the re-appointment shall not exceed six years. The Board proposed a special resolution at the annual general meeting held in 2015 regarding the amendment to the Articles of Association, fixing the number of the Board members at 7 to 11 so that the number and composition of the Board of Directors of the Company are in compliance with the requirements under the Company Law and the Hong Kong Listing Rules.

The Nomination and Governance Committee and the Board selected candidates of Directors with reference to major shareholders' recommendations and certain criteria and procedures. The relevant criteria mainly include the candidate's professional background, especially his or her experience in the industry where the Group operates, his or her financial and past track record with other similar companies and the recommendations from management and other knowledgeable individuals. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination and Governance Committee of the Company is responsible for reviewing the Board composition, monitoring the appointment, nomination and succession plan of Directors and assessing the independence of independent non-executive Directors.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and relevant regulatory requirements.

The Directors are regularly updated with legal and regulatory developments as well as business and market changes to facilitate the discharge of their responsibilities. Briefings and continual professional development schemes for Directors will be arranged whenever necessary.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains fully informed and relevant. During the year ended 31 December 2020, all Directors attended the training courses organized by the Company on corporate governance and regulatory development, and obtained and read relevant materials presented to them by the Office of the Board of the Company, including updates of laws and regulations. According to the details provided, the summary of the continuing professional development for Directors in 2020 is as follows:

	Scope		
Name of Directors	**Laws, Regulations and Corporate Governance**	**Business of the Group**	**Role, Function and Duty of Directors**
Executive Directors			
Mr. Li Chaochun	✔	✔	✔
Mr. Li Faben	✔	✔	✔
Non-executive Directors			
Mr. Yuan Honglin	✔	✔	✔
Mr. Guo Yimin	✔	✔	✔
Mr. Cheng Yunlei	✔	✔	✔
Independent Non-Executive Directors			
Mr. Wang Gerry Yougui	✔	✔	✔
Ms. Yan Ye	✔	✔	✔
Mr. Li Shuhua	✔	✔	✔

BOARD MEETINGS

Practices and Conduct of Board Meetings

Meeting schedules and draft agendas for each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, notice is generally given pursuant to the Articles of Association and the respective Terms of Reference and Detailed Working Rules of the committees.

The agenda of Board meeting and the accompanying Board papers are sent to all Directors at least three days before each Board meeting or committee meeting for their review and to keep the Directors apprised of the latest developments and financial position of the Company so as to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary for inquiries or additional information.

The senior management will attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, operation, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions where such Directors or any of their contact persons have a material interest.

Directors' Attendance Records

During the year ended 31 December 2020, the Company convened a total of 9 Board meetings. The attendance records of each Director at the meetings of the Board, Remuneration Committee, Audit and Risk Committee, Nomination and Governance Committee and Strategic and Sustainability Committee and general meetings are set out below:

	Number of Attendance in Person/Number of Meetings Eligible to Attend						
Name of Directors	Board Meeting	Remuneration Committee Meeting	Audit and Risk Committee Meeting	Nomination and Governance Committee Meeting	Strategic and Sustainability Committee Meeting	Annual General Meeting [(1)]	Extraordinary General Meeting and Class Meeting
Mr. Li Chaochun [(2)]	9/9	N/A	N/A	2/3	1/1	1/1	2/2
Mr. Li Faben	9/9	N/A	N/A	N/A	1/1	1/1	2/2
Mr. Yuan Honglin [(3)]	9/9	3/3	5/5	1/3	1/1	1/1	2/2
Mr. Guo Yimin	9/9	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Cheng Yunlei	9/9	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Wang Gerry Yougui	8/9	2/3	N/A	2/3	1/1	1/1	2/2
Ms. Yan Ye	9/9	N/A	5/5	3/3	N/A	1/1	2/2
Mr. Li Shuhua	9/9	3/3	5/5	3/3	N/A	1/1	2/2

Notes:

(1) The Annual General Meeting was held on 12 June 2020.

(2) On June 12, 2020, the Company received the resignation report in writing from Chairman Mr. Li Chaochun, that he resigned from the chairman of the Board of the Company, chairman of the Strategy and Sustainability Committee, vice chairman of the Nomination and Governance Committee, and authorized representative of the Hong Kong Stock Exchange due to adjustment of work arrangements.

(3) On June 12, 2020, the 13th extraordinary meeting of the fifth session of Board of Directors of the Company resolved to appoint Mr. Yuan Honglin as the chairman of the fifth session of the Board of Directors of the Company, the chairman of the Strategy and Sustainability Committee, the vice chairman of the Nomination and Governance Committee, and the authorized representative of the Hong Kong Stock Exchange.

JOINT COMPANY SECRETARIES

On 10 January 2020, the Company convened the 11th extraordinary meeting of the fifth session of the Board in which a resolution was approved to appoint Ms. Ng Sau Mei of TMF Hong Kong Limited as joint company secretary (together with Mr. Yue Yuanbin as joint company secretaries) with effect from the approval by the Board. Mr. Yue Yuanbin reported to Mr. Yuan Honglin, Chairman of the Board.

Ms. Ng's primary contact person in the Company is Mr. Yue Yuanbin, Board secretary. Both of the joint company secretaries have confirmed that each of them has undertaken no less than 15 hours of relevant professional training within the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules in respect of dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries, all Directors and Supervisors confirmed that the required standards set out in the Model Code have been complied with during the year ended 31 December 2020.

The Company has also formulated written guidelines (the "**Employees Written Guidelines**") on terms no less exacting than the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

DELEGATION BY THE BOARD

The Board reserves its decisions for all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are complied with. In appropriate circumstances, Directors may seek independent professional advice relating to such queries at the Company's expense upon making such request to the Board.

The day-to-day management, administration and operations of the Company are delegated to the President and the senior management. The delegated functions and work tasks are reviewed periodically. Prior to any significant transactions to be entered into by the abovementioned officers, approvals have to be obtained from the Board.

The Board has established a number of committees, including the Remuneration Committee, Audit and Risk Committee, Nomination and Governance Committee and Strategic and Sustainability Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference. Board committees are provided with sufficient resources to perform their duties. Upon reasonable requests, Board committees may seek independent professional advice in appropriate circumstances at the expense of the Company.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies regarding remuneration of Directors, Supervisors and senior management of the Group. Details of the remuneration of the Directors, Supervisors and senior management of the Company for the year ended 31 December 2020 are set out in note(x).7 to the consolidated financial statements.

DISCLOSURES OF DIRECTORS AND SUPERVISORS PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

After having made all reasonable enquiries, except for the information disclosed in this annual report, the Company is not aware of any other information of the Directors and Supervisors which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee and set out its specific terms of reference. As at the date of this report, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Wang Gerry Yougui and Mr. Li Shuhua and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Wang Gerry Yougui acting as the chairman. The majority of members of the Remuneration Committee are independent non-executive Directors.

The roles and functions of the Remuneration Committee are set out in its terms of reference and detailed working rules. Its primary functions include: to make recommendations to the Board on the remuneration policy and structure for all Directors and the senior management and to establish transparent procedures for developing such remuneration policy; to make recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and the senior management; and to ensure that no Director or any of his/her contact persons will participate in deciding his/her own remuneration.

The primary aim of the Company's remuneration policy on executive Directors' packages is to enable the Company to retain and motivate executive Directors by linking their remuneration with performance and measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. In determining guidelines for each element of the remuneration package, the Company refers to the remuneration surveys conducted by independent external consultants on companies operating in similar businesses.

In order to motivate the senior management of the Company in an effective and reasonable way so that they can maximize the value for the shareholders and the Company, the Remuneration Committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar overseas and domestic listed companies in the industry, and consideration of granting special awards regarding the special projects and contributions, as well as referring to the advice from the professional intermediaries.

The Remuneration Committee held three meetings during the year ended 31 December 2020, and the matters considered therein included confirmation on the remuneration of senior management. The attendance records are set out under "Directors' Attendance Records" on page 43.

AUDIT AND RISK COMMITTEE

The Board resolved to change the name of the Audit Committee to Audit and Risk Committee on 4 August 2018, and has updated its terms of reference and detailed working rules to better reflect its functions.

The terms of reference and detailed working rules of the Audit and Risk Committee are based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. It is mainly responsible for assisting the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit and Risk Committee provides an important link between the Board and the Company's auditors in matters falling within the Group's scope of the audit.

The Audit and Risk Committee has reviewed the effectiveness of the external audit and internal controls, evaluated risks, and provided comments and advice to the Board. As at the date of this report, the Audit and Risk Committee comprises two independent non-executive Directors, namely Mr. Li Shuhua and Ms. Yan Ye, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Li Shuhua acting as the chairman of the committee. The Audit and Risk Committee has reviewed with the management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2020, according to the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

The main duties of the Audit and Risk Committee are set out in its terms of reference, including the following:

(I) With respect to audit and financial supervision

- provide proposals to the Board of Directors on the appointment, re-appointment and removal of the external auditors, advise on the terms of remuneration and appointment of the external auditors, and deal with matters related to the resignation or dismissal of the auditors;
- review and supervise the independence and objectivity of the external auditors and give opinions in this regard;
- review and monitor the effectiveness of the audit procedures in accordance with applicable standards, discuss with the external auditors about the nature and scope of the audit and the relevant reporting obligations before the audit commences and express opinions in this regard;
- review the financial and accounting policies and practices of the Company, review the drafts of the annual reports, monitor the integrity of financial statements and annual reports and accounts, half-year reports and quarterly reports of the Company, and review significant financial reporting judgements contained therein and provide opinions in this regard;
- examine on a yearly basis the adequacy of the resources, the qualifications and experience of employees in connection with the Company's financial accounting, financial reporting risk management and internal control functions, as well as the adequacy of the training courses received by employees and the related budgets;
- review arrangements under which employees may raise concerns about the possible inappropriate financial reporting, risk management, internal control or other matters under the condition of confidentiality;

(II) With respect to risk management and internal control

- review the Company's financial control, and the risk management and internal control systems of the Company;
- discuss the risk management and internal control systems with the management to ensure that the management has discharged its duty to establish an effective system and to settle the procedural issues of serious internal control deficiencies;
- consider any findings of major investigations of risk management and internal control matters and the management's response; and
- evaluate and enhance the risk management procedures and ensure the current and future rationality, effectiveness and feasibility thereof.

The Audit and Risk Committee supervises the risk management and internal control systems of the Company, reports to the Board on any material issues and makes recommendations to the Board.

The Audit and Risk Committee held four meetings during the year ended 31 December 2020 and reviewed matters including annual results for the year ended 31 December 2019, the results for the first quarter ended 31 March 2020, the results for the interim period ended 30 June 2020 and the results for the third quarter ended 30 September 2020. The Audit and Risk Committee also considered the financial reporting and compliance procedures, the report from the management on the review and processes of Company's internal control and risk management systems and the re-appointment of the external auditors. The attendance records are set out under "Directors' Attendance Records" on page 43.

During the year ended 31 December 2020, the Audit and Risk Committee also met the external auditors twice without the presence of the executive Directors.

NOMINATION AND GOVERNANCE COMMITTEE

The Board resolved to change the name of the Nomination Committee to Nomination and Governance Committee on 4 August 2018, and has updated its terms of reference and detailed working rules to better reflect its functions.

As at the date of this report, the Nomination and Governance Committee comprises four Directors, including three independent non-executive Directors, namely Mr. Wang Gerry Yougui, Mr. Li Shuhua and Ms. Yan Ye, and one non-executive Director, namely Mr. Yuan Honglin. Mr. Wang Gerry Yougui and Mr. Yuan Honglin act as the chairman and the vice chairman of the Nomination and Governance Committee respectively, and the independent non-executive Directors make up more than half of the members of the Nomination and Governance Committee.

The roles and functions of the Nomination Committee are set out in the detailed working rules, and it is mainly responsible for (i) with respect to nomination: make suggestions to the Board as to the scale, structure, composition and any proposed change of the Board in light of the business activities, size of assets and shareholding structure of the Company, including reviewing the structure, number, composition and diversity of the members' background of the Board (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) at least once a year or as needed; make recommendations to the Board on any proposed change to the Directors and the senior management; study the standards and procedures for the selection and appointment of Directors and senior management, and make recommendations to the Board; search and look for in a wide range of fields the candidates for qualified Directors and senior management, and examine and provide recommendations to the Board on this regard. The Board shall fully consider the Nomination and Governance Committee's recommendations on the nomination of the candidates for Directors and senior management; make recommendations to the current Board on the candidates for Directors of the next session of the Board of Directors at the re-election of the Board of Directors; assess the independence of independent non-executive Directors and any elected independent non-executive Directors; make recommendations to the Board of Directors on the candidates for new Directors and senior management at the time when the term of office of the Directors and the senior management expires or they are unable to perform their duties for reasons; assess the performance of the Directors and the senior management and, when necessary, provide advice or make recommendations on the replacement of the Directors and the senior management on the assessment results; and review consecutively the needs for leadership and training development plans of the Company to ensure that the Company may continue to operate efficiently and maintain international competitiveness, and to monitor the training and development of Directors; (ii) with respect to corporate governance: review and approve the Company's vision, strategies, framework, principles and policies regarding corporate governance, and make recommendations to the Board of Directors; supervise the implementation of the corporate governance policies formulated by the Board of Directors and make relevant recommendations; review and consider the Company's corporate governance policies and daily operations to ensure compliance with legal and regulatory provisions, and make recommendations to the Board of Directors; review and consider the Code of Conduct and Compliance Manual (if any) on corporate governance applicable to the Company's Directors and employees; review and consider whether the Company complies with Appendix 14 (Corporate Governance Code) to the Hong Kong Listing Rules, the relevant disclosure provisions of the Corporate Governance Report and other relevant rules; review and assess the annual Corporate Governance Report for consideration and approval by the Board; examine, supervise and respond to the emerging corporate governance and, where appropriate, make recommendations to the Board of Directors to continuously improve the Company's corporate governance performance; support the plans for corporate governance outside the Company (both local and overseas), where appropriate, to facilitate the continuous development of corporate governance; review and supervise the assessment procedures of the Board of Directors (including its committees and individual members), assess the Board of Directors on a regular basis, and submit assessment reports to the Board of Directors for consideration and approval; review and supervise the implementation of the shareholder communication policies to ensure its effective implementation and, where appropriate, make recommendations to the Board of Directors on strengthening the relationship between shareholders and the Company; and review and supervise the training and continuous professional development of the Directors, Supervisors and the senior management.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy. All appointments to the Board will be made on a merit basis.

The Nomination and Governance Committee reviews and evaluates the composition of the Board, makes recommendations to the Board in relation to the appointment of new Directors of the Company, as well as monitors the conduct of annual review on the effectiveness of the Board. When reviewing and evaluating the composition of the Board, the Nomination and Governance Committee will follow the board diversity policy to consider from a number of aspects the benefit of diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, in order for the Board to maintain appropriate and balanced talent, skill, experience and background. In recommending candidates for appointment to the Board, the Nomination and Governance Committee will consider candidates on merit against objective criteria and with due regard for the benefit of diversity in the Board. In monitoring the effectiveness of the annual review of the Board, the Nomination and Governance Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and its diversity representation.

The Nomination and Governance Committee will discuss and agree on annually all measurable objectives, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time for implementing diversity on the Board and recommend them to the Board. The Company believes that the current Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

DIRECTOR NOMINATION POLICY

The Company has adopted a director nomination policy aiming at setting out the criteria and process in the nomination and appointment of Directors of the Company and ensuring the Board has a balance of skills, experiences and diversity of perspectives appropriate to the Company's business as well as the Board continuity and appropriate leadership of the Board. In assessing the suitability of a proposed candidate, the Nomination and Governance Committee would consider a number of factors including:

- character and integrity;
- qualifications, including cultural and educational background, professional qualifications, skills, knowledge and experience related to the Company's business and strategy, and the diversity of factors referred to in the board diversity policy;
- the independence of a candidate proposed to be appointed as an independent non-executive Director, in particular by reference to the independence requirements under the Hong Kong Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of diversified aspects, including professional qualifications, skills, professional experience, tenure of service, independence, race, gender and age;
- commitment in respect of available time and relevant contribution to discharge duties as a member of the Board and/or Board committees;
- the Company's business activities, asset size and shareholding structure, as well as the Company's corporate strategy; and
- such other perspectives that are appropriate to the Company's business and the succession planning and where applicable, may be adopted and/or amended by the Board and/or the Nomination and Governance Committee from time to time.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. In relation to the appointment of a new Director, the Nomination and Governance Committee will request the candidate to provide his/her biographical information and other information deemed necessary. The Nomination and Governance Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination and Governance Committee may, at its discretion, invite any candidate to meet with the Nomination and Governance Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination and Governance Committee will then submit its nomination proposal to the Board for consideration and approval and then make recommendation to the shareholders of the Company for approval.

The Nomination and Governance Committee will conduct regular review on the structure, size and composition of the Board and the director nomination policy, and where appropriate, make recommendations on changes to the Board for consideration and approval to complement the Company's corporate strategy and business needs to ensure its effectiveness.

The Nomination and Governance Committee held three meetings during the year ended 31 December 2020. The main topic considered was to review on the Company's compliance with the corporate governance functions, including Directors' profiles, board diversity policy, Directors' professionals and sustainability. The attendance records are set out under "Directors' Attendance Records" on page 43.

STRATEGIC AND SUSTAINABILITY COMMITTEE

The Board resolved to change the name of the Strategic Committee to Strategic and Sustainability Committee on 4 August 2018, and has updated its terms of reference and detailed working rules to better reflect its functions.

The Strategic and Sustainability Committee is responsible for formulating the overall sustainable development plans and investment decision-making procedures of the Group. As at the date of this report, members of the Strategic and Sustainability Committee comprise two executive Directors, namely Mr. Li Chaochun and Mr. Li Faben, one independent non-executive Director, namely Mr. Wang Gerry Yougui, and one non-executive Director, namely Mr. Yuan Honglin, with Mr. Yuan Honglin acting as the chairman of the committee.

During the year ended 31 December 2020, the Strategic and Sustainability Committee held one meeting; matters considered included assessment of the culture, management framework, affairs, risk management, capacity building and other matters in the fields of environment, social responsibility and sustainability of the Company, etc. The attendance records are set out under "Directors' Attendance Records" on page 43.

CORPORATE GOVERNANCE FUNCTIONS

The Nomination and Governance Committee is responsible for performing the functions of corporate governance.

During the reporting period, the Nomination and Governance Committee has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in Corporate Governance Report.

SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company comprises three members, namely Ms. Kou Youmin (chairperson), Mr. Zhang Zhenhao and Ms. Wang Zhengyan. The Supervisory Committee is responsible for exercising supervision over the Board and its members and the senior management; and preventing them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. During the year ended 31 December 2020, the Supervisory Committee held six meetings to review the financial positions and the internal control of the Company and adhered to the principle of good faith and proactively carried out various work.

The terms of office of Supervisors of the sixth session of the Supervisory Committee of the Company (excluding employee representative supervisor) commence from the date on which the resolutions in relation to appointment/re-election are passed until the conclusion of the annual general meeting of the Company to be convened in 2024 and are subject to retirement and re-election. The term of office of the employee representative Supervisor is three years commencing from the date of appointment at the employee representatives meeting.

Pursuant to the Articles of Association, all Supervisors of the Company shall retire from office by rotation at least once every three years. The shareholder representative shall be elected at general meetings, and the employee representative shall be elected democratically by the employees of the Company. On 12 March 2021, Mr. Xu Wenhui was elected as the employee representative Supervisor of the Company at the employee representatives' meeting. On 22 March 2021, two shareholder representatives, Ms. Kou Youmin and Mr. Zhang Zhenhao, were approved to as supervisor candidates for the sixth session of the Supervisory Committee at twelfth meeting of the fifth session of the Board of the Company, together with Xu Wenhui, to jointly form the sixth session of the Supervisory Committee of the Company. The proposal is yet to be reviewed and approved by the 2020 annual general meeting of the Company.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Statements

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2020.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Hong Kong Listing Rules and other regulatory requirements.

The senior management provides explanations and information to the Board for approval so as to enable the Board to make an informed assessment and to consider and approve the financial information and position of the Company.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Auditor's Report on page 91.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for maintaining the soundness and effectiveness of the internal control system and risk management procedures of the Group, including setting up a management structure and its terms of reference to ensure efficient and effective use of the Group's resources to assist the Group in achieving its operation objectives, safeguarding the Group's assets against any unauthorized use or disposal and ensuring an appropriate maintenance of relevant records.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board maintains on-going supervision over the risk management and internal control systems of the Company through the Audit and Risk Committee, and has reviewed the effectiveness of such systems during 2020. The said review covered all material controls, including financial, operational and compliance controls.

The Board is of the opinion that the Company has adequate resources, staff qualifications, experience and training programmes as well as the relevant budget in terms of accounting, internal audit and financial reporting.

During 2020, the Audit and Risk Committee has reviewed the following matters:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and the internal control systems, and the work of its internal audit function and other assurance providers;

- significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and

- the effectiveness of the Company's processes for financial reporting and compliance of the Hong Kong Listing Rules.

Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) has been appointed to review the effectiveness of internal control in relation to the financial report of the Company for the year ended 31 December 2020 in accordance with relevant requirements under the Corporate Internal Control Audit Guidelines and the China Code of Ethics for Certified Public Accountants. Its responsibilities are to express an audit opinion on the effectiveness of internal control over the financial report after conducting an audit, and to disclose the material defects that have come to its attention in the internal control over non-financial reports. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) is of the view that the Company has maintained effective internal control over the financial report in all material aspects in the year ended 31 December 2020 in accordance with the Basic Rules for Corporate Internal Control and relevant requirements.

The Board evaluates the effectiveness of internal control system once a year. During the reporting period, the Company completed internal control self-assessment report for 2020. The Board has evaluated and validated the risk management and internal control system of the Group and has not found any violation of laws, regulations and rules or any significant deficiency in compliance monitoring and risk management or any major mistake. The Board considers the risk management and internal control systems of the Group are effective.

Details of the Audit Report on Internal Control issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and the Internal Control Self-Assessment Report for 2020 of the Company had been published on the websites of the SSE, the Stock Exchange and the Company on 22 March 2021.

The Company has established an internal audit system. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal control system established by the Group for the purposes of risk management and control, together with internal audit and findings in the operation and management, and with reference to audit findings by external auditors, can be used to comprehensively recognize, evaluate and supervise material risks that the Group faces, including operation and decision-making risk, financial management and control risk and the risks resulted from the changes of operating environment. The internal auditors and senior management shall evaluate operational controls and risk management on a regular basis and report to the Audit and Risk Committee on any findings concerning internal control and risk management. The Audit and Risk Committee supervised the implementation of various rectification measures, and the rectification work was in line with expectations after subsequent tracking and checking.

DEALING WITH AND PUBLISHING INSIDE INFORMATION

The Company has formulated a policy regarding dealing with and publishing inside information, which specifies the procedures of and internal control over dealing with and publishing inside information to deal with and publish inside information in due course, without leading to place any person in a privileged position in security transactions. The inside information policy also provides guidance to the employees of the Group to ensure appropriate measures were put in place and prevent from contravening the disclosure requirements as stipulated in laws and Hong Kong Listing Rules by the Group. The Company establishes appropriate internal control and reporting system to identify and evaluate potential inside information. Pursuant to the requirements of Hong Kong Listing Rules, the Company publishes the relevant information relating to inside information on the websites of SSE, the Stock Exchange and the Company.

AUDITORS' REMUNERATION

For the year ended 31 December 2020, the remuneration paid to the auditors of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) is set out below:

Types of services	Remuneration paid/ to be paid *RMB'000*
Annual audit service	9,290
Internal control audit	2,240

Note: For the avoidance of ambiguity, the auditor's remuneration set out above is only the remuneration paid to the auditor Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) who provides annual audit services to the Company, fees paid by the Group to other organizations that provide accounting services were not included.

Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) provides auditing of financial statements of the parent company and the consolidated financial statements and reviews on the effectiveness of internal control for the Company. In 2020, annual financial auditing for the Company's overseas businesses was conducted by Deloitte Touche Tohmatsu (Australia), Deloitte Touche Tohmatsu Auditors Independents (Brazil), Deloitte Services SARL (DRC) and Deloitte SA (Swiss), annual financial statements and internal control audit expenses of overseas business amounted to approximately RMB4.88 million.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman as well as chairmen of the Audit and Risk Committee, Remuneration Committee, Nomination and Governance Committee and Strategic and Sustainability Committee shall attend the forthcoming annual general meeting to answer questions of the shareholders.

The Company will convene the annual general meeting ("**AGM**") on 21 May 2021 and the notice of the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Hong Kong Listing Rules and Articles of Association.

As at the end of the year, in accordance with the latest provisions of relevant laws, regulations, normative documents and the Article of Association, the Company formulated and revised the Articles of Association, General Meeting System, Board Meeting System, Working Rules of the Supervisory Committee, Management System on Third Party Guarantee, Working Rules of the Investment Committee, Management System Rules on Affiliated Transaction, Outbound Investment Management System, Information Disclosure System, Registration Management System on Inside Information Insider, Internal Accountability System, Major Events Internal Report Management System, Work System on Board Secretary and other internal management systems, and formulated a series of internal management systems including the Subsidiary Management System, Management System on Financial Derivatives Product Trading Business, Working Rules of President, Administrative Measures for Preventing the Occupation of Funds by Controlling Shareholders and Related Parties and Working Rules of the Open Market Committee to regulate the operation of global businesses.

The Company is committed to disseminating important information regarding the Group to the public. To facilitate effective communication, the Company set up the website www.cmoc.com which sets out the information and updates relating to the Company's business development and operation as well as financial information and other information available for public inspection.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue (including the election of individual Directors).

All resolutions put forward at a general meeting will be taken by poll pursuant to the Hong Kong Listing Rules and the poll results will be posted on the websites of the Company, the Stock Exchange and the SSE after the general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Shareholders either individually or collectively holding more than 10% of the shares of the Company may, through signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the supervisory committee to convene the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the supervisory committee to issue the notice of the general meeting within required time frame shall be deemed as failure of the supervisory committee to convene and preside over a general meeting, in which case, shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his/her/their own.

Where the supervisory committee or shareholders decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall file with the dispatched office of the CSRC at the locality of the Company and the stock exchange. The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The supervisory committee or the convening shareholders shall submit relevant evidence to the dispatched office of the CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

When the Company convenes a general meeting, the Board, supervisory committee or the shareholders either individually or collectively holding 3% or more of the Company's shares may put forward proposals to the Company.

Shareholders either individually or collectively holding 3% or more of the Company's shares may submit their provisional motions to the convener 10 days before the date fixed for convening of the meeting. The convener shall issue a supplementary notice of the general meeting two days after the motions have been received and announce the name of the shareholder submitting the provisional motions, shareholding percentage and the contents of the motions.

Save for the circumstances referred to in the preceding paragraph, after the convener has issued the notice on the general meeting, no change shall be made to the motions listed in the notice of the meeting nor new motions shall be added.

The general meeting shall not vote on or resolve motions not listed in the notice of the general meeting or motions which do not meet the following requirements.

Content of proposals at the shareholders' general meeting shall be matters falling within the functions and powers of general meeting. It shall have definite topics to discuss and specific matters to resolve and comply with the laws, administrative regulations and the requirements in the Articles of Association.

SHAREHOLDERS' ENQUIRIES

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Office of the Board at the Company's principal place of business in the PRC (for holders of A shares) or at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H shares).

The address and contact details of the Company's principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China
Telephone No.: (+86) 379 6860 3993
Facsimile No.: (+86) 379 6865 8017

The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990/(+852) 2529 6087

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the office of the Board, by email: 603993@cmoc.com, fax: (+86) 379 6865 8017, or mail to North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the People's Republic of China (Attention: Mr. Yue Yuanbin). Shareholders may call the Company at (+86) 379 6860 3993 for any assistance.

Note: Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

The Company approved the amendments to the Articles of Association at the annual general meeting held on 12 June 2020. The latest Articles of Association of the Company are available on the websites of the SSE, the Stock Exchange and the Company.

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Directors of the Company are pleased to present their 2020 annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2020.

ESTABLISHMENT OF THE COMPANY

The Company was incorporated in the PRC on 25 August 2006 as a joint stock limited company in preparation for the listing of the Company's shares on the Stock Exchange. Details are set out in the H share prospectus of the Company dated 13 April 2007.

On 26 April 2007, the Company completed its initial public offering of H shares and the H shares of the Company were successfully listed on the Stock Exchange.

On 24 September 2012, the Company completed its initial public offering of A shares. On 9 October 2012, the A shares of the Company were successfully listed on the SSE.

PRINCIPAL ACTIVITIES

(I) Principal Businesses

The Company engages in non-ferrous metal industry, mainly the mining, beneficiation, smelting, refining and trading of base and rare metals. With its main business located in five continents: Asia, Africa, South America, Oceania and Europe, the Company is one of the largest scheelite producers, the second largest cobalt and niobium producer, one of the top seven molybdenum producers and a leading copper producer in the world. It is also the second largest producer of phosphatic fertilizers in Brazil. In terms of trading business, the Company is among the third biggest base metals merchants in the world. The Company ranked 1,463rd in the Global Top 2,000 Listed Companies of 2020 Forbes, 151st in the 2020 Fortune China Top 500, and 22nd in the 2020 Global Top 50 Mining Companies (market value) rankings.

The Company's vision is to become the most respected world-class and modern resources company. It focuses on building an operation mission that features meritocracy, cost control, continuous improvement, and achievement sharing. The corporate strategies include: reinforcing and maintaining the current competitiveness of the Company's business and strengthening competitive cost advantages of existing business through continuously identifying cost reduction opportunities and improving efficiency; optimizing business development fueled by organic growth of current production capacity and outward investment, based on the existing resource endowment, while continuously optimizing the Company's production capacity structure, active external investment should be made to expand resource reserves and growth capacity; continuously managing and optimizing the balance sheet by rationalizing financing structure and reducing capital costs; creating synergy while ensuring stable domestic and overseas operations. Relying on its comprehensive competitive advantages in scale, industrial chain, technology, funds, market and management, and thanks to its diversified financing platform, the Company is stepping firmly towards its strategic goals.

(II) Business Model of the Company

1. *Mineral mining and processing business*

The Company' business adopts a model of centralized operation and level-to-level management. Besides, the Company has been seeking for investment, merge and acquisition opportunities on the projects of high-quality resources in a global scale.

(1) Procurement model

The Company adopts a tendering system for the procurement of materials in large quantities and for materials below the standards for tendering, the Company adopts centralized competitive bidding and separate hearings, resulting in a system that allows centralized procurement, division of responsibilities and a multi-layered supply chain. In particular, blasting equipment used in mining is a special commodity under governmental regulation, the trading of which is subject to a licensing system. Within the scope permitted by the laws and regulations, the Company could carry out designated procurement of this class of materials.

(2) Production model

A large-scale, batch-based and continual production model is adopted. Moreover, the production plan is formulated and the best level of output is decided in line with the reserves of mines and the service life and on the basis of the market research.

(3) Sales model

Principal products of the Company include copper, cobalt, molybdenum, tungsten, niobium, and phosphate and other related products, wherein:

① The principal copper and cobalt products are copper cathode, copper concentrate and cobalt hydroxide. During the reporting period, the copper cathode and copper concentrate business has also established a business model of mine-IXM-terminal processing plant and smelter; while cobalt hydroxide is mainly sold to the downstream cobalt smelting plants (including Umicore) and downstream producers in the new energy supply chain through IXM's trading network;

② The direct sales model of "manufacturer – consumer" has been mainly adopted in molybdenum, tungsten and related products, with the indirect sales model of "manufacturer – third party dealer – consumer" as the auxiliary;

③ Niobium products are ferroniobium. The Company has also established a distribution model of "manufacturer – IXM – consumer ", integrating the IXM global sales network and the sales network of ferroniobium customers of the domestic sales team in China, and continuously increasing the profit of ferroniobium sales.

④ The major clients of its phosphate products are fertilizer mixers who mix the Company's phosphate fertilizer with other auxiliary materials according to different formulas to produce mixed fertilizers and sell them to the end customers within Brazil.

2. *Mineral Trading Business*

Mineral trading of IXM makes profit mainly by seeking low-risk arbitrage opportunities in the value chain, and hedges the price change risks of spot positions through derivative financial instruments such as futures contracts, for example, arbitrage between different qualities and grades of the goods (quality spread), arbitrage between different locations or futures exchanges (location spread) and arbitrage based on different delivery periods (time spread). After discovering the above mismatch opportunities, IXM locked in profits by buying in the cheap market and selling in the expensive market, and simultaneously completed the conversion of commodity space, time and form.

(1) Concentrate metal trading

The gross profit of this business mainly comes from the difference between treatment charge/refining charge (TC/RC). IXM obtains profit from the difference between TC/RC agreed between the mine and the smelter through its deep understanding and prediction of market supply and demand, and the establishment of a strong cooperative relationship with mineral producers and smelters. It accounts for a large proportion of the gross profit of IXM's concentrate business.

(2) Refined metal trading

The gross profit of this business mainly comes from changes in basis premiums and discounts and cash arbitrage (the difference between the spot price and the futures price or the difference between the recent and forward futures contracts). With the layout of IXM in the entire value chain, the position-holding cost (including storage, insurance and financing costs, etc.) is kept at a low level. When the profits obtained through the cash basis difference can fully cover the corresponding the position-holding cost, IXM is able to lock profits with lower risks.

(3) *Sourcing, sales and risk control*

IXM is based on a commercial and logistics network in key regions, an integrated supply chain, as well as long- and short-term strategic mining off-takes and downstream investment to ensure that its sourcing and sales strategies are effectively implemented, and the flow of exclusive funds is unblocked. IXM dedicates considerable time and resources to analyzing market balances and seeking possible trading opportunities through regular contact with IXM market research team and research institutes of this field.

IXM has built a diversified supplier and customer portfolio which includes integrated mineral companies, smelters and refined metal retailers, etc, on the basis of the substantial network of contacts all along the supply and sale chains. As part of its strategy, IXM tends to work mostly with proven and performing counterparties.

While IXM conducts spot trading of non-ferrous metals, it also holds futures contracts of the same metal species that can be settled on a net basis. Taking advantage of the strong correlation between spot trading and future businesses, through the combined business model of futures business and spots trading, in the upswing cycle of the spot market, the profits of the spot trading side make up for the losses of the futures business; in the downward cycle of the spot market, the profits of the futures business make up for the losses of the spot trading side. This business model reduces the risks caused by industry cyclical and price fluctuations, creates stable and sustainable profits for enterprises.

IXM has a mature risk management and control system. After the risk prevention and control strategy is approved by the Company, it will be implemented by the risk management and macro strategy committee of IXM. IXM has set up a special risk management department to ensure that IXM's risk control policies can be properly implemented.

(III) Industry Overview

1. Copper industry

The Company is a leading copper producer in the world and sells copper product (copper cathode and copper concentrates) to the international market. According to the data from Wood Mackenzie, global production volume of copper metal for the year 2020 was approximately 23.76 million tonnes, representing a year-on-year increase of 0.7%.

As one of the important raw materials of basic industries, copper with both industrial and financial traits is indispensable for industrial production and people's daily lives. Among the non-ferrous materials, copper only lags behind aluminum in terms of consumption. From the view of major consumption areas, China, Europe and the United States are the three traditional consuming regions and maintain steady consumption levels.

At the beginning of 2020, with the outbreak of the COVID-19 epidemic, market sentiment deteriorated severely due to concerns about the decline in consumption, leading to the continuous decline of copper prices. Beginning in late March, central banks of various countries began to carry out large-scale liquidity underpinnings, China's demand rebounded rapidly after the epidemic was brought under control. The overseas epidemic affected the supply pattern of copper mines, and jointly promoted a four-month continuous rebound in copper prices to around US$6,500/tonne. Beginning at the end of the third quarter, the second wave of overseas epidemics struck, leading to the outbreak of replenishment demand and the continued weakening of the USDX, which pushed the price of copper upward again to around US$8,000/tonne. In mid-December, the mutated strain was discovered in the UK, and copper prices have been adjusted. In 2021, the copper prices are expected to climb to a new equilibrium as global monetary excess and demand from further economic stimulus increases.

2. *Cobalt industry*

The Company is the world's second largest producer of cobalt and sells cobalt hydroxide to the international market. Pursuant to the data from Commodity Research Unit (CRU), global production volume of cobalt metal for the year 2020 was approximately 140.5 thousand tonnes, representing a year-on-year decrease of 6.92%.

In respect of resources reserve, according to statistics in the "2021 Mineral Commodity Summaries" published by USGS, global cobalt reserve as of the end of 2020 was approximately 7.10 million tonnes (the amount of metal). Among them, the DRC and Australia own approximately 51% and 20% of the total global cobalt resources respectively. CRU data showed that global cobalt consumption was 0.137 million tonnes in 2020, representing a year-on-year decrease of 0.38%, with a compound annual growth rate from 2011 to 2020 of 6.52%. In the first half of 2020, due to the low cobalt trend in the power battery market, the outlook for cobalt demand was dusty. Although the COVID-19 epidemic has caused supply concerns due to logistics restrictions and temporarily boosted cobalt prices, the cobalt product market still showed a downward trend in shocks. In the second half of the year, affected by the "stay-at-home-economy" and the transfer of global processing orders, the digital and power battery markets both recovered. The average price of standard-grade cobalt in the Metal Bulletin was US$15.37/lb, representing a decrease of 4.5% from the value of US$16.1/lb in 2019.

Looking forward to 2021, the supply and demand of the cobalt market will both recover. The concentration of existing and new projects in the DRC and the increasing emphasis on the responsible cobalt supply chain of the terminal have put forward more stringent requirements for the stability and quality of cobalt sources. In terms of demand, the consumer side of the global new energy sector is booming, and the popularity of new electronic consumption and 5G mobile phones also drives the demand for cobalt. It is expected that with the improvement of fundamentals, downstream inventories will gradually be consumed, and prices are expected to rise steadily.

3. *Molybdenum industry*

The Company is one of the top seven molybdenum producers in the world. Molybdenum products are mainly sold to domestic markets in the PRC. In accordance with the information from China Non-ferrous Metals Industry Association Molybdenum Branch, production volume of molybdenum metal in China for the year 2020 was approximately 98 thousand tonnes, representing a year-on-year decrease of 0.98%.

China is the country with most abundant molybdenum resources in the world. Currently, its proven reserve of molybdenum is the No.1 in the world. Pursuant to the data published by USGS in 2021, global molybdenum reserve was approximately 18 million tonnes. China ranks first in the world with 8.3 million tonnes of reserves. America, Peru and Chile totally owned 38%.

China is the main driver of global molybdenum consumption growth. From 2013 to 2020, China's molybdenum demand increased to 106.6 thousand tonnes for the metal, representing a CAGR of 6.41%. In early 2020, with the outbreak of COVID-19, the global economy began to sink into the most serious economic recession since the Great Depression of last century. The investment in manufacturing industry at home and abroad sharply shrinked, and the price of crude oil increased sharply. According to the estimation of Antaike, the global molybdenum consumption in 2020 decreased by 5.5% year-on-year, among which Japan decreased by 12.3%, Western Europe decreased by 14.0% and the United States decreased by 9.6%. At the same time, with the gradual recovery of the domestic economy, although the domestic molybdenum consumption has increased, the sharp deterioration of the overseas market has led to a sharp increase in China's Molybdenum raw material imports, the domestic market supply and demand contradiction intensifies, so the domestic molybdenum price also bears a greater downward pressure. Looking forward to 2021, it is expected that domestic molybdenum consumption will pick up slightly driven by the further warming of automobile industry and other manufacturing industries, while the global molybdenum market is expected to recover slowly in the big economic cycle after the epidemic.

4. Tungsten industry

The Company is one of the largest scheelite producer in the world and sells tungsten products to the domestic market in the PRC. In accordance with the information published by the United States Geological Survey in 2021, global tungsten reserve was approximately 3.4 million tonnes, of which China has 56% reserves. In accordance with the data showed by China Nonferrous Metals Industry Association, production volume of tungsten metal in China for the year 2020 was approximately 85.3 thousand tonnes.

The Sandaozhuang Mine which is currently under mining is the largest uni-tungsten mine under operation in the world. China, as the largest producer of tungsten in the world, contributes to nearly 80% of the global supply. In recent years, the tungsten industry, has long been in the overcapacity with greater supply than demand and difficulty in destocking, and the tungsten market is hovering at low levels under the pressure of weak demand and difficulties in stock clearance. As the market price dived below the cost line, some mining enterprises stopped or downsized output, leading to a decline in the total capacity of the market. Since 2019, the global production volume growth of major hard alloy was declined slightly, leading to a drop in tungsten demand. However, with the popularity of COVID-19 vaccine, manufacturing activities in developed countries in Europe and the United States are gradually recovering, and downstream manufacturers will resume production one after another. The tungsten metal market is expected to stabilize and recover under the promotion of global demand.

5. Niobium industry

The Company is the world's second largest producer of niobium, and sells niobium products to the international market.

The market of niobium is highly concentrated in the world. Companhia Brasileira de Metalurgia e Mineração (CBMM), occupying approximately 75% of the global output, has the absolute dominant position in the industry and has a strong influence on the price trend of niobium. Meanwhile, CBMM sets the pace of its output expansion for niobium products, so niobium price has kept relatively stable in history. Niobium's major application product is ferroniobium, which is mainly used to produce structural steel with low alloy and high strength. In recent years, with structural adjustment and upgrading of the domestic steel industry, the consumption of ferroniobium in China has been increasing gradually. According to the data of Roskill, the CAGR of global niobium consumption reached 5% from 2010 to 2019; the consumption dropped in 2020 due to the impact of the epidemic, but with the continuous progress of the domestic infrastructure and the upgrading of the demand for special steel, the consumption of niobium will be further recovery.

6. Phosphate industry (Brazil)

The Company is the second largest phosphate fertilizer producer in Brazil, selling phosphate fertilizer products to the Brazilian market. Brazil is one of the major producers and exporters of agricultural products in the world and the fourth largest fertilizer consumer in the world, and its annual consumption is far beyond its domestic output. MAP and Single superphosphate ("**SSP**") are major high- and low-concentrated phosphate fertilizer products respectively in the Brazilian market.

According to the International Fertilizer Industry Association (IFA), phosphate demand is expected to grow by about 2.4% in 2021. The agricultural fundamentals of the United States, Brazil and India are strong. In order to achieve a higher level of food production, the demand for chemical fertilizer will be promoted, and the demand for phosphate fertilizer in Brazil will be a steady growth in the demand for phosphate fertilizer in the next few years. As its phosphate ore reserves are not rich and such ores have relatively low contents of P_2O_5.Therefore, it needs to import a large amount of fertilizer products. The phosphates mine and chemical plants owned by the Company are located in the agricultural center of Brazil, the ores held have relatively high contents of P_2O_5 valid compound of phosphates mine is high. Meanwhile, due to the high cost of logistics in Brazil, the location with obvious geographical advantages, makes the Company one of the producers with the lowest production costs in these important areas.

7. *Metal trading industry*

IXM is the third largest base metal trader in the world. Its main trading partners include copper, lead, zinc concentrates and refined metals such as copper, aluminum, zinc and nickel, as well as a small amount of precious metal concentrates and special metals such as cobalt and niobium. All along, IXM has maintained a steady business operation, established a good reputation and business network all over the world.

In 2020, although the global economy was greatly affected by COVID-19, metal prices fluctuated drastically, but IXM fully reflected the cyclical characteristics of its business mode, completed 2.74 million tonnes of mineral physical trade volume (sales volume), and 2.60 million tonnes of refined metal physical trade volume (sales volume), contributing to a positive and stable performance for the Company.

IXM has been responsible for the external sales of all the copper and cobalt produced by TFM, all the niobium produced by Brazil and part of the copper produced by NPM. IXM has also been deeply involved in the resource integration and profit realization of many other levels of the Company. At the same time, IXM continues to give full play to the industrial status and channel advantages of traders to help the Company expand its layout and influence in the field of resources. By cooperating with the mining sector and the Company's investment, financing and research capabilities, it has created a new profit growth point.

BUSINESS REVIEW

According to the Schedule 5 of the Companies Ordinance of Hong Kong (Chapter 622 of The Laws of Hong Kong), discussion and analysis were made including the business review for the year ended 31 December 2020 and discussion on business development in the future which are described on the section headed "Business Review and Prospects" on page 17 to page 20 of this annual report, while description of principal risks and uncertainties facing by the Group can be found in different parts of this annual report, including the descriptions under the section headed "Risk Warning" on page 38 to page 39. Analysis using financial key performance indicators is described in the section headed "Management Discussion and Analysis" on page 21 to page 30 of this annual report. The above discussion forms part of the Report of the Board of Directors.

CORPORATE BONDS

Basic information about issue of corporate bonds is as follow:

Name of bonds	Abbreviation	Code	Issue date	Mature date	Balances of bonds	Interest Rate *(%)*	Payment method for principal and interest	Trading venues
CMOC CAPITAL LTD. 5.48% secured bonds 2022 (5722)	CMOC CAP B2202 (5722)	5722	2019–02–01	2022–02–01	USD250 million	5.48	Full interest payment for half year	The Stock Exchange of Hong Kong Limited
Public issuance of 2019 Corporate Bonds (first tranche) of China Molybdenum Co., Ltd.	19洛鉬01	163043.SH	2019–11–28	2022–11–28	RMB1 billion	4.28	Interest payment once a year, one-off payment of principal upon expiry	Shanghai Stock Exchange

1. Pursuant to "the proposal in respect of seeking authorization from the shareholders' meeting of the Company to the board of directors of the Company for issue of debt financing instruments" considered and approved by the 2017 annual general meeting, the first extraordinary general meeting of the fifth session of the Board of the Company has determined to approve CMOC Capital Limited (being a wholly-owned subsidiary) to issue oversea bonds to qualified foreign institutional investor.

As at 1 February 2019, the Company issued USD0.3 billion bonds with the annual interest rate being 5.48%; and the interests paid semi-annually; the bond maturity date is 1 February 2022. The issuance of US dollar bonds was listed on The Stock Exchange of Hong Kong Limited on 4 February 2019.

Approximately USD297.5 million of net proceeds from the raised funds of issuance of USD bonds after deducting commissions and other estimated expenditures related to the issuance of overseas bonds will be used for the general operating needs of the Company, including but not limited to the repayment for existing obligations of the Company.

2. Pursuant to "the proposal in respect of the Company compliance with the conditions for the issuance of bonds", "the proposal in respect of the Company compliance with the conditions for the issuance of bonds" and "the proposal in respect of seeking authorization from the shareholders' meeting of the Company to the board of directors of the Company to fully handle this public issuance of corporate bonds" were considered and approved by the 2016 annual general meeting, the Company has determined to approve the issuance of corporate bonds with a total nominal amount not exceeding RMB8 billion (inclusive) and with a term of no more than 8 years (inclusive), and the authorization to the board of directors to handle all matters related to this corporate bonds issue.

   On 26 April 2019, upon the approval of Zheng Jian Xu Ke No. [2019] 840 published by CSRC, the Company was approved to issue corporate bonds to qualified investors with a total nominal amount not exceeding RMB8 billion. On 28 November 2019, the Company issued the first tranche of corporate bonds on the Shanghai Stock Exchange, with a scale of RMB1 billion and a final nominal rate of 4.28%. After deducting the issuing expenses from the principal and interest of the raised funds of current bonds of the Company, it is intended to improve the debt structure, repay the Company's debts, and supplement the working capital and other purposes in compliance with the legal laws, regulations and relevant provisions.

   Please refer to the relevant announcements disclosed by the Company on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.cmoc.com) for details.

ENVIRONMENTAL PROTECTION POLICIES AND PERFORMANCE

Regarding the collective environmental protection policy and performance, the Company maintains its high-quality services in the industry while adhering to the philosophy of "environmental protection goes first with green development", in building itself into a resource-saving and eco-friendly company. It takes the harmonious development of energy business and environment as a critical responsibility of the Company and a priority in production and operation, and follows through the green mining concepts of resource saving, eco-friendliness and harmonious mining field in establishing its cultural system. It conscientiously implements the guidelines and policies of environmental protection, comprehensively builds up safe and eco-friendly environmental protection engineering and supporting facilities that are beneficial to water and soil conservation as well as recovery and management of mine ecosystem, tracks and supervises the construction of "simultaneous design, simultaneous construction and simultaneous commencement of usage" in environmental protection engineering, maintains strict control over construction, and ensures "not to commence operation without satisfactory acceptance". Production and operation projects are comprehensively implemented with energy saving and emission reduction and pollution prevention measures to ensure long-term and stable operation in compliance with relevant standards. The Company insists on the development principle of "ecological development, scientific usage and cyclic economy", actively adopts advanced technology, advanced process, advanced equipment, and endeavors to improve efficient use of resources and the level of discharge recycling and reuse. It promotes clean production, improves the system of energy saving and emission reduction, and practically steps up the reduction of pollutant emissions. It endeavors to promote its ability of environment management, and strives for the sustainable development of environmental protection.

The Company prepared the 2020 Environmental, Social and Governance Report of China Molybdenum Co., Ltd., i.e. the 2020 Social Responsibility Report (hereinafter referred to as the "**Report**"), pursuant to the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange in December 2015, and the Environmental Information Disclosure Guide for Listed Companies issued by the SSE in May 2008, and disclosed it separately. The Report gives true information of the CMOC in terms of environmental, social and governance activities. All information in the Report is derived from the official documents and statistics reports of CMOC and the summary and statistics of its affiliated companies. The Report gives full disclosure of concerns of the major interested parties (including shareholders, customers, employees, suppliers and partners) of the Company:

- Environment

- Employees
- Community
- Products

Please refer to the 2020 Environmental, Social and Governance Report of China Molybdenum Co., Ltd., i.e. the 2020 Social Responsibility Report disclosed by the Company on the websites of the SSE (www.sse.com.cn), the Stock Exchange (www.hkexnews.hk) and the Company (www.cmoc.com) for details.

COMPLIANCE WITH RELEVANT LAWS AND RULES

The Company devotes its efforts to strictly comply with regulated laws and rules in the jurisdictions where the Company is operating, and is also in compliance with applicable guidelines and rules issued by regulators. To the Directors knowledge, the Company has complied with all laws and rules which have material effect on the Company during the reporting period. In addition, compliance with the relevant laws and regulations which have significant impacts on the Group has been disclosed in various parts of this annual report (especially in the Corporate Governance Report). Descriptions of key relationships between employees of the Company, major customers and suppliers are set out on page 55 to page 79 of the Report of the Board of Directors in the annual report.

CORE COMPETITIVENESS

(I) The Company implements and carries out advanced sustainable development policies to escort the Company's long-term stable development.

The Company is fully aware of the importance of sustainability to its access to resources, markets and capital, and has nurtured and actively implemented it as our new core competitiveness. The Company engaged an internationally renowned law firm to review and update its compliance and sustainability policies applicable across the Company, which took reference from international best practice frameworks, including the Sustainability Principles of the International Council on Mining and Metals (ICMM), the IFC Environmental and Social Performance Standards, the International Labour Organization Conventions, the International Bill of Rights, etc., to continuously improve the Company's governance framework on sustainability through continuous learning of international corporate good practice.

The Company established a Sustainable Development Executive Committee, which is specifically responsible for promoting the decision-making of the Board and the Strategic and Sustainability Committee, and the implementation of the Company's sustainable development strategy at the executive level, reviewing and updating the company-wide compliance and sustainable development policies. All of the Company's mining zones are regularly reviewed by a third party to verify their compliance with the requirements of the Environmental, Health and Safety Management Certification System, which includes ISO14001 and OSHAS18001 certification. These measures have laid a solid policy and practice foundation for future sustainable development.

During the reporting period, the Company won the "Golden Bee Corporate Social Responsibility China List • Overseas Responsibility Enterprise" and the Evergreen Award "Sustainable Development Internal Control Award" of CAIJING in 2020, Golden Round Table ESG Award, etc.. The Company was selected as "Typical Cases of Green Development of Enterprises in 2020" and "Top 100 Poverty Alleviation Enterprises in China" in 2020. The poverty alleviation project of China area was selected into the "Sample of Poverty Alleviation Enterprises in China" of China Corporate Social Responsibility Center of Southern Weekend.

(II) The Company possesses unique and scarce products portfolio which effectively resist and reduce the impact of periodic fluctuation

Currently, the Company possesses a unique and scarce product portfolio including copper, cobalt, molybdenum, tungsten, iron, niobium, phosphate and gold, and has industry-leading advantages for each resource variety. The resource varieties cover the basic, special metals and precious metals, and enters into the market of agricultural applications with phosphorus resources.

Iron and copper represent an important metals for consumption purpose, enjoying a broad prospect of application. Cobalt, as one of the major materials for new energy batteries currently, is very scarce for strategic purpose because of its low reserve in land resources. The periodical volatility of niobium metal is weaker than other non-ferrous metals, and therefore the price is relatively stable, and the risk of industry volatility is relatively low. Phosphorus is mainly applied in agricultural field. Brazil, where the Company's business is operated, is bestowed with the vastest potential cultivable land in the world and represents the fourth largest consumer of fertilizer worldwide. Considering the shortage of local phosphates ore resources, phosphorus business of the Company in Brazil has obvious geographical advantages and develops steadily.

Product portfolio with unique and diversified natures enables the Company to effectively resist periodic fluctuation risks in resource sectors, enhance the ability to resist risks and fully enjoy the enormous benefits brought by the periodic changes in prices from various resources.

(III) The Company has a vast reserve of distinctive resources with high quality

The Company is the second largest cobalt producer and the leading copper producer in the world. The TFM Copper and Cobalt Mine operated by the Company in the Congo (DRC) represents one of the largest reserve and highest grade copper-cobalt mines in the world, with a mining area that covers over 1,500 sq. km. KFM Copper and Cobalt Mine adjacent to TFM mining area acquired in 2020 is the world's top Copper and Cobalt Mine project. It is rich in Copper and Cobalt Mine resources, with high average grade of Copper and Cobalt Mine and huge exploration potential. It further consolidates the Company's position in the field of battery metals and electric vehicles, and makes the Company play an important role in the transformation of global energy industry. The Company is the second largest niobium producer in the world and the second phosphate fertilizer producer in Brazil. The Company's niobium/phosphate mining area in Brazil has rich reserves and bright prospect for exploration, with rich and high quality niobium resources and the highest grade P_2O_5 resources in Brazil. The Company is one of the largest scheelite producer and one of the top-seven molybdenum producers in the world. The Company's domestic resources in China include: the Luanchuan Sandaozhuang molybdenum/tungsten mine, a native molybdenum/ tungsten mine large in scale, being a part of Luanchuan molybdenum mining field, the largest native molybdenum mining field in the world, and the largest scheelite operation tungsten mine of single unit. During the reporting period, the Luanchuan Shangfanggou molybdenum mine in close proximity to the Sandaozhuang molybdenum mine, which is owned by Luoyang Fuchuan Mining Co., Ltd., a joint venture of the Company, restarted mining and molybdenum ore supply was steadily improving, which effectively alleviated the molybdenum production decline brought by the reduction of molybdenum grade of the Sandaozhuang mine of the Company. Meanwhile, abundant iron resources accompanied by the Sandaozhuang molybdenum mine have been efficient recovered. The Donggebi Molyubdenum Mine in Hami, Xinjiang, which is possessed by a subsidiary of the Company, has not yet been developed.

All projects owned by the Company have particularly favorable prospect of resource exploration.

(IV) The Company possesses leading production technology and extremely strong cost competitiveness

Most mines owned by the Company are the mines with a portfolio of recoverable resources and the Company therefore proactively pushes forward the comprehensive recovery and utilization of resources. Within the PRC, the Sandaozhuang molybdenum/tungsten mine, a mine currently exploited and operated by the Company, recovers the by-product scheelite out of the molybdenum tailings, making the Company one of the largest tungsten producers. The successful industrialized recovery of by-products copper and iron created a new profit growth point for the Company. The comprehensive recovery of by-products fluorite and iron ore upon small scale industrialized production is being steadily promoted. Resource recovery of iron byproduct resources in the Shangfanggou Molybdenum Mine is already capable of large-scale production. Abroad, the TFM copper and cobalt mine operated in the Congo (DRC) recovers cobalt from copper tailings, with the high-efficient hydrometallurgy recycling and utilization technology of copper and cobalt resources, with the second-largest output of cobalt in the world. Part of the niobium output of the niobium business operating in Brazil comes from the comprehensive recovery of phosphate tailings. With advanced low-grade niobium ore resource efficient recovery and comprehensive utilization technology, phosphate ore resource processing and utilization, and development and production of high value-added products Technology, the Company's niobium production ranks second in the world. There are still a variety of recyclable metals in mines located in Brazil which are yet to be researched and utilized by the Company. In the future, experience in production techniques and technology research and development can be shared by comprehensive recovery operation at home and aboard, so as to broaden the prospects of development.

The NPM copper and gold mine operated by the Company in Australia adopted advanced mining technology of block caving, and the automation level of its underground block caving mining has reached 100%. All of the mines (except for NPM) currently operated by the Company have adopted the effective open-pit mining. The Company strengthened the efficiency of ore mining and transport through automation procedures to achieve lower mining costs. The Company made use of by-products with value from comprehensively recycling associated and beneficial resources, strengthening the profitability of the mines operated and expanding the competitive edge in costs. Besides, the cash costs of all business sectors achieved by the Company stand at an internationally leading position in the industry, and enjoy relatively strong competitive edge in the industry.

(V) The Company has advanced technical capabilities in the industry and industry-leading innovative technologies

The Company has a strong technological research and development team. The Company successfully implemented industrialization of its various scientific research results, leading industrial technology improvement and promoting the competitiveness of the Company.

The Company continuously invests in technological research, and passed the review of China's high-tech enterprises in December 2020. In December 2019, the Company won the award of "Industry-University-Research Collaboration Innovation and Promotion of China (First Prize)" (中國產學研合作創新成果獎一等獎) with its" Development and Application of Energy Management System of Pure Electric Mineral Card for Intelligent Road Condition"(純電動礦卡智能路況能源管理系統開發與應用), and the Company was awarded the "First Prize for Science and Technology Achievement in China's Non-Ferrous Metal Industry" (中國有色金屬工業科學技術一等獎) with "Open-pit Mine Unmanned Mining Equipment and Key Technology of Intelligent Control Integration" (露天礦無人採礦裝備及智能管控一體化關鍵技術). During the reporting period, the Company's "5G smart mine construction based on cloud platform, Internet of Things, and big data" (基於雲平台、物聯網、大數據條件下的5G智慧礦山建設) and "Efficient Recovery of Rare Metal Rhenium in Molybdenum Smelting Eluent" (鉬冶煉淋洗液中稀散金屬錸的高效回收) were awarded the first prize of Henan Province Resource Science and Technology. It won the title of "National Enterprise Technology Centre" jointly awarded by five ministries and commissions, including the National Development and Reform Commission and the Ministry of finance; won the Sixth China Industry Award; with market share of tungsten concentrate products ranks first in China, and won the honorary title of "the Fifth Batch of Single Champion in Manufacturing Industry" of the Ministry of Industry and Information Technology.

The Company has applied 5G technology to mine production, creating an unmanned mine through the application of unmanned mining equipment in a 5G environment, effectively saving costs while significantly enhancing the ability to guarantee safe production in the mine area and significantly improving production efficiency.

(VI) The Company creates a new model of Mining + Trading to create profit growth point

Through IXM basic metals trading platform, the Company achieves a high degree of synergy and complementarity in customer, sales, supply chain and logistics, risk control and other aspects of the existing businesses while extending the Company's mine production industry chain. The IXM makes full use of existing global leading industry research and information advantages, deeply participates in the Company's resource integration and profit realization at many levels, and continues to give play to the industrial status and channel advantages of traders to help the Company expand its layout and influence in the resource field. By cooperating with the mining sector and the Company's investment, financing and research capabilities, it has created a new profit growth point, enhanced the Company's global industry competitiveness and influence, and formed a new commercial competitive advantage, which enhanced the Company's global industry competitiveness and influence, and worked together to form new business competitive advantages.

(VII) The Company possesses a healthy balance sheet and stable shareholder structure, safeguards the healthy development of the Company and values shareholder returns

The Company, as a pioneer and role model for the state-owned enterprises reform in China, had completed the mixed ownership reform of state-owned enterprises in 2014. Currently, a stable shareholder structure has been formed, which includes the investment allocation from private, state and large scale investment institutions, strategic and industrial investors. At present, the operating businesses basically are mature in-production projects, with stable profitability and strong cash generating capacity of each business segment. Shareholders of all parties collectively foster the development of the Company and exercise shareholders' rights in accordance with the combination of industry development and Company's strategies. Stable business operation, proactive shareholder policies and stable equity structure are more beneficial to the Company in achieving a favorable development so as to steadily carry out the achievement of the strategic goals. The Company has stable and sound financial policies, committed to continuously building a healthy balance sheet.

The Company continued to optimize its balance sheet and build a healthy asset-liability structure at the end of the reporting period. As of the end of 2020, the monetary capital balance amounted to RMB16.9 billion, over 60 banks in and outside of China have extended credit facilities to the Company of not less than RMB110 billion, with a large amount of unused credit facilities and currency fund balances providing the Company with sufficient liquidity.

Since the listing, the annual average dividend has accounted for approximately 52.04% of the net profit attributable to the parent company for the year, showing a stable dividend distribution policy and a considerable dividend return.

DIVIDEND

1. Cash dividend distribution policy

In accordance with Shareholders' Return Plan in the Next Three Years (2019–2021)

(1) In the next three years, the Company adopts a proactive dividend distribution policy in the form of cash or shares, and implements such policy in accordance with the laws, regulations and regulatory requirements. Priority in profits distribution should be in cash rather than in shares. The Company shall distribute profits in the form of cash should such conditions are met. The Company may distribute interim cash dividends as and when appropriate.

(2) In accordance with the laws, regulations and other regulatory requirements in the period, the Company distributes dividend in cash if it records earnings with positive distributable profits and the cash flow of the Company can accommodate the needs of both its daily operation and sustainable development. If the Company distributes cash dividends, the proportion for cash dividends should also comply with the following requirements simultaneously: the profits distributed by the Company in the form of cash each year shall not be less than 30% of distributable profits recorded in the year, in accordance with laws, regulations and regulatory requirements in the period; where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80%of the total profit distribution when distributing its profits; where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits; where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

The substantial capital expenditure arrangement mentioned above refers to matters that the total assets of transactions, including asset acquisitions and external investments, by the Company within a year account for more than 30% (inclusive) of the latest audited total assets of the Company. The Board of Directors of the Company shall propose a specific cash dividend distribution plan and submit it to the general meeting by differentiating the aforesaid circumstances after taking various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement.

(3) Where the Company records earnings with positive distributable profits for the year and the valuation on the shares of the Company is in a reasonable range, the Company may distribute dividend in the form of shares without prejudice to the scale of the share capital and the reasonable structure of shareholdings of the Company on the basis of considering rewarding and sharing corporate value with investors.

2. Implementation of cash dividend distribution policy

The profit distribution plan for 2019 was considered and approved at the 2019 AGM of the Company held on 12 June 2020. The profit distribution was based on the Company's total share capital of 21,599,240,583 shares before the implementation of the plan. The cash dividend per share was RMB0.043 (tax inclusive), and the total cash dividends of RMB928,767,346.11 (tax inclusive) were distributed. The dividend distribution was completed during the reporting period.

3. The Company's plans or proposals for the distribution of ordinary share dividends and the transferal of capital from capital reserve to equity for the last three years (including the reporting period):

Year of dividend distribution	Number of bonus shares for every 10 shares *(share)*	Amount of dividend for every 10 shares *(RMB)* *(tax inclusive)*	Amount increased for every 10 shares *(share)*	Amount of cash dividend *(RMB thousand)* *(tax inclusive)*	Net profit attributable to shareholders of ordinary shares of listed companies in the consolidated statement for the year of dividend distribution *(RMB thousand)*	Percentage of net profit attributable to shareholders of ordinary shares of listed companies in the consolidated statement *(%)*
2020	0	0.33	0	711,174.00	2,328,787.51	30.54
2019	0	0.43	0	928,767.35	1,857,014.21	50.014
2018	0	1.10	0	2,375,916.46	4,635,583.95	51.25

4. Proposal of Dividend Distribution:

The Company plans to distribute profits based on the total share capital (deducting the number of shares in the Company's special account for repurchase) on the equity registration date for equity distribution, and distribute a cash dividend of RMB0.33 (tax inclusive) per 10 shares to all Shareholders with an expected total cash dividend of RMB711,174,000.77 (tax inclusive), representing approximately 30.54% of the net profit attributable to the shareholders of the listed company for the year.

If the total share capital of the Company changes as a result of the conversion of convertible bonds, share repurchases, share repurchases granted under equity incentive, cancellation of share repurchases for major assets restructuring, etc. during the period from the date of disclosure of the announcement on the profit distribution plan to the date of registration of the implementation of equity distribution, the Company intends to maintain the total amount of distribution and adjust the ratio of distribution per share accordingly.

This proposal has been considered and approved at the 12th meeting of the fifth session of the board of directors of the Company and needs to be submitted to the general meeting of Shareholders for approval.

The Company will dispatch to Shareholders a circular containing, among other things, the proposed distribution of final dividend and the AGM as soon as practicable.

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) and the "Rules for the Implementation of Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》), both implemented on 1 January 2008 and the "Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares" (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H shares register of members on the reference date. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and group, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

In accordance with the "Notice on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Furthermore, the competent tax authority of the Company confirmed that the relevant requirements under the "Notice on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) are applicable to the Company, the Company will not be required to withhold and pay any individual income tax on behalf of individual Shareholders when the Company distributes the final dividend to individual Shareholders whose names appear on the H shares register of members.

Pursuant to the "Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market" (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated on 17 November 2014:

- For mainland individual investors who invest in the H shares via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of the 2017 final dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax credit relating to the withholding tax already paid abroad. For mainland securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of the final dividend pursuant to the foregoing provisions; and

- For mainland corporate investors that invest in the H shares via the Shanghai-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of the final dividend and the mainland corporate investors shall file the tax returns on their own.

Shareholders of H shares are recommended to consult their tax advisors regarding the relevant tax laws and regulations in the PRC, Hong Kong and other countries on the dividend payment by the Company and on the taxation implications of holding and dealing in the H shares.

FINANCIAL INFORMATION SUMMARY

The announced results, assets, and liabilities and minority interests of the Group for the last five financial years are as below:

Unit: million Currency: RMB

Item	The year	Previous year	Three years ago	Four years ago	Five years ago
Operating income	**112,981**	68,677	25,963	24,148	6,950
Total profit	**2,876**	2,358	6,990	5,382	1,190
Income tax expenses	**397**	592	1,840	1,786	171
Net profit	**2,479**	1,766	5,150	3,596	1,019
Net profit attributable to shareholders of the parent company	**2,329**	1,857	4,636	2,728	998
Non-controlling interest	**150**	-91	514	868	21

Item	The end of the year	The end of previous year	The end of three years ago	The end of four years ago	The end of five years ago
Total assets	**122,441**	116,862	101,216	97,837	87,924
Total liabilities	**75,106**	67,366	51,618	51,928	53,587
Total equity attributable to equity holders of the Company	**38,892**	40,803	40,949	38,157	18,738
Total minority interests	**8,443**	8,693	8,649	7,752	15,599

The summary does not constitute part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the share capital of the Company during the year are set out in note (v).14 and note (xiv).10 to the consolidated financial statements.

SHARE CAPITAL AND SHAREHOLDERS

1. Share Capital

Details of changes in the share capital of the Company during the year are set out in note (v).40 to the consolidated financial statements.

2. Shareholding structure of substantial shareholders

As at 31 December 2020, the number of shareholders of the Company amounted to 308,182, of which shareholders of H shares amounted to 8,349, and shareholders of A shares amounted to 299,833. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders were as follows:

Name of shareholders (Full name)	Class of Share	Changes during the reporting period *(10,000 shares)*	Closing number of shares held *(10,000 shares)*	Proportion *(%)*
Cathay Fortune Corporation ("**CFC**")	A share and H share	0	533,322.00	24.69
Luoyang Mining Group Co., Ltd. ("**LMG**")	A share	0	532,978.04	24.68
HKSCC NOMINEES LIMITED	H share	221.96	358,973.84	16.62
CCB Principal Asset Management –ICBC – Shaanxi International Trust – Shaanxi International Trust • Jinyu No.6 targeted investment trust plan of assembled funds	A share	-4,301.99	73,446.70	3.40
Hong Kong Securities Clearing Company Ltd.	A share	23,746.22	56,360.77	2.61
China State-owned Enterprise Structure Adjustment Fund Co., Ltd.	A share	-24,156.36	49,814.32	2.31
Minsheng Royal Fund－Bank of Ningbo－Jiaxing Minliu Investment Partnership (limited partnership)	A share	-3,599.34	43,572.77	2.02
Ningbo Shanshan Venture Capital Co., Ltd.	A share	-10,057.49	37,062.93	1.72
National Social Security Fund Package No. 108	A share	5,000.00	20,000.00	0.93
China Construction Bank Corporation Corporate－Huaxia Energy Innovation Equity Securities Investment Fund	A share	5,388.82	6,426.22	0.30

Notes:

1. Percentage calculation is based on the Company's total share capital of 21,599,240,583 shares.

2. HKSCC NOMINEES LIMITED held 3,589.7384 million H shares in the Company as a nominee, representing 16.62% 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.

3. Substantial Shareholders' Interests in Shares

To the best knowledge of all Directors and Supervisors, as at 31 December 2020, the persons or companies (other than Directors, the chief executives or Supervisors of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
LMG	5,329,780,425	Beneficial owner	A share	30.17%
Luoyang Guohong Investment Group Co., Ltd.	5,329,780,425	Interest in controlled corporation	A share	30.17%
CFC	5,030,220,000	Beneficial owner	A share	28.47%
	303,000,000 (L)	Interest in controlled corporation	H share	7.70% (L)
Cathay Fortune Investment Limited ("**Cathay Hong Kong**") [(1)]	91,518.000 (L)	Beneficial owner	H share	2.32% (L)
Cathay Fortune International Company Limited	211,482,000 (L)	Beneficial owner	H share	5.38% (L)
Yu Yong[(2),(3)]	5,030,220,000	Interest in controlled corporation	A share	28.47%
	303,000,000 (L)	Interest in controlled corporation	H share	7.70% (L)
Citigroup Inc.[(3)]	473,513,945 (L)	Person having a security interest in shares/Interest in controlled corporation/ Approved lending agent	H share	12.04% (L)
	10,627,714 (S)			0.27% (S)
	454,353,449 (P)			11.55% (P)
GIC Private Limited	395,536,729 (L)	Investment manager	H share	10.06% (L)
JPMorgan Chase & Co.[(4)]	386,614,077 (L)	Interest in controlled corporation/ Investment manager/ Person having a security interest in shares/Approved lending agent	H share	9.83% (L)
	17,569,802 (S)			0.45% (S)
	56,131,401 (P)			1.43% (P)
BlackRock, Inc. [(5)]	281,717,643(L) 7,518,000 (S)	Interest in controlled corporation	H share	7.16% (L) 0.19% (S)
UBS Group AG [(6)]	280,058,879 (L)	Interest in controlled corporation	H share	7.12% (L)

Notes: (L) – Long position, (S) – Short position, (P) –Lending pool

(1) Cathay Hong Kong and Cathay Fortune International Company Limited are wholly-owned subsidiaries of CFC.

(2) Mr. Yu Yong holds 99% interest in CFC and was deemed to be interested in the 5,030,220,000 A shares of the Company directly through CFC. In addition, Mr. Yu Yong was deemed to be interested in the long position of 303,000,000 H shares of the Company. CFC, Cathay Fortune International Company Limited and Cathay Hong Kong, being the controlled corporations, directly or indirectly hold the shares of the Company.

(3) Citigroup Inc. was deemed to hold a total of long position of 473,513,945 H shares, a short position of 10,627,714 H shares and a lending pool of 454,353,449 H shares available for sale of the Company due to its control rights over a number of companies. Citicorp LLC, Citibank, N.A., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc., Citigroup Global Markets Hong Kong Limited, Citigroup Global Markets Inc., Citigroup Global Markets Europe Finance Limited, Citigroup Global Markets (International) Finance GmbH, Citigroup Global Markets Holdings Bahamas Limited and Citigroup Global Markets Limited, being the controlled corporations, directly or indirectly hold the shares of the Company.

(4) JPMorgan Chase & Co. was deemed to hold a total of long of 386,614,077 H shares, a short position of 17,569,802 H shares and a lending pool of 56,131,401 H shares of the Company due to its control rights over a number of companies. JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan Securities LLC, JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, J.P. Morgan Investment Management Inc., JPMorgan Chase Bank, National Association, JPMorgan Asset Management (Asia Pacific) Limited, J.P. MORGAN SECURITIES PLC, JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings Inc., JPMorgan Chase Holdings LLC, J.P. Morgan Broker-Dealer Holdings Inc., JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED, J.P. MORGAN CAPITAL HOLDINGS LIMITED and J.P. Morgan International Finance Limited, being the controlled corporations, directly or indirectly hold the shares of the Company.

(5) BlackRock, Inc. was deemed to hold a total of long position of 281,717,643 H shares and a short position of 7,518,000 H shares of the Company due to its control rights over a number of companies. Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.àr.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings LP, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock International Limited, BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.àr.l., BlackRock Investment Management Ireland Holdings Limited, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock (Singapore) Limited, BlackRock UK Holdco Limited and BlackRock Asset Management (Schweiz) AG, being the controlled corporations, directly or indirectly hold the shares of the Company.

(6) UBS Group AG was deemed to hold a total of long position of 280,058,879 H shares of the Company due to its control rights over a number of companies. UBS AG, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Asset Management (Deutschland) GmbH, UBS Asset Management Switzerland AG, UBS Asset Management Trust Company, UBS Switzerland AG, UBS Asset Management (UK) Limited, UBS Fund Management (Luxembourg) S.A., UBS Fund Management (Switzerland) AG, UBS Third Party Management Company S.A and UBS Asset Management Life Ltd, being the controlled corporations, directly or indirectly hold the shares of the Company.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any other persons (other than a Director, chief executive or Supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

BORROWINGS

Details of the borrowings of the Company and the Group are set out in notes (v).22 and .33 and notes (xiv).15 and 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVE

The amount of the Company's reserves available for distribution as at 31 December 2020, calculated in accordance with the PRC rules and regulations, was RMB9,472.84 million.

CHARITABLE DONATIONS

In 2020, the external donation expenses of the Group amounted to RMB12,200,813.25.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the proportions of purchase and sales from the major suppliers and major customers of the Company to our total purchases and sales were as follows:

Purchases

The total purchases from our largest supplier was approximately 2.22% of our total purchase value.

The total purchases from our five largest suppliers was approximately 9.33% of our total purchase value.

Sales

The total sales to our largest customer was approximately 4.40% of our total sales value.

The total sales to our five largest customers was approximately 14.43% of our total sales value.

During the year, to the Directors' knowledge, none of the Directors or Supervisors or their respective close associates or any shareholders who hold more than 5% of our shares, had any material interest or rights in our five largest customers and our five largest suppliers.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management of the Company during the year and up to the date of this annual report are:

Executive Directors

Mr. Li Chaochun
Mr. Li Faben

Non-Executive Directors

Mr. Yuan Honglin (appointed as the Chairman of the Board on 12 June 2020)
Mr. Guo Yimin
Mr. Cheng Yunlei

Independent Non-Executive Directors

Mr. Wang Gerry Yougui
Ms. Yan Ye
Mr. Li Shuhua

Supervisors

Ms. Kou Youmin
Mr. Zhang Zhenhao
Mr. Xu Wenhui (appointed at the Employees' Representatives Meeting on 12 March 2021)
Ms. Wang Zhengyan (resigned on 11 March 2021)

Senior Management

Mr. Sun Ruiwen (appointed on 28 August 2020)
Ms. Wu Yiming
Mr. Yue Yuanbin
Mr. Zhou Jun (appointed on 12 June 2020)

Pursuant to the Articles of Association, the term of office of all Directors and Supervisors is three years (expiry date of the tenure being the date of the annual general meeting of the Company to be held in 2021), and may stand for re-election upon expiry of the term.

The Company has received an annual confirmation from each of Mr. Wang Gerry Yougui, Mr. Li Shuhua and Ms. Yan Ye, all being the independent non-executive Directors, in respect of their independence and is of the opinion that they remained independent as at the date of this report.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S PROFILES

Profile details of the Directors and Supervisors of the Company and the senior management of the Group are set out on pages 83 to 86 of the annual report.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Directors' and Supervisors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of Directors of the Company with reference to Directors' and Supervisors' duties, responsibilities and performance and the results of the Group. In compliance with the Corporate Governance Code, the Company has set up the Remuneration Committee to formulate remuneration policies. Details of the Directors' and Supervisors' remuneration are disclosed in note (x).7 to the consolidated financial statements.

The remuneration of the senior management for the year ended 31 December 2020 fell within the following bands *(Note)*:

Remuneration bands	Number of Individual(s) Year 2020
Above RMB1,500,000	3

Note: Directors and Supervisors of the Company were excluded; Ms. Ng Sau Mei, the joint company secretary, was an external service provider, as such, she was not part of the Company's senior management.

EMPLOYEES AND PENSION PLAN

As at 31 December 2020, the Group had approximately 10,956 full-time employees, classified as follows:

Professional composition

Category of professional composition	Number of professionals
Production staff	7,061
Technical staff	873
Administrative staff	1,120
Finance staff	282
Sales and other supporting personnel	1,620
Total	10,956

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on employees' positions and responsibilities and their quantified assessment results. The employees' remuneration is evaluated in line with the Company's operating results and personal performance in order to provide a consistent, fair and equitable remuneration system for all employees. The subsidiaries of the Company domiciled in China have participated in the social insurance contribution plans introduced by China's local governments. In accordance with the laws and regulations regarding the national and local labour and social welfares in China, the Company is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, health insurance, unemployment insurance, work injury insurance and housing provident fund. Pursuant to current applicable local regulations in China, the percentages of certain insurances are as follows: the pension insurance, health insurance, unemployment insurance, work injury insurance and the contribution to housing provident fund of our Chinese employees represent 16%, 7.5%, 0.7%, 0.2% to 0.95% and 5% to 12% of his or her total basic monthly salary respectively (for parent company, the pension insurance, unemployment insurance, health insurance and work injury insurance were levied with 50% reduction from February to June 2020, while the health insurance was reduced by 1% from July to December 2020. Subsidiaries were exempted from pension insurance, unemployment insurance and work injury insurance from February to December 2020, and health insurance were levied with 50% reduction from February to June 2020, while health insurance was reduced by 1% from July to December 2020). In accordance with applicable PRC regulations, the Company currently participates in pension contribution plans organized by the governments. Such pension contribution plans are known as defined contribution plans, under which the Company is not allowed to reduce the current contribution level by using forfeited contributions.

The overseas employees of the Company participate in pension and healthcare plans under the requirement of the laws in the countries where they reside.

ANALYSIS ON MAJOR SUBSIDIARIES

Basic information of major subsidiaries

Company name	Principal business	Registered capital	Shareholding method	Shareholding proportion
CMOC Mining Pty Limited	Copper and gold related products	USD346,000,000	Indirect	100%
CMOC International DRC Holdings Ltd.	Copper and cobalt related products	USD10,000	Indirect	100%
Luxembourg SPV	Niobium and phosphates related products	USD20,000	Indirect	100%
IXM	Mineral trading	CHF32,290,000	Indirect	100%

FINANCIAL INDICATORS OF MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

Unit: RMB'000

Company name	Operating revenue	Operating profit	Net profit attributable to shareholders of the parent company	Total assets	Net assets
CMOC Mining Pty Limited	1,454,727	316,753	222,930	5,203,494	3,184,698
CMOC International DRC Holdings Ltd.	9,728,159	1,523,728	984,994	43,033,363	31,915,111
Luxembourg SPV	4,507,301	335,558	555,596	11,903,659	4,604,786
IXM	103,430,946	950,734	772,491	31,824,335	4,660,218

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

All Directors and Supervisors of the Company have each entered into a service contract with the Company for a term of not more than three years until the annual general meeting of the Company to be held in 2021.

None of the Directors and Supervisors has a service contract with the Company which is not terminable within one year without payment of compensation, other than statutory compensation.

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

None of the Directors and Supervisors or entities connected to the Directors and Supervisors had material interests, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting or entered into during or at the end of the year.

MATERIAL INVESTMENTS

The material investments held by the Group and the performance and prospects of such investments during the accounting year, are set out in notes (v).10, 11 and 12, note (i).2, and note (vii).2 to the consolidated financial statements and the section headed "Material Events" of the annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed in 2020.

PERMITTED INDEMNITY

Except the liability insurance described below, the Company did not enter into any agreement with indemnity provisions with Directors or Supervisors of the Company to provide indemnity to Directors or Supervisors for legal liabilities caused to third parties or other types of legal liabilities.

The Company considered and passed the purchase of liability insurance for the risks of domestic and overseas litigations or regulatory investigations that the Directors, Supervisors and senior management of the Group may be exposed to when carrying out their duties in executing the business decisions and information disclosure, at the sixteenth extraordinary meeting of the fifth session of the Board in 2020. The insurance covers management liabilities of the Directors, Supervisors and senior management, the Company's equity securities claims and the Company's inappropriate employment practices claims. The annual compensation limit per insurance item is up to USD100,000,000 per annum, at the total annual costs of premium not more than USD700,000 per annum.

The resolution will be submitted to the general meeting of the Company for consideration and approval.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2020, the shareholding of A Shares of the current Directors, Supervisors and senior management of the Company was as follows:

Name	**Number of shares held** *(Shares)*	**Percentage in total share capital** *(%)*
Yuan Honglin	1,050,600	0.005
Li Chaochun	1,587,692	0.007
Li Faben	1,064,400	0.005
Zhang Zhenhao	1,063,500	0.005
Total	4,766,192	0.022

As of the date of this report, none of the undertakers has reduced his/her holdings in the Company's shares.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2020, none of the Directors, chief executives, senior management and Supervisors and their respective associates had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which required the Company and Stock Exchange to be notified pursuant to Part XV of the SFO or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code.

2020 CONNECTED TRANSACTION

Continuing Connected Transaction Under Products Purchase Agreement

On 27 March 2020, the Company and Luoyang Fuchuan Mining Co., Ltd. ("**Fuchuan Mining**") entered into the Products Purchase Agreement for a term ending on 31 December 2020, pursuant to which, Fuchuan Mining agreed to provide, and the Company agreed to purchase certain products, including, among others, raw molybdenum ore, molybdenum ore concentrates and iron ore concentrates meeting the technical requirements of mineral processing on a continuing basis. The annual cap for the year ended 31 December 2020 contemplated under the Products Purchase Agreement amounted to RMB340 million. As of the end of the reporting period, the actual purchase amount contemplated under the Products Purchase Agreement amounted to RMB216.12 million.

The auditors of the Company have implemented the review procedures for the continuing connected transaction and sent a letter to the Board of the Company, stating that:

1) they did not discover anything that made them believe that the disclosed continuing connected transaction had not been approved by the Board of the Company;

2) regarding the continuing connected transaction under the Products Purchase Agreement, they did not discover anything that caused them to believe that the transaction was not carried out in accordance with the Group's pricing policy in all material respects;

3) they did not discover anything that led them to believe that the transaction had not been carried out in accordance with the relevant agreements of the transaction in all material respects;

4) regarding the total amount of each continuing connected transaction, they did not discover anything that caused them to believe that the disclosed continuing connected transaction had exceeded the annual cap contemplated by the Company.

The independent non-executive Directors have reviewed the continuing connected transaction, and confirmed that:

1) the continuing connected transaction was entered into in the usual and ordinary course of business of the Company;

2) the continuing connected transaction was entered into on normal commercial terms or better; and

3) the continuing connected transaction was conducted based on the relevant transaction agreements, and the terms were fair and reasonable and in the interests of the Company's shareholders as a whole.

Fuchuan Mining Financing Guarantees Connected Transaction

The annual general meetings of the Company convened on 14 June 2019 and 12 June 2020 considered and approved the relevant resolutions of provision of Financing Guarantee (the "**Financing Guarantees**") with a total amount of not more than RMB800 million to Fuchuan Mining, a joint venture of the Company and agreed authorization to the Board to decide and handle Financing Guarantee related matters within a limit of RMB800 million (or equivalent foreign currency) and sub-authorization to the chairman or his delegate. The Financing Guarantee authorization will expire on the date of 2021 annual general meeting of the Company.

Pursuant to the Financing Guarantee authorization, on 17 December 2020, the Company entered into BOC Pledge Agreement with BOC Luanchuan Branch and Minsheng Bank Maximum Pledge Agreement with Minsheng Bank Luoyang Branch, respectively, pursuant to which the Company agreed to provide pledge guarantee with a maximum guaranteed principal balance of RMB386 million and RMB384 million as well as relevant interests and expenses under the BOC Loan Agreement and Minsheng Bank Loan Agreement, provided that the total scope of guarantee, that is, the maximum principal balance of the debt and the interests and expenses incurred from the principal debt, will not exceed the upper limit of RMB800 million as required by the Financing Guarantee authorization.

In addition, on 17 December 2020, the Company entered into the Counter-guarantee Agreement with Fuchuan Mining for the Financing Guarantee, pursuant to which Fuchuan Mining agreed to provide counter-guarantee for the Company's guarantee liability under the Financing Guarantee within the upper limit of RMB800 million by way of mortgage guarantee.

The Company indirectly holds 55% equity interests in Fuchuan Mining, and LMG, a substantial shareholder of the Company holding 24.68% of the equity interests in the Company, indirectly holds the remaining 45% equity interest in Fuchuan Mining other than through its interests in the Company. Although the financial statements of Fuchuan Mining are not consolidated into the consolidated financial statements of the Group, the Company has control over daily operation and management of Fuchuan Mining through contractual arrangements, therefore, Fuchuan Mining is deemed as a subsidiary of the Company and thus a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules.

Details of the above connected transaction were set out in the announcements of the Company dated 27 March 2020, 6 April 2020 and 8 December 2020. The connected transaction had complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules. Save as disclosed above, other related parties transactions disclosed in Note (X) to the financial statements do not fall under connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

NON-COMPETITION AGREEMENTS

On 6 September 2006, non-compete agreements were entered into between the Company and each of CFC and LMG, respectively. CFC and LMG agreed not to compete with the Company in our businesses and granted the Company certain options and right of first refusal pursuant to the non-compete agreements. Details of the non-compete agreements had been disclosed in the prospectus of the Company dated 13 April 2007, under the section headed "Relationship with Controlling Shareholders – Non-Compete Agreements". Each CFC and LMG had executed a Non-Competition Undertaking Letter with the Company on 30 January 2011 and 18 May 2011 respectively, pursuant to which each of them had undertaken not to compete with the Company in the businesses it operated or businesses to be further expanded. Details of the Non-competition Undertaking letters had been disclosed in "Peer Competition and Connected Transactions (同業競

爭與關聯交易)" set out in Section VII to the prospectus of A Shares dated 8 October 2012. CFC (together with its parties acting in concert, Cathay Hong Kong) and Luoyang Guohong Investment Group Co., Ltd. had executed the Acquisition Report of China Molybdenum Co., Ltd.* on 23 January 2014 and 29 November 2013 respectively, pursuant to which each of them undertook not to compete with the Company in the businesses we operated. Details of the Acquisition Reports were disclosed in the announcements of the Company dated 23 January 2014 and 27 January 2014.

On 18 April 2017, the Company received from LMG the Notice on Gratuitous Transfer of State-Owned Shares by Luoyang Non-ferrous Mining Group Co., Ltd. (洛陽礦業集團有限公司), to transfer the 100% equity in Luoyang Guo'an Trade Co., Ltd. ("**Guo'an Trade**") held by Luoyang Non-ferrous Mining Group Co., Ltd. (洛陽礦業集團有限公司) to LMG free of charge, as from which, LMG will perform the duty as the shareholder. Upon LMG's acceptance of the transfer, in accordance with the Non-Competition Undertakings and to avoid actual competition between LMG and the Company upon actual commencement of production operation activities by Fuchuan Mining, LMG made an undertaking to the Company on 18 April 2017, pursuant to which, LMG undertakes to the Company that, after LMG obtains the Luoyang Guo'an Interests (and indirectly holds the interests of Fuchuan Mining) and before Fuchuan Mining commences production operations, LMG will procure the sale of the Luoyang Guo'an Interests, and the Company shall have the pre-emptive right to purchase Luoyang Guo'an Interests (the "**Pre-Emptive Right**"), or according to《關於推動國有股東與所控股上市公司解決同業競爭規範關聯交易的指導意見》(the Guiding Opinions on Promoting the Resolution of Horizontal Competition and the Regulation of Affiliated Transactions by the State-owned Shareholders and the Listed Companies under Their Control*) jointly issued by 國務院國有資產監督管理委員會(the State-owned Assets Supervision and Administration Commission of the State Council*) and the China Securities Regulatory Commission, which indicated the comprehensive use of asset re-structuring, equity replacement, business adjustment and other similar methods to resolve the issue of competing business.

To further deal with the potential horizontal competition, the Company and Fuchuan Mining entered into an entrusted operation agreement in July 2019, in which Fuchuan Mining entrusts the Company to fully manage its overall business and take full responsibility for its production, operation and management for a term of three years, during which, the property right of Fuchuan Mining remain unchanged and the assets and profits belong to Fuchuan Mining according to law. Fuchuan Mining has resumed its production and operation activities since December 2019.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance had been entered into between the Company or any of its subsidiaries and any controlling Shareholders or any of its subsidiaries during the reporting period.

No contracts of significance had been entered into by the controlling shareholder of the Company or any of its subsidiaries for provision of services to the Company or any of its subsidiaries during the reporting period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

LMG, the substantial shareholder of the Company, holds 50% equity of Xuzhou Huanyu, and Xuzhou Huanyu holds 90% equity of Fuchuan Mining. Fuchuan Mining is a joint venture of the Company, mainly engaged in the production of molybdenum, please refer to the "Resources and Reserve" and "Report of the Board of Directors" sections of this report for details of the production of Fuchuan Mining, The Company has control over Fuchuan Mining through contractual arrangements. The Company entered into a products purchase agreement with Fuchuan Mining in March 2020, pursuant to which, the Company purchases ore meeting the technical requirements of mineral processing from Fuchuan Mining. For details of the products purchase agreement, please refer to the announcements published by the Company dated 27 March 2020 and 6 April 2020.

Mr. Guo Yimin, a Director of the Company, served as the chairman of LMG. Save as disclosed above, in 2020, none of the Directors had any interest in any business which competes or is likely to compete either directly or indirectly, with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information and to the knowledge of the Directors, at least 50.6% of the Company's total issued share capital was held by the public as at the date of this report. The Company has been maintaining the public float required by the Hong Kong Listing Rules. In particular, the public float of H shares accounted for 16.8%.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors and Supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding was considered and approved, approving the Company to use self-owned funds of no more than RMB450 million to repurchase A shares of the Company at the price of no more than RMB4.5 per share. The total amount of the shares to be repurchased would be no less than 50 million and no more than 100 million, accounting for approximately 0.23% to 0.46% of total issued share capital of the Company. During the reporting period, the Company has repurchased 48,513,287 shares through centralized bidding transactions, accounting for 0.2246% of total issued share capital of the Company before repurchase. The highest transaction price was RMB 4.00 per share and the lowest transaction price was RMB3.96 per share, and the amount paid was RMB193,787,974.28 (excluding transaction costs). The aforesaid repurchase occurred in October 2020. This repurchased treasury share shall only be used for the purpose of subsequent implementation of equity incentive plans or employee shareholding schemes; if the Company fails to use all of the repurchased shares within 36 months after the completion of the share repurchase, the repurchased shares left unused will be cancelled, which will be implemented in accordance with relevant laws, regulations and policies.

We refer to the announcement of the Company dated 29 January 2019, in relation to the US$300,000,000 5.48% guaranteed bonds due 2022 (the "**US$ Bonds**") issued by CMOC Capital Limited (the "**CMOC Capital**"), the notice of listing of the US$ Bonds on the Stock Exchange dated 1 February 2019 and the announcement of the Company dated 21 July 2020 in relation to the partial repurchase and cancellation of the US$ bonds.

On 13 July 2020, the Issuer made on-market repurchase of an aggregate amount of US$50,000,000 of the US$ Bonds (the "**Repurchased Bonds**"), representing approximately 16.67% of the outstanding amount of US $300,000,000, in the open market. The Repurchased Bonds have been cancelled on 21 July 2020. After cancellation of the Repurchased Bonds, an aggregate of US$250,000,000 US$ Bonds remain outstanding, representing approximately 83.33% of the initial amount of the US$ Bonds.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company or any of its subsidiaries during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENT

In 2020, the Company has not implemented any equity-linked agreement.

SHARE OPTION SCHEME

In 2020, the Company has not implemented any share option scheme.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP. The financial report for the year 2020 prepared in accordance with the PRC Accounting Standards by the Company has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and an auditor's report with unqualified opinions has been issued.

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP, as the auditor of the Company, with term of office until the conclusion of the next annual general meeting of the Company.

By order of the Board
Yuan Honglin
Chairman

Luoyang City, Henan province, the PRC
22 March 2021

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

In 2020, in strict compliance with the requirements of the Company Law, Securities Law, Articles of Association, Rules of Procedure for the Supervisory Committee and relevant laws and regulations, the Supervisory Committee conducted supervision and inspection over the Company's operation and finance, implementation of resolutions passed at general meetings, the lawfulness and compliance of material decision-making procedures by the Board and the operational and management activities of the Company, and the performance of duties by the Board and the senior management, with a view to fostering standardized operation of the Company. For the sake of safeguarding the benefits of the Company and maximizing the interests of all the Shareholders, the Supervisory Committee performed its supervisory duty earnestly. We attended Board meetings in 2020 and considered that the Board, Directors and the senior management diligently and earnestly implemented all resolutions of the Company, without damaging the interests of the Shareholders and the Company. The resolutions of the general meetings and the Board were in compliance with the requirements of Company Law, other relevant laws and regulations and the Articles of Association.

I. MEETINGS CONVENED

In 2020, the Supervisory Committee held six meetings. Apart from holding Supervisory Committee meetings, the Supervisory Committee also sat in and attended the meetings of the Board and general meetings of the Company and listened to and adopted important proposals and resolutions from the Company. We understood the process of how the Company's material decisions were formed, had a grasp on the operational results of the Company, and simultaneously performed the Supervisory Committee's functions of knowing facts, monitoring and investigation.

Meetings attended by the Supervisors in 2020:

	Number of Attendance in person/Number of Meetings		
	Supervisory committee	**Board**	**General meetings**
Ms. Kou Youmin	6/6	9/9	3/3
Mr. Zhang Zhenhao	6/6	9/9	3/3
Ms. Wang Zhengyan	6/6	9/9	3/3

II. COMPLETION OF MAJOR DUTIES

In 2020, in strict compliance with the requirements of relevant laws and regulations and the Articles of Association, the Supervisory Committee prudently reviewed the compliant operations, finance and internal control, connected transactions and other issues of the Company. The Supervisory Committee also raised reasonable recommendations and opinions to the Board. It also effectively supervised as to whether the major and specific decisions made by the management of the Company were in compliance with the laws and regulations of the State and the Articles of Association, and whether they were made to safeguard the benefits of the shareholders.

1. Inspection of lawfulness of the Company's operations

Pursuant to the relevant provisions of relevant laws and regulations of the State, Listing Rules in Mainland China and Hong Kong and Articles of Association, the Supervisory Committee conducted inspection and supervision over the procedures for convening general meetings and Board meetings of the Company, items to be resolved, implementation of resolutions passed at general meetings by the Board, the codes of conduct of senior management of the Company and internal control system of the Company by attending the general meetings and the meetings of the Board of the Company. Upon inspection, the Supervisory Committee is of the view that the decision-making procedures at the general meetings and Board meetings of the Company are lawful, the resolutions of the general meetings and the Board can be effectively implemented and the internal control system of the Company is well established. The Directors and senior management are diligent and responsible. No violation of any laws, regulations, Listing Rules in Mainland China and Hong Kong and Articles of Association and no other circumstances which are harmful to interests of shareholders and the Company have been found in the performance of duties.

2. Inspection of the Company's financial status

During the reporting period, the Supervisory Committee conducted effective supervision and inspection over the performance of the Company's financial system. Upon inspection, the Supervisory Committee is of the view that the financial operation of the Company was conducted in strict compliance with the financial management and the internal control system of the Company. Through the inspection over each auditing material (including the financial information) provided by the Company, the Company has built a sound financial internal control system, which could effectively guarantee the efficient operation of corporate funding and the safety and integrity of the Company's properties. The Company has neither acted against the wishes of the shareholders nor violated the internal control system of the Company during the course of operation. The utilization of funds was in the interests of the shareholders and met the principle of maximizing the Company's benefits. The financial position of the Company is solid with true financial information, and there is no false record, misrepresentations, or major omissions. There exists neither guarantee for violation of rules nor any guaranteed items which should be disclosed but have not been disclosed yet. Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) audited the annual financial report and issued a standard and unqualified audit report.

3. Inspection of the implementation of the information disclosure systems

During the reporting period, the Supervisory Committee urged the Company's relevant departments to be in strict compliance with the requirements of regulatory policies to perform its obligations of information disclosure, to seriously implement each information disclosure management system, to timely and fairly disclose information which is true, accurate and complete on the whole.

4. Review of the internal control evaluation report

After the careful review of the 2020 Internal Control Evaluation Report of the Company (《公司二零二零年度內部控制評價報告》), the Supervisory Committee is of the opinion that the compilation is in compliance with such requirements as the Basic Rules for Internal Control of Enterprise (《企業內部控制基本規範》) and the Internal Control Evaluation Guidelines of Enterprise (《企業內部控制評價指引》). By establishing efficient internal control system and management, the Company has improved its internal control system, which plays a better role in risk prevention and control during the Company's production, operation and management to ensure an orderly development of various business activities of the Company and shareholders. The report objectively and accurately reflected the actual situation of the Company's internal control, and no false records, misleading statements or major omissions have been found. The Supervisory Committee approved the 2020 Internal Control Evaluation Report of the Company.

5. Supervisions on connected transactions

During the course of conducting resolutions in relation to connected transactions by the Board of the Company, the approval procedures were in compliance with the laws and regulations, and were fair and reasonable without damaging the rights of minority shareholders.

6. The use of funds by related parties and external guarantee

In 2020, there was no non-operational use of the funds by the controlling shareholder; and there was no illegal external guarantee and guarantees provided in favour of the shareholders, controlling subsidiaries and subsidiary enterprises of the shareholders, and non-legal entities or individuals; and in the interests of the Company and the shareholders as a whole.

7. Trainings

In order to consistently increase professional knowledge and enhance the business level, to execute the supervisory function of the Supervisory Committee in a perfect way and to strictly comply with laws, regulations and the Articles of Association, relevant supervisors participated in the training courses according to requirements in respect of corporate governance and regulatory development organized by the Listed Companies Association of Henan Province or held by the Company, and received and read the relevant materials including updates of laws and rules sent by the Board Office of the Company.

III. SUMMARY AND EVALUATION

The Supervisory Committee is of the view that the Board of Directors of the Company duly performed its operation in strict compliance with the requirements under the laws and regulations including the Companies Law, the Articles of Association and Hong Kong and Shanghai Stock Exchange Listing Rules. The Company kept the duly process of the production and operation, and ensured the stability of the production of the Company and the interests of the shareholders to the greatest extent. The major business decision-making procedures of the Company were legitimate and effective. The Directors and senior management of the Company duly performed their duties seriously, proactively and normatively conducted their work in accordance with the national laws, regulations, the Articles of Association and resolutions of the general meetings and the Board. The Supervisory Committee had not found any acts in breach of laws and regulations and the Articles of Association or against the interests of the shareholders and the Company by the Board and senior management of the Company during the course of performing their duties. The Supervisory Committee expressed its deep appreciation to the performance of the Board and management.

IV. WORKING PLAN

In 2021, the Supervisory Committee of the Company will be in strict compliance with the requirements of the Company Law, the Articles of Association, the Rules of Procedure for the Supervisory Committee, relevant laws and regulations and departmental rules, earnestly perform the supervisory function, and further enhance its supervision strength on the financial position, major issues, connected transactions and the compliance of the Directors and senior management personnel of the Company, thereby promoting continuous optimization of the internal control, standardization of operation and management of the Company, and safeguarding and guaranteeing the interests of the Company and investors.

By order of the Supervisory Committee
Kou Youmin
Chairperson

Luoyang City, Henan province, the PRC
22 March 2021

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Li Chaochun, born in February 1977, is an executive Director of the Company since January 2007, vice chairman of the Board of the Company from January 2007 to January 2014, chairman of the Board of the Company from January 2014 to June 2020, currently vice chairman of the Company and a member of the Strategic and Sustainability Committee of the Company. Mr. Li graduated from Shanghai Jiaotong University with a bachelor's degree in law in July 1999. From July 1999 to December 1999, he was a staff accountant of the tax division of Arthur Andersen (Shanghai) Business Consulting Co., Ltd. He was with Arthur Andersen Hua Qiang CPA from January 2000 to March 2002, where his last position was a senior consultant of the tax division. From April 2002 to February 2003, he was a deputy manager of planning and strategy implementation of the general representative office of The Hong Kong and Shanghai Banking Corporation Limited. From July 2003 to January 2007, Mr. Li was an executive director of the investment department of Cathay Fortune Corporation.

Mr. Li Faben, born in January 1964, professor-level senior engineer, has been the executive Director of the Company since August 2006. He is also the general manager and a member of the Strategic and Sustainability Committee of the Company since October 2012. Mr. Li graduated from the Central South Mining & Metallurgical College (subsequently renamed as the Central South University of Technology, now known as the Central South University) with a bachelor's degree in engineering in 1983 (major in mining engineering) and the Xi'an University of Architecture and Technology with a master's degree in engineering in 2004 (specialized in mining engineering) and a doctor's degree in Management Science and Engineering in January 2014. From August 1988 to January 1999, Mr. Li held various positions at Luoyang Luanchuan Molybdenum Company, in which he served as the deputy head and head of the technical division, quarry supervisor, head of the openpit mining construction department and deputy manager of Luoyang Luanchuan Molybdenum Company. Mr. Li served as deputy general manager of Luoyang Luanchuan Molybdenum Group Co., Ltd. between January 1999 and November 2002. From November 2002 to August 2006, Mr. Li was the deputy general manager and vice chairman of Luoyang Luanchuan Molybdenum Group Co., Ltd. as well as a director of Luoyang Mining Group Co., Ltd. from July 2006 to November 2009. Mr. Li was the standing deputy general manager of CMOC from August 2006 to October 2012. Mr. Li was a director of China Molybdenum (Hong Kong) Company Limited from 16 August 2007 to May 2015.

Non-Executive Directors

Mr. Yuan Honglin, born in November 1967, has been our non-executive Director and a member of the Audit and Risk Committee, Remuneration Committee and Strategic and Sustainability Committee of the Company since November 2013. He has over 20 years of experience in the banking industry. Since June 2020, he has served as the Chairman of the Board, Chairman of the Strategic and Sustainability Committee and Vice Chaiman of the Nomination and Governance Committee of the Company. Mr. Yuan graduated from Nanjing University in July 1990 with a bachelor's degree in economics. In July 2004, Mr. Yuan obtained a MBA degree from Shanghai Jiaotong University. From August 1990 to May 2000, Mr. Yuan worked at Bank of China Limited, Nantong Branch where he held various positions including vice president of the Rudong sub-branch and manager of the credit management department of Nantong Branch. Between June 2000 and August 2007, Mr. Yuan worked at China Merchants Bank Limited, Shanghai Branch where he held various positions including president of Jiang Wan sub-branch and general manager of corporate banking department. From September 2007 to September 2012, Mr. Yuan worked at Ping An Bank Co., Ltd. where he held various positions including assistant to the president of the Shanghai Branch, vice president (responsible for the overall business operations) of the Shanghai Branch and general manager of the corporate banking department responsible for the northern region of China. From October 2012 to the present, Mr. Yuan has been the the director of Cathay Fortune Corporation (鴻商產業控股集團有限公司) as well as the director of Cathay Fortune Capital Investment Co., Ltd. (鴻商資本股權投資有限公司), the general manager of Sino-French Life Insurance Co., Ltd. (中法人壽保險有限責任公司), the executive director of Cathay Fortune Tibet Capital Investment Co., Ltd. (西藏鴻商資本投資有限公司), Cathay Fortune Venture Capital Investment Co., Ltd. (上海鴻商創業投資管理有限公司), Honghui Tibet New Material Science And Technology Co., Ltd. (西藏鴻輝新材料科技有限公司), Cathay Fortune Caihui Co., Ltd. (上海鴻商材薈投資有限公司), the director of Najing Technology Co., Ltd. (納晶科技股份有限公司), Cathay Fortune Investment Limited (鴻商投資有限公司), Cathay Fortune Singapore Pte. Ltd (鴻商產業(新加坡)有限公司), Cathay Fortune International Company Limited (鴻商產業國際有限公司), Cathay Fortune Holdings Limited (鴻商控股有限公司).

Mr. Guo Yimin, born in October 1964, a senior economist and national outstanding entrepreneur. He has been the non-executive Director since March 2019. He graduated from Sichuan University with a bachelor's degree in business administration in December 2005. From July 1983 to February 1995, he worked as planner and chief of planning department in Luoyang Glass Plant. Mr. Guo served as the assistant (deputy director level) of the director of investment committee of CLFG from February 1995 to July 1997, the financial vice-president of CLFG from July 1997 to July 2007, and the general manager of investment department, the assistant of chief financial officer, director, chief accountant of CLFG from July 2007 to August 2014. From August 2014 to November 2018, Mr. Guo served as the general manager of Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司). He was also the director and general manager of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司) since August 2014, the chair-man of Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司) since April 2015.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cheng Yunlei, born in September 1982, is an accountant and certified accountant and a Model Labour of Henan Province. Mr. Cheng has been our non-executive Director since 26 June 2015. Mr. Cheng graduated from Henan University of Science and Technology and obtained a Bachelor's degree in management in 2006. From July 2006 to October 2007, he worked in the No. 2 Audit Department of Luoyang Zhong Hua Certified Public Accountants Company Limited engaging in audit and financial consultancy work. He has served as the chief accountant and the person in charge of the finance and audit department of Luoyang Mining Group Co., Ltd. from November 2017 to December 2014. From January 2015 to August 2019, Mr. Cheng has served as the general manager of the planning and finance department of Luoyang Guohong Investment Group Co., Ltd. He currently serves as the director and general manager of Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司).

Independent Non-Executive Directors

Mr. Wang Gerry Yougui, born in May 1962, Hong Kong resident, Canadian citizen has served as the independent non-executive Director of the Company, the chairman of the Nomination and Governance Committee and Remuneration Committee, and a member of the Strategic and Sustainability Committee since August 2018. Wang received his Bachelor's degree in Navigation from Shanghai Maritime University in 1983 and was awarded his Master's degree in International Economics from the program sponsored by the United Nations Economic and Social Commission in 1986. In 1993, he obtained his Master of Science degree in Business Administration from the University of British Columbia in Canada. Mr. Wang was the Company Secretary & Business Development Deputy Manager at China Merchants Group from 1986 to 1989. He joined Seaspan Canada in 1990 and founded its containership business. In 2005, Mr. Wang successfully took Seaspan's containership business public, and successfully trading on the New York Stock Exchange. The offering was the largest shipping IPO in North America history. Mr. Wang worked as the Chief Executive Officer and Co-chairman for 12 years, making it the largest company of containership business in the world. Mr. Wang retired from Seaspan at the end of 2017 to turn his focus on developing new business ventures in Asia. Later on Mr. Wang founded the Tiger Gas Group (Tiger Clean Energy). Mr. Wang was named 2016 the Most Influential Person of Shipping in the world. Mr. Wang is serving as a consultant of Hong Kong and China region of the University of Pennsylvania in Asia. He is also an expert in shipping on BLOOMBERG TV & CNBC.

Ms. Yan Ye, born in May 1958, holds a degree of Master of Laws and is a registered lawyer. Ms. Yan has been the independent non-executive Director of the Company, and a member of the Audit and Risk Committee and Nomination and Governance Committee since August 2018. Ms. Yan graduated from the faculty of law in Peking University in 1982 with a bachelor's degree in law specialised in politics and law. She received a master's degree in civil law from the faculty of law of Renmin University of China in 1984. She served as a lecturer and associate professor of the school of law of the Party School of the Central Committee of C.P.C. from 1984 to 1994. She served as a lawyer in Shaanxi Xiehui Law Firm from 1994 to 2003 and served as a lawyer in Shaanxi Win Law Firm from 2003 to 2008 and has served as a lawyer and a partner in Shaanxi Yanfeng Law Firm since 2008. Ms. Yan concurrently serves as an independent director of Beijing Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司).

Mr. Li Shuhua, born in 1971, has been the independent non-executive Director of the Company, the chairman of the Audit and Risk Committee and a member of the Nomination and Governance Committee and Remuneration Committee since August 2018. He obtained a bachelor's degree in management majoring in auditing from Southwest University in 1993, a master's degree in economics majoring in accounting from Xiamen University in 1996, and a doctor's degree in management majoring in accounting from Shanghai University of Finance and Economics in 1999. During 2002 and 2004, he pursued his postdoctoral research in Finance and Law in Peking University, and obtained a Finance Executive Master of Business Administration (EMBA)'s degree from Shanghai Advanced Institute of Finance during 2013 and 2015. He served consecutively as director-level clerk of general office division, deputy division director of auditing division, deputy division director of general office division, division director of financial budgeting management division and division director of general office division of accounting department in CSRC during 1999 and 2010. During 2010 and 2018, he had worked for China Galaxy Securities Co., Ltd. and acted as Chief Risk Officer/Chief Compliance Officer and member of the Executive Committee. Since February 2018, he has been concurrently serving as a chair professor of practice at Xiamen National Accounting Institute and Renmin University of China. He currently serves as a professor and supervisor of postgraduates at Xiamen National Accounting Institute, Peking University, Shanghai Advanced Institute of Finance of Shanghai Jiaotong University and a professor of Tsinghua University PE Program. Mr. Li is currently the chairman of Changzhou Guangyang Bearing Co., Ltd. (常州光洋軸承股份有限公司), a director and the general manager of Changzhou Guangyang Holding Group Co., Ltd. (常州光洋控股有限公司), an independent director of Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司), Bomesc (博邁科海洋工程股份有限公司), ShanGu (西安陜鼓動力有限公司), the chairman of the supervisory committee of Shenzhen Capital Fortune Investment Co., Ltd. (深圳市遠致富海投資管理有限公司), the executive partner of the merger and acquisition fund of Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) and the chairman of Weihai Shiyi Electronics Co., Ltd. (威海世一電子有限公司).

SUPERVISORS

Ms. Kou Youmin, born in August 1965, is a senior accountant with a bachelor's degree. Ms. Kou has been the chairperson of our supervisory committee since 27 June 2015. Ms. Kou graduated from Henan Institute of Finance and Economics in 1999. She served as a technician at Luoyang Liming Plastic Plant (洛陽黎明塑料總廠) from August 1986 to January 1988; an accountant of Luoyang Changfeng Construction Material Store (洛陽長豐建材商店) from January 1988 to October 1992; an accountant of Luoyang Bearings Group Plastic Packing Manufacturing Plant (洛陽軸承集團塑料包裝製品廠) and the accountant of Luoyang Bearings Group Railway Bearings Co., Ltd. (洛陽軸承集團鐵路軸承有限公司) from October 1992 to to September 1997 and the head of financial department of Luoyang Bearings Group Railway Bearings Co., Ltd. (洛陽軸承集團鐵路軸承有限公司). Ms. Kou has served as the head of financial department and the chief financial officer of Luoyang State-owned Assets Operation Company Limited (洛陽市國資國有資產經營有限公司) from February 2009 to January 2015. She also served as an assistant to general manager and the general manager of supervisory and audit department of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司) from January to December 2015; and a deputy general manager of Luoyang Guohong Investment Group Co., Ltd. since December 2015.

Mr. Zhang Zhenhao, born in June 1973, obtained the CFA qualification from the CFA Institute. Mr. Zhang has been a Supervisor of the Company since August 2009. Mr. Zhang concurrently acts as a director of Cathay Fortune Corporation, a director of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司), a director of Cathay Fortune Investment Limited (鴻商投資有限公司), a director of Cathay Fortune International Company Limited (鴻商產業國際有限公司), a director of Cathay Fortune Singapore Pte. Ltd. (鴻商產業新加坡)有限公司), a director of Shanghai CFC Puyuan Investment Management Co., Ltd (上海鴻商普源投資管理有限公司), a director of Cathay Fortune Corporation Holdings (鴻商控股有限公司), a director of Shanghai CFC Datong Industrial Co., Ltd. (上海鴻商大通實業有限公司), a director of Shanghai Shanglue Trading Co., Ltd (上海商略貿易有限公司), a director of Beijing Huiqiao Investment Co., Ltd (北京匯橋投資有限公司) and a director of Cathay Fortune Capital Equity Investment Co., Ltd.* (鴻商資本股權投資有限公司). He is an executive director of Cathay Fortune Overseas Investment Co., Ltd (鴻商海外投資有限公司), a supervisor of Sino-French Life Insurance Co., Ltd (中法人壽保險有限公司), an executive director of Tibet Hongming Investment Company Limited (西藏鴻銘投資有限公司), an executive director of Tibet Yongce Investment Company Limited (西藏永策投資有限公司), an executive director of Tibet Hongyin Enterprise Management Service Company Limited (西藏鴻胤企業管理服務有限公司), an executive director of Shanghai Shangju Enterprise Company Limited (上海商聚實業有限公司) and an executive director of Shanghai Yunsheng International Trading Company Limited (上海匀盛國際貿易有限公司). Mr. Zhang graduated from Tianjin Polytechnic University with a bachelor's degree in textile engineering. Mr. Zhang also obtained a master degree in finance from the Graduate School of The Chinese Academy of Social Sciences. From 1993 to 1999, Mr. Zhang held positions at Tianjin Yarn-dyed Company (天津色織公司), Tianjin Weaving Materials Exchange, Hainan Zhongshang Futures Exchange* (海南中商期貨交易所). From May 1999 to December 2001, Mr. Zhang was employed by Zhongfu Securities Dealer Co. Ltd. as member of the preparatory division, general manager of the business management department and supervisor of the company. From January 2002 to May 2007, Mr. Zhang was employed by Zhongfu Securities Co. Ltd. as member of the preparatory division, general manager of the sales department of Haikou Securities, executive director of the sales management department, secretary to the board of directors of the company and general manager of the chief executive office and the human resources department. Since June 2007, Mr. Zhang has been the general manager of the finance department of Cathay Fortune Corporation.

Mr. Xu Wenhui, born in 1979, obtained a bachelor's degree, an accountant. From October 1999 to May 2010, He worked at the the audit department and finance department of CMOC, responsible for budget, cost analysis, tax management and financial reporting. From 2010 to May 2015, he served successively as chief financial officer of Luoyang Kunyu Mining Co., Ltd., and Luoyang Yongning Gold & Lead Refining Co., Ltd.*, the subsidiaries of CMOC. From July 2015 to January 2020, he served successively as deputy director and director of the office of the Board of CMOC. He has been the head of the financial management department of CMOC in the PRC.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARY

Mr. Yue Yuanbin, born in 1973, has been the secretary to the Board of the Company since March 2017 and a joint company secretary since August 2018. Mr. Yue graduated with a bachelor's degree in engineering from the department of materials engineering of the Shenyang Industrial College in July 1995. He then obtained a master's degree in technology economics from the School of Economics and Management of Tongji University in March 1998. Mr. Yue served as a managing director of the corporate finance department of Guotai Junan Securities, a vice president in the investment banking division of China Fortune Securities and a vice president of New Margin Ventures.

Ms. Ng Sau Mei, born in Hong Kong, obtained a Master Degree in Laws. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the UK, and an associate director of the Listing Services Department of TMF Hong Kong Limited. Ms. Ng has nearly 20 years of experience as a corporate secretary for providing corporate secretarial/joint company of related matters and compliance services to Hong Kong listed companies. Ms. Ng currently serves as company secretary/joint company secretary for a number of Hong Kong listed companies including Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司), Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), and China Blue Chemical Ltd. (中海石油化學股份有限公司).

SENIOR MANAGEMENT

Senior Management consists of the following individuals:

Mr. Sun Ruiwen, born in 1969, is a professor-level senior engineer. He has served as president of the Company since 28 August 2020. Mr. Sun graduated from East China Jiaotong University (華東交通大學), majoring in safety engineering. From 1990 to 2008, he worked in China Railway No. 3 Engineering Group (中鐵三局集團), Qinghai China Railway Mining (青海中鐵礦業), China Railway Resources Guojin Mining (中鐵資源國金礦業) and Chifeng China Railway Mining (赤峰中鐵礦業). From 2008 to 2009, he served as the deputy chief economist of China Railway Resource Group Co., Ltd. (中鐵資源集團公司), and the chairman of China Railway Resources Trading Co., Ltd. (中鐵資源商貿公司). From 2009 to 2012, Mr. Sun served successively as the chairman of Congo (DRC) Luisha Mining (剛果(金)綠紗礦業), MKM Mining (MKM礦業), Congo (DRC) International Mining Corporation(剛果(金)國際礦業公司) and the deputy general manager of China Railway Resource Group Co., Ltd.(中鐵資源集團有限公司). From 2012 to 2017, he served as the general manager of Huagang Mining Co., Ltd. (華剛礦業公司) and chairman of Busanga Hydropower Station Co., Ltd. (布桑加水電站公司). From 2017 to 2019, Mr. Sun served as the general manager of China Railway Resource Group Co., Ltd. (中鐵資源集團公司). Mr. Sun has been awarded many awards, such as "Young Hero of Shenshuo Railway Construction", "Top ten Outstanding Youth of China Railway", "Second Class and First Class of China Non-ferrous Science Improvement Award", "Meritorious Person of Resources Development outside China", etc.

Ms. Wu Yiming, born in 1975, is an economist. She has served as vice president of the Company since 31 January 2018. Ms. Wu graduated from Fudan University (復旦大學) in 1997 and obtained a master's degree of management in Stanford University (美國斯坦福大學) in July 2008. She has rich experience in such fields as legal affairs management, financial management, assets management and corporate governance. Ms. Wu entered Baosteel Group (寶鋼集團) in July 1997 and served as senior legal executive, deputy director and director of Shanghai Baosteel International Trade Co., Ltd. (上海寶鋼國際貿易有限公司). She worked as the secretary of the board and director of the asset financial department of Baosteel Resources (寶鋼資源) from July 2008 to July 2010, and served as general manager assistant, the secretary of the board and director of the asset financial department of Baosteel Resources from July 2010 to July 2012. From September 2010 to July 2012, she held a concurrent position of general manager assistant of Baosteel Resources (International) (寶鋼資源(國際)). From July 2012 to March 2017, she worked as vice general manager of Baosteel Resources and Baosteel Resources (International). From February 2017 to January 2018, Ms. Wu served as the secretary of the board of Baoshan Iron & Steel Co., Ltd.

Mr. Zhou Jun, obtained a a bachelor's degree, a senior engineer. From 1992 to 2008, he successively worked in Changzhibei Cement Plant and Luzhou Cement Industrial Development Company, both affiliates to China Railway No. 3 Engineering Group; from 2008 to 2010, he served as the deputy general manager of Guojin Mining of China Railway Resources Group; from 2010 to 2013, he served as the general manager of MKM Mining of China Railway Resources Group; from 2013 to 2018, Mr. Zhou successively held positions of commercial director, operation director, site leader, party committee member and general manager of Sicomines of China Railway Resources Group. In April 2019, he has been serving as the general manager of Tenke Fungurume Mining S.A. in DRC. Mr. Zhou has been served as the vice president of the Company since 12 June 2020.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Li Chaochun
Li Faben

Non-Executive Directors

Yuan Honglin *(Chairman)*
(appointed as Chairman on 12 June 2020)
Guo Yimin *(Vice Chairman)*
Cheng Yunlei

Independent Non-Executive Directors

Wang Gerry Yougui
Yan Ye
Li Shuhua

SUPERVISORS

Kou Youmin *(Chairperson of the Supervisory Committee)*
Zhang Zhenhao
Xu Wenhui *(appointed on 12 March 2021)*

BOARD COMMITTEES

Remuneration Committee

Wang Gerry Yougui *(Chairman)*
Li Shuhua
Yuan Honglin

Audit and Risk Committee

Li Shuhua *(Chairman)*
Yan Ye
Yuan Honglin

Strategic and Sustainability Committee

Yuan Honglin *(Chairman) (appointed on 12 June 2020)*
Li Chaochun
Li Faben
Wang Gerry Yougui

Nomination and Governance Committee

Wang Gerry Yougui *(Chairman)*
Yuan Honglin *(appointed on 12 June 2020)*
Li Shuhua
Yan Ye

BOARD SECRETARY

Yue Yuanbin

JOINT COMPANY SECRETARIES

Yue Yuanbin
Ng Sau Mei *(FCG,FCS) (appointed on 10 January 2020)*

REGISTERED OFFICE IN THE PRC

North of Yihe, Huamei Shan Road
Chengdong New District, Luanchuan County
Luoyang City, Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

North of Yihe, Huamei Shan Road
Chengdong New District, Luanchuan County
Luoyang City, Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong *(changed on 10 January 2020)*

LEGAL REPRESENTATIVE

Yuan Honglin *(appointed on 12 June 2020)*

AUTHORIZED REPRESENTATIVES

Yuan Honglin *(appointed on 12 June 2020)*
Ng Sau Mei

ENQUIRY DEPARTMENT OF THE COMPANY

Office of the Board of Directors

CORPORATE INFORMATION

INFORMATION ENQUIRY TELEPHONE NO. OF THE COMPANY

(+86) 379 6860 3993

SHANGHAI A SHARE REGISTRAR

China Securities Depository and
Clearing Corporation Limited, Shanghai Branch
36/F, China Insurance Building
No. 166 Lujiazui Road East
Pudong New Area
Shanghai, the PRC

HONG KONG H SHARE REGISTRAR

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

PLACES OF LISTING

Place of listing of A share – The Shanghai Stock Exchange
Place of listing of H share – The Stock Exchange of Hong Kong Limited

NAME OF THE STOCK

China Molybdenum Co., Ltd. (CMOC)

STOCK CODE

Stock code of A share: 603993 *(Listed on 9 October 2012)*
Stock code of H share: 03993 *(Listed on 26 April 2007)*

PRINCIPAL BANKERS

1. Industrial and Commercial Bank of China Limited
2. Agricultural Bank of China Limited
3. China Construction Bank Corporation
4. Bank of China Limited
5. China Minsheng Banking Corp., Ltd.
6. China CITIC Bank Corporation Limited
7. China Development Bank Corporation
8. Ping An Bank Co., Ltd.

AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP

LEGAL ADVISORS

As to Hong Kong law:

Freshfields Bruckhaus Deringer
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As to PRC law:

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19/F, One Lujiazui
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Shanghai, the PRC

WEBSITE

www.cmoc.com

De Shi Bao (Shen) Zi (21) No. P00051

To all shareholders of China Molybdenum Co., Ltd.:

I. OPINION

We have audited the financial statements of China Molybdenum Co., Ltd. ("CMOC", or "the Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2020, the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements, and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of CMOC are prepared and present fairly, in all material respects, the consolidated and the Company's financial position as of 31 December 2020, and the consolidated and the Company's results of operations 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. 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 CMOC in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidences we have obtained are sufficient and appropriate to form our opinion.

III. KEY AUDIT MATTERS

The key audit matters are the most important matters that we consider to the audit of financial statements based on our professional judgment. The responses to these matters are based on the audit of the financial statements as a whole and the formation of an audit opinion. We do not express an opinion on these matters separately. We determine that the following matters are the key audit matters that need to be communicated in the auditor's report.

(I) Impairment of Mining Rights and Goodwill

Description

We identified the impairment of mining rights and goodwill as a key audit matter, mainly due to the management's significant estimates and judgments involved in determining the recoverable amounts of relevant cash-generating units. As at end of current year, CMOC has several mining rights of molybdenum and tungsten, copper and gold, niobium and phosphorus, copper and cobalt, representing intangible assets – mining rights, and goodwill related to the acquisition of phosphorus business in Brazil in 2016.

In view of the significant carrying amounts of CMOC's mining rights and their high sensitivity to commodity prices in both domestic and foreign markets, the management evaluates if there exists any impairment indicators of these mining rights at each balance sheet date. The management shall perform impairment test for the mining rights with impairment indicators at each balance sheet date. For the goodwill arising from the acquisition, the management performs impairment test at the end of each year.

The above mentioned impairment review is related to the management's significant estimates and judgments, including ore reserves, discount rates, and cash flow forecasts based on future market supply and demand. Changes in the management's estimates and judgments may have significant financial impacts.

III. KEY AUDIT MATTERS (CONTINUED)

(I) Impairment of Mining Rights and Goodwill (Continued)

Audit Response

The audit procedures we performed for the impairment evaluation of mining rights and goodwill include:

1. Reviewing the management's judgements and analyses for the impairment indicators of mining rights based on the operations of the related asset groups in the current period;
2. Evaluating the valuation models adopted by the management for goodwill and mining rights which have impairment indicators;
3. Based on our understanding of the industry, analyzing and reviewing the reasonableness of significant assumptions and judgements the management used in the forecast of future cash flows in the impairment test, including but not limited to determination of exploitable reserves and mining progress;
4. Analyzing and reviewing the discount rate the management used in the impairment test;
5. Checking the underlying data used in the calculation of the present value of the expected future cash flows with the historical data and other supporting evidence, and assessing the reasonableness.

(II) Revenue Recognition

Description

We identify the revenue recognition as a key audit matter, mainly because, as an A+H Share listed company, CMOC's revenue is generally considered to be a key business indicator. The CMOC's business segments include molybdenum-and-tungsten-related products, copper-and-gold-related products, niobium-and-phosphorus-related products, copper-and-cobalt-related products, metal trading and others. Based on the complexity of the revenue process and related internal controls, we identify the revenue recognition as a key audit matter.

Audit Response

The major audit procedures we performed for revenue recognition include:

1. Understanding and evaluating the internal controls related to revenue recognition in the sales and collection cycle of CMOC, and testing the effectiveness of their implementation;
2. Reviewing the sales contract on a sample basis, identifying the contract terms and conditions related to the transfer of control of the commodity, and evaluating whether the point of revenue recognition of CMOC complies with the Accounting Standards for Business Enterprises;
3. Performing analytical procedures according to the characteristics of the industry and the business of CMOC and combining with the commodity prices in open market to review the reasonableness of revenue recognition in current period;
4. Performing test of details on sales transactions to verify whether the revenue was recorded in the correct period and whether the revenue was overstated or understated.

IV. OTHER INFORMATION

The management of CMOC is responsible for preparation of the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance opinion 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. In this respect, we have no matter to report.

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

The management of CMOC is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements, and for the design, implementation and maintenance of internal control which is necessary to enable 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 CMOC'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 CMOC or to cease operations, or have no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing CMOC'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 audit standards 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 audit standards, we exercise professional judgment and maintain professional skepticism 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.

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 CMOC'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 CMOC to cease to continue as a going concern.

(5) Evaluate the overall presentation (including the disclosure), structure and content of the financial statements, and whether the financial statements represent the 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 CMOC 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 a statement to those charged with governance on compliance with the ethical requirements related to independence and communicate with those charged with governance of all relationships and other matters that may reasonably be considered to affect our independence, as well as related safeguards (if applicable).

Among the matters that are communicated with those charged with governance, we determine the matters that are most important to the current financial statement audit and thus constitute key audit matters. We describe these matters in the audit report unless the laws and regulations prohibit public disclosure of these matters or, in rare cases, if the negative consequences, upon reasonable expectation, of communicating the matters in the audit report outweigh the public interest benefits of such communication, we decide not to communicate these matters in the audit report.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

Chinese Certified Public Accountant: **Hu Ke**
(Engagement Partner)

Chinese Certified Public Accountant: **Bao Jie**

Shanghai, China
22 March 2021

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2020

Unit: RMB

ASSETS	*Notes*	31 December 2020	31 December 2019
Current assets:			
Cash and bank balances	(V)1	**16,947,648,080.87**	15,647,900,059.61
Held-for-trading financial assets	(V)2	**7,435,128,840.50**	7,719,450,290.97
Derivative financial assets	(V)3	**2,060,111,110.42**	2,178,322,223.39
Accounts receivable	(V)4	**702,193,713.91**	1,510,508,440.50
Financing receivables	(V)5	**405,697,607.38**	375,935,645.39
Prepayments	(V)6	**1,405,838,288.25**	1,065,494,520.83
Other receivables	(V)7	**1,676,752,484.31**	1,119,039,260.19
Inventories	(V)8	**21,170,188,531.54**	20,730,673,736.79
Other current assets	(V)9	**5,436,087,014.38**	3,830,180,430.37
Total current assets		**57,239,645,671.56**	54,177,504,608.04
Non-current assets:			
Long-term equity investments	(V)10	**1,348,252,898.68**	1,033,168,028.11
Other investments in equity instruments	(V)11	**86,214,350.23**	85,344,307.06
Other non-current financial assets	(V)12	**4,678,191,536.17**	4,356,783,464.12
Non-current derivative financial assets	(V)13	**–**	7,620,425.07
Fixed assets	(V)14	**23,328,330,597.04**	24,439,595,450.35
Construction in progress	(V)15	**3,958,981,388.37**	2,386,791,478.58
Long-term inventories	(V)8	**5,845,918,877.35**	5,660,505,828.69
Right-of-use assets	(V)16	**487,786,129.11**	346,815,801.39
Intangible assets	(V)17	**21,511,518,662.57**	20,446,930,377.08
Goodwill	(V)18	**396,265,256.07**	659,468,043.85
Long-term prepaid expenses	(V)19	**127,533,613.45**	136,987,188.97
Deferred tax assets	(V)20	**497,166,341.93**	645,508,458.12
Other non-current assets	(V)21	**2,935,444,567.34**	2,479,203,017.30
Total non-current assets		**65,201,604,218.31**	62,684,721,868.69
Total assets		**122,441,249,889.87**	116,862,226,476.73

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2020

Unit: RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	*Notes*	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	(V)22	**20,464,481,097.49**	18,589,025,832.49
Held-for-trading financial liabilities	(V)23	**4,291,950,709.21**	3,157,951,924.72
Derivative financial liabilities	(V)24	**5,021,779,572.93**	2,640,928,053.07
Notes payable	(V)25	**627,937,567.02**	233,224,073.53
Accounts payable	(V)26	**876,914,865.30**	1,944,506,406.62
Contract liabilities	(V)27	**371,984,342.17**	416,194,761.78
Employee benefits payable	(V)28	**769,350,564.51**	692,638,178.24
Taxes payable	(V)29	**845,217,960.37**	399,251,199.18
Other payables	(V)30	**1,599,240,517.18**	1,584,737,923.47
Non-current liabilities due within one year	(V)31	**5,329,646,086.38**	3,749,103,660.62
Other current liabilities	(V)32	**2,159,431,822.36**	1,167,803,612.80
Total current liabilities		**42,357,935,104.92**	34,575,365,626.52
Non-current liabilities:			
Non-current derivative financial liabilities	(V)13	**417,159,248.94**	202,416,693.40
Long-term borrowings	(V)33	**15,360,372,820.17**	16,278,909,765.88
Bonds payable	(V)34	**3,631,225,000.00**	5,092,860,000.00
Lease liabilities	(V)35	**247,794,476.14**	273,971,191.18
Long-term employee benefits payable	(V)36	**323,797,716.11**	254,249,008.22
Provisions	(V)37	**2,750,507,412.49**	2,495,171,563.70
Deferred income	(V)38	**60,587,483.62**	68,005,249.90
Deferred tax liabilities	(V 20	**6,269,305,883.30**	7,887,539,765.83
Other non-current liabilities	(V)39	**3,687,709,740.77**	238,141,518.84
Total non-current liabilities		**32,748,459,781.54**	32,791,264,756.95
Total liabilities		**75,106,394,886.46**	67,366,630,383.47

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2020

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 December 2020	31 December 2019
Shareholders' equity:			
Share capital	(V)40	**4,319,848,116.60**	4,319,848,116.60
Capital reserve	(V)41	**27,582,794,983.23**	27,582,794,983.23
Less: Treasury shares	(V)42	**193,840,466.48**	–
Other comprehensive income	(V)43	**(3,585,690,161.76)**	(468,588,363.13)
Special reserve	(V)44	**230,899.06**	302,145.46
Surplus reserve	(V)45	**1,295,599,051.54**	1,286,827,000.91
Retained profits	(V)46	**9,472,838,365.96**	8,081,590,250.78
Total equity attributable to the shareholders of the parent company		**38,891,780,788.15**	40,802,774,133.85
Minority interests		**8,443,074,215.26**	8,692,821,959.41
Total shareholders' equity		**47,334,855,003.41**	49,495,596,093.26
Total liabilities and shareholders' equity		**122,441,249,889.87**	116,862,226,476.73

BALANCE SHEET OF THE COMPANY

AT 31 DECEMBER 2020

Unit: RMB

ASSETS	*Notes*	31 December 2020	31 December 2019
Current assets:			
Cash and bank balances	(XIV)1	**7,045,029,428.45**	3,979,403,901.95
Held-for-trading financial assets	(XIV)2	**200,032,876.71**	1,014,194,897.26
Accounts receivable	(XIV)3	**365,342,418.35**	69,757,554.20
Financing receivables	(XIV)4	**7,966,803.02**	59,095,591.76
Prepayments	(XIV)5	**143,016,792.20**	7,220,814.76
Other receivables	(XIV)6	**3,682,649,191.28**	5,013,326,170.63
Inventories	(XIV)7	**199,847,211.21**	140,962,874.49
Other current assets		**80,818,294.02**	112,132,176.28
Total current assets		**11,724,703,015.24**	10,396,093,981.33
Non-current assets:			
Long-term equity investments	(XIV)8	**31,912,290,109.90**	29,912,001,876.46
Other non-current financial assets	(XIV)9	**580,980,901.35**	725,946,156.42
Fixed assets	(XIV)10	**1,640,559,215.13**	1,343,692,135.81
Construction in progress		**268,937,597.32**	185,186,824.85
Intangible assets	(XIV)11	**282,262,342.23**	321,189,810.81
Long-term prepaid expenses		**132,147,350.14**	146,894,703.40
Deferred tax assets	(XIV)12	**116,038,320.48**	33,651,881.47
Other non-current assets	(XIV)14	**77,089,457.11**	8,028,346.01
Total non-current assets		**35,010,305,293.66**	32,676,591,735.23
Total assets		**46,735,008,308.90**	43,072,685,716.56

BALANCE SHEET OF THE COMPANY

AT 31 DECEMBER 2020

Unit: RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	(XIV)15	**2,195,747,000.00**	1,178,000,000.00
Held-for-trading financial liabilities	(XIV)16	**449,732,550.75**	645,164,164.50
Derivative financial liabilities	(XIV)17	**449,661,924.05**	–
Notes payable		**122,572,692.44**	7,350,262.77
Accounts payable	(XIV)18	**152,707,814.98**	236,918,656.25
Contract liabilities		**169,168,094.52**	254,996,864.98
Employee benefits payable		**92,673,541.26**	114,106,952.06
Taxes payable	(XIV)19	**10,422,432.90**	22,913,488.49
Other payables	(XIV)20	**2,162,049,869.58**	912,657,905.56
Non-current liabilities due within one year	(XIV)21	**2,000,000,000.00**	–
Other current liabilities	(XIV)22	**2,101,491,643.61**	1,150,711,291.46
Total current liabilities		**9,906,227,564.09**	4,522,819,586.07
Non-current liabilities:			
Long-term borrowings	(XIV)23	**200,000,000.00**	–
Non-current derivative financial liabilities	(V)13	**406,801,357.57**	202,416,693.40
Bonds payable	(V)34	**2,000,000,000.00**	3,000,000,000.00
Deferred income		**18,402,410.30**	18,787,996.10
Deferred tax liabilities	(XIV)12	**–**	–
Provisions	(XIV)24	**47,570,371.67**	47,570,371.67
Other non-current liabilities		**165,364,319.14**	204,093,366.89
Total non-current liabilities		**2,838,138,458.68**	3,472,868,428.06
Total liabilities		**12,744,366,022.77**	7,995,688,014.13
Shareholders' equity:			
Share capital	(V)40	**4,319,848,116.60**	4,319,848,116.60
Capital reserve	(V)41	**27,633,234,087.22**	27,636,530,888.88
Less: Treasury shares	(V)42	**193,840,466.48**	–
Special reserve		**230,899.06**	100,628.26
Surplus reserve	(V)45	**1,295,599,051.54**	1,286,827,000.91
Retained profits		**935,570,598.19**	1,833,691,067.78
Total shareholders' equity		**33,990,642,286.13**	35,076,997,702.43
Total liabilities and shareholders' equity		**46,735,008,308.90**	43,072,685,716.56

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Items	Notes	2020	2019
I. Total operating income	(V)47	**112,981,018,624.55**	68,676,565,008.79
Including: Operating income		**112,981,018,624.55**	68,676,565,008.79
Less: Operating costs	(V)47	**104,536,006,657.71**	65,605,691,676.40
Taxes and levies	(V)48	**892,221,743.36**	812,716,202.17
Selling expenses	(V)49	**73,456,574.59**	90,657,673.80
Administrative expenses	(V)50	**1,330,306,248.91**	1,233,696,509.26
Research and development expenses		**173,582,899.01**	268,320,900.73
Financial expenses	(V)51	**1,323,263,376.22**	1,250,837,802.17
Including: Interest expenses		**1,787,719,461.87**	1,840,227,297.31
Interest income		**691,961,398.68**	929,942,890.97
Add: Other income	(V)52	**38,182,004.23**	17,294,553.35
Investment income (losses are indicated by "-")	(V)53	**408,815,417.07**	194,629,428.14
Including: Income from investments in associates and joint ventures		**(11,735,678.34)**	21,744,539.34
Gains from changes in fair value (losses are indicated by "-")	(V)54	**(1,915,935,321.09)**	2,703,857,555.18
Gains from credit impairment (losses are indicated by "-")	(V)55	**11,726,548.03**	(6,311,229.01)
Gains from assets impairment (losses are indicated by "-")	(V)56	**(246,808,770.60)**	(38,246,066.61)
Gains from disposal of assets (losses are indicated by "-")		**(812,670.82)**	(64,265,650.01)
II. Operating profit (loss is indicated by "-")		**2,947,348,331.57**	2,221,602,835.30
Add: Non-operating income	(V)57	**14,694,897.50**	170,387,882.33
Less: Non-operating expenses	(V)58	**85,753,436.96**	33,542,253.71
III. Total profit (loss is indicated by "-")		**2,876,289,792.11**	2,358,448,463.92
Less: Income tax expenses	(V)59	**397,649,247.09**	592,600,086.07
IV. Net profit (loss is indicated by "-")		**2,478,640,545.02**	1,765,848,377.85
(I) Classified by business continuity			
1.Net profit from continuing operations (loss is indicated by "-")		**2,478,640,545.02**	1,765,848,377.85
2.Net profit from discontinued operations (loss is indicated by "-")		**–**	–
(II) Classified by ownership:			
1.Net profit attributable to minority interests (loss is indicated by "-")		**149,853,033.10**	(91,165,833.13)
2.Net profit attributable to shareholders of the parent company (loss is indicated by "-")		**2,328,787,511.92**	1,857,014,210.98

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Items	*Notes*	**2020**	2019
V. Other comprehensive income, net of tax	(V)43	**(3,759,485,512.45)**	510,713,480.88
Other comprehensive income attributable to shareholders of the parent company, net of tax		**(3,213,314,637.04)**	375,539,057.08
(I) Other comprehensive income that will not be reclassified to profit or loss		**(29,210,113.06)**	60,440,773.28
1.Changes in fair value of other investments in equity instruments		**(7,743,881.23)**	68,744,413.28
2.Remeasurement of changes in defined benefit plans		**(21,466,231.83)**	(8,303,640.00)
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		**(3,184,104,523.98)**	315,098,283.80
1.Other comprehensive income that may be reclassified to profit or loss under equity method		**–**	20,822,262.48
2.Cash flow hedges reserve		**(1,318,514,045.16)**	(173,044,901.70)
3.Translation differences of financial statements denominated in foreign currencies		**(1,865,590,478.82)**	467,320,923.02
Other comprehensive income attributable to minority interests, net of tax		**(546,170,875.41)**	135,174,423.80
VI. Total comprehensive income		**(1,280,844,967.43)**	2,276,561,858.73
Total comprehensive income attributable to shareholders of the parent company		**(884,527,125.12)**	2,232,553,268.06
Total comprehensive income attributable to minority interests		**(396,317,842.31)**	44,008,590.67
VII. Earnings per share:	(V)60		
(I) Basic earnings per share		**0.11**	0.09
(II) Diluted earnings per share		**N/A**	N/A

INCOME STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Item	Notes	2020	2019
I. Operating revenue	(XIV)25	**2,918,507,163.44**	3,534,546,902.16
Less: Operating costs	(XIV)25	**1,530,910,008.01**	1,454,050,191.48
Taxes and levies	(XIV)26	**183,787,066.98**	284,486,261.28
Selling expenses		**8,135.31**	17,980.30
Administrative expenses	(XIV)27	**318,529,781.07**	407,840,236.41
Research and development expenses		**139,080,910.58**	179,139,229.17
Financial expenses	(XIV)28	**62,680,180.66**	(296,608,039.89)
Including: Interest expenses		**398,022,193.48**	246,584,700.66
Interest income		**370,540,924.83**	560,330,300.98
Add: Other income		**5,542,258.19**	6,193,164.36
Investment income (losses are indicated by"-")	(XIV)29	**112,414,643.31**	121,943,376.80
Including: Income from investments in associates and joint ventures		**(7,314,791.87)**	68,939,691.70
Gains from changes in fair value (losses are indicated by"-")		**(652,937,002.83)**	(218,236,080.59)
Gains from credit impairment (losses are indicated by"-")	(XIV)30	**4,131,033.03**	5,881,152.41
Gains from assets impairment (losses are indicated by"-")	(XIV)31	**(72,593,250.10)**	(15,140,391.60)
Income from disposal of assets (losses are indicated by"-")		**357,866.66**	7,097.16
II. Operating profit (losses are indicated by"-")		**80,426,629.09**	1,406,269,361.95
Add: Non-operating income	(XIV)32	**547,273.11**	10,320,335.42
Less: Non-operating expenses	(XIV)33	**29,405,748.09**	29,779,566.01
III. Total profit (loss is indicated by"-")		**51,568,154.11**	1,386,810,131.36
Less: Income tax expenses	(XIV)34	**(36,152,352.19)**	146,302,024.38
IV. Net profit (loss is indicated by"-")		**87,720,506.30**	1,240,508,106.98
(I) Net profit from continuing operations (loss is indicated by"-")		**87,720,506.30**	1,240,508,106.98
(II) Net profit from discontinued operations (loss is indicated by"-")		**–**	–
V. Other comprehensive income		**–**	28,805,428.78
Other comprehensive income that will not be reclassified to profit or loss		**–**	28,805,428.78
Changes in fair value of other investments in equity instruments		**–**	28,805,428.78
VI. Total comprehensive income		**87,720,506.30**	1,269,313,535.76

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Item	Notes (V)	2020	2019
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		**124,430,020,607.24**	71,786,252,657.57
Other cash receipts relating to operating activities	61(1)	**4,433,968,969.06**	4,753,257,983.02
Receipts of tax refunds		**201,729,168.37**	–
Sub-total of cash inflows from operating activities		**129,065,718,744.67**	76,539,510,640.59
Cash payments for goods purchased and services received		**112,356,590,717.10**	66,328,481,964.48
Cash payments to and on behalf of employees		**2,186,110,884.36**	2,307,952,972.59
Payments of various types of taxes		**3,730,988,386.09**	4,168,334,672.22
Other cash payments relating to operating activities	61(2)	**2,299,575,126.92**	2,029,913,147.43
Sub-total of cash outflows from operating activities		**120,573,265,114.47**	74,834,682,756.72
Net cash flow from operating activities		**8,492,453,630.20**	1,704,827,883.87
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	61(3)	**14,828,067,938.53**	4,784,176,788.82
Cash receipts from investment income		**610,308,701.04**	1,632,774,545.59
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**114,105,741.51**	24,417,189.84
Other cash receipts relating to investing activities	61(4)	**2,491,976,308.57**	3,009,624,827.50
Sub-total of cash inflows from investing activities		**18,044,458,689.65**	9,450,993,351.75
Cash payments for acquisitions or disposals of subsidiaries and other business units		**597,959,999.97**	2,069,009,623.30
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**7,621,789,128.23**	2,718,622,240.73
Cash payments to acquire investments	61(5)	**16,139,927,989.55**	5,095,283,003.45
Other cash payments relating to investing activities	61(6)	**3,089,577,857.70**	2,247,181,202.53
Sub-total of cash outflows from investing activities		**27,449,254,975.45**	12,130,096,070.01
Net cash flow from investing activities		**(9,404,796,285.80)**	(2,679,102,718.26)
III. Cash flows from financing activities:			
Cash receipts from borrowings		**37,658,074,610.27**	32,091,740,322.20
Other cash receipts relating to financing activities	61(7)	**3,715,446,908.04**	2,903,278,100.00
Sub-total of cash inflows from financing activities		**41,373,521,518.31**	34,995,018,422.20
Cash repayments of borrowings		**33,554,165,884.84**	31,372,194,483.49
Cash payments for distribution of dividends or profits and settlement of interests		**2,678,785,191.37**	4,203,154,203.48
Including: dividends payments to minority shareholders of subsidiaries		**41,759,360.00**	–
Other cash payments relating to financing activities	61(8)	**4,718,269,511.52**	9,667,041,045.09
Sub-total of cash outflows from financing activities		**40,951,220,587.73**	45,242,389,732.06
Net cash flow from financing activities		**422,300,930.58**	(10,247,371,309.86)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Item	*Notes (V)*	2020	2019
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**(453,255,348.58)**	373,190,382.07
V. Net decrease in cash and cash equivalents		**(943,297,073.60)**	(10,848,455,762.18)
Add: Opening balance of cash and cash equivalents	62(2)	**12,392,247,511.85**	23,240,703,274.03
VI. Closing balance of cash and cash equivalents	62(2)	**11,448,950,438.25**	12,392,247,511.85

CASH FLOW STATEMENT OF PARENT COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

Item	2020	2019
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	**2,963,122,765.92**	4,973,376,414.40
Other cash receipts relating to operating activities	**385,950,007.23**	536,775,179.82
Sub-total of cash inflows from operating activities	**3,349,072,773.15**	5,510,151,594.22
Cash payments for goods purchased and services received	**1,466,164,955.28**	557,062,660.59
Cash payments to and on behalf of employees	**390,279,769.93**	423,785,740.90
Payments of various types of taxes	**435,259,137.07**	872,744,557.49
Other cash payments relating to operating activities	**304,829,968.55**	467,189,429.48
Sub-total of cash outflows from operating activities	**2,596,533,830.83**	2,320,782,388.46
Net cash flow from operating activities	**752,538,942.32**	3,189,369,205.76
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	**8,906,481,267.96**	2,514,964,394.85
Cash receipts from investment income	**239,529,435.18**	151,203,685.10
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**6,248,979.78**	17,983.76
Other cash receipts relating to investing activities	**14,465,401,460.92**	4,883,422,180.08
Sub-total of cash inflows from investing activities	**23,617,661,143.84**	7,549,608,243.79
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**562,410,395.59**	161,510,878.37
Cash payments to acquire investments	**11,482,684,559.36**	7,956,791,852.15
Other cash payments relating to investing activities	**13,209,103,469.04**	5,598,587,147.57
Sub-total of cash outflows from investing activities	**25,254,198,423.99**	13,716,889,878.09
Net cash flow from investing activities	**(1,636,537,280.15)**	(6,167,281,634.30)
III. Cash flows from financing activities:		
Cash receipts from capital contributions	**–**	–
Cash receipts from borrowings	**17,015,057,000.00**	10,368,000,000.00
Other cash receipts relating to financing activities	**6,122,712,540.66**	5,973,146,495.74
Sub-total of cash inflows from financing activities	**23,137,769,540.66**	16,341,146,495.74
Cash repayments of borrowings	**13,797,310,000.00**	9,995,253,131.46
Cash payments for distribution of dividends or profits and settlement of interests	**1,295,593,686.83**	2,559,090,284.13
Other cash payments relating to financing activities	**5,445,873,842.09**	9,998,540,251.27
Sub-total of cash outflows from financing activities	**20,538,777,528.92**	22,552,883,666.86
Net cash flow from financing activities	**2,598,992,011.74**	(6,211,737,171.12)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**5,485.55**	93,748,554.77
V. Net increase (decrease) in cash and cash equivalents	**1,714,999,159.46**	(9,095,901,044.89)
Add: Opening balance of cash and cash equivalents	**3,233,637,947.06**	12,329,538,991.95
VI. Closing balance of cash and cash equivalents	**4,948,637,106.52**	3,233,637,947.06

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

	For the current year								
	Attributable to owners of the parent company								
Item	**Share capital**	**Capital reserve**	**Less: Treasury shares**	**Other comprehensive income**	**Special reserve**	**Surplus reserve**	**Retained profits**	**Minority interests**	**Total shareholders ' equity**
I. Balance at the beginning of 2020	**4,319,848,116.60**	**27,582,794,983.23**	**–**	**(468,588,363.13)**	**302,145.46**	**1,286,827,000.91**	**8,081,590,250.78**	**8,692,821,959.41**	**49,495,596,093.26**
II. Changes for the current year									
(I) Total comprehensive income	**–**	**–**	**–**	**(3,213,314,637.04)**	**–**	**–**	**2,328,787,511.92**	**(396,317,842.31)**	**(1,280,844,967.43)**
(II) Capital invested and reduced by shareholders									
1. Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**188,523,072.73**	**188,523,072.73**
2. Repurchase of treasury shares	**–**	**–**	**193,840,466.48**	**–**	**–**	**–**	**–**	**–**	**(193,840,466.48)**
3. Cash flow hedge reserve transferred to fixed assets	**–**	**–**	**–**	**96,212,838.41**	**–**	**–**	**–**	**–**	**96,212,838.41**
(III) Profit distribution									
1 Transfer to surplus reserve	**–**	**–**	**–**	**–**	**–**	**8,772,050.63**	**(8,772,050.63)**	**–**	**–**
2. Distributions to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(928,767,346.11)**	**(41,759,360.00)**	**(970,526,706.11)**
(IV) Special reserve									
1. Provision in current year	**–**	**–**	**–**	**–**	**186,000,807.50**	**–**	**–**	**1,939,935.68**	**187,940,743.18**
2. Amount utilized in the year	**–**	**–**	**–**	**–**	**(186,072,053.90)**	**–**	**–**	**(2,133,550.25)**	**(188,205,604.15)**
III. Balance at the end of 2020	**4,319,848,116.60**	**27,582,794,983.23**	**193,840,466.48**	**(3,585,690,161.76)**	**230,899.06**	**1,295,599,051.54**	**9,472,838,365.96**	**8,443,074,215.26**	**47,334,855,003.41**

	For the previous year							
	Attributable to owners of the parent company							
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	Total shareholders' equity
I. Balance at the beginning of 2019	4,319,848,116.60	27,582,794,983.23	(799,327,420.21)	3,038,386.94	1,160,396,190.21	8,682,123,314.63	8,649,061,740.13	49,597,935,311.53
II. Changes for the current year								
(I) Total comprehensive income	–	–	375,539,057.08	–	–	1,857,014,210.98	44,008,590.67	2,276,561,858.73
(II) Capital invested and reduced by shareholders								
1. Business combination not involving enterprises under common control	–	–	–	–	–	–	(15,585.72)	(15,585.72)
(III) Profit distribution								
1. Transfer to surplus reserve	–	–	–	–	126,430,810.70	(126,430,810.70)	–	–
2. Distributions to shareholders	–	–	–	–	–	(2,375,916,464.13)	–	(2,375,916,464.13)
(IV) Transfers within the shareholders' equity								
1. Other comprehensive income transferred to retained profits	–	–	(44,800,000.00)	–	–	44,800,000.00	–	–
(V) Special reserve								
1. Provision in current year	–	–	–	163,424,044.33	–	–	1,288,161.58	164,712,205.91
2. Amount utilized in the year	–	–	–	(166,160,285.81)	–	–	(1,520,947.25)	(167,681,233.06)
III. Balance at the end of 2019	4,319,848,116.60	27,582,794,983.23	(468,588,363.13)	302,145.46	1,286,827,000.91	8,081,590,250.78	8,692,821,959.41	49,495,596,093.26

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2020

Unit: RMB

	For the current year						
Item	**Share capital**	**Capital reserve**	**Less: Treasury shares**	**Special reserve**	**Surplus reserve**	**Retained profits**	**Total shareholders' equity**
I. Balance at the beginning of 2020	**4,319,848,116.60**	**27,636,530,888.88**	**–**	**100,628.26**	**1,286,827,000.91**	**1,833,691,067.78**	**35,076,997,702.43**
II. Changes for the current year							
(I) Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**87,720,506.30**	**87,720,506.30**
(II) Capital invested and reduced by shareholders							
1. Repurchase of treasury shares	**–**	**–**	**193,840,466.48**	**–**	**–**	**–**	**(193,840,466.48)**
2. Others	**–**	**(3,296,801.66)**	**–**	**–**		**(48,301,579.15)**	**(51,598,380.81)**
(III) Profit distribution							
1. Transfer to surplus reserve	**–**	**–**	**–**	**–**	**8,772,050.63**	**(8,772,050.63)**	**–**
2. Distributions to shareholders	**–**	**–**	**–**			**(928,767,346.11)**	**(928,767,346.11)**
(IV) Transfers within the shareholders' equity							
1. Other comprehensive income transferred to retained profits	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(V) Special reserve							
1. Provision in current year	**–**	**–**	**–**	**171,293,562.03**	**–**	**–**	**171,293,562.03**
2. Amount utilized in the year	**–**	**–**	**–**	**(171,163,291.23)**	**–**	**–**	**(171,163,291.23)**
(VI) Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**
III. Balance at the end of 2020	**4,319,848,116.60**	**27,633,234,087.22**	**193,840,466.48**	**230,899.06**	**1,295,599,051.54**	**935,570,598.19**	**33,990,642,286.13**

	For the previous year						
Item	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Balance at the beginning of 2019	4,319,848,116.60	27,636,530,888.88	(5,005,428.78)	2,594,582.62	1,160,396,190.21	3,071,730,235.63	36,186,094,585.16
II. Changes for the current year							
(I) Total comprehensive income	–	–	28,805,428.78	–	–	1,240,508,106.98	1,269,313,535.76
(II) Capital invested and reduced by shareholders	–	–	–	–	–	–	–
(III) Profit distribution							
1. Transfer to surplus reserve	–	–	–	–	126,430,810.70	(126,430,810.70)	–
2. Distributions to shareholders	–	–	–	–	–	(2,375,916,464.13)	(2,375,916,464.13)
(IV) Transfers within the shareholders' equity							
1. Other comprehensive income transferred to retained profits	–	–	(23,800,000.00)	–	–	23,800,000.00	–
(V) Special reserve							
1. Provision in current year	–	–	–	140,341,360.39	–	–	140,341,360.39
2. Amount utilized in the year	–	–	–	(142,835,314.75)	–	–	(142,835,314.75)
III. Balance at the end of 2019	4,319,848,116.60	27,636,530,888.88	–	100,628.26	1,286,827,000.91	1,833,691,067.78	35,076,997,702.43

(I) BASIC INFORMATION ABOUT THE COMPANY

1. General Information of the Company

China Molybdenum Co., Ltd. (the "Company") was incorporated on 25 August 2006 as a joint-stock limited company on the basis of China Molybdenum Co., Ltd. by Luoyang Mining Group Co., Ltd. ("LMG") and Cathay Fortune Corporation ("CFC").

On 3 December 2006, according to the Extraordinary General Meeting resolutions of the Company and the China Securities Regulatory Commission Zheng Jian Guo He Zi [2007] No. 7 Document, it was approved to issue up to 1,246.1 million shares of overseas listed shares (including the over- allotment of 162.5 million shares), with a par value of Renminbi ("RMB") 0.2 each ordinary share. On 25 April 2007, the Company issued 1,083.6 million shares of overseas listed shares with a par value of RMB0.2 each ordinary share, which were listed on the Hong Kong Stock Exchange on 26 April 2007. After the issuing of H share on the Hong Kong Stock Exchange, the Company's share capital totaled up to 4,767.81 million shares.

On 4 May 2007, the Company issued 108.36 million shares of the over-allotment shares with a par value RMB0.2, after the over-allotment. After that, the Company's share capital totaled up to 4,876.17 million shares.

On 16 July 2012, according to Zheng Jian Xu Ke [2012] No. 942 "Official Reply for Approving the Initial Public Offering (IPO) of China Molybdenum Co., Ltd." issued by China Securities Regulatory Commission (the "CSRC"), the Company was approved to issue up to 542 million RMB ordinary shares (A share). Up to 26 September 2012, the Company had issued 200,000,000 shares of RMB ordinary shares (A share) with a par value of RMB0.20 per share. Those shares are listed on the Shanghai Stock Exchange from 9 October 2012. The Company's share capital totaled up to 5,076.17 million shares after the issuance of A shares.

On 24 November 2014, China Securities Regulatory Commission approved a total public offering of RMB4,900,000,000.00 of convertible bonds by the Company with Zheng Jian Xu Ke [2014] No. 1246 "Official Reply for Approving Public Offering of Convertible Company Bonds by China Molybdenum Co., Ltd.", and the Company completed issuance on 8 December 2014.

As the triggering conditions for the redemption option are satisfied, on 23 June 2015, the board of directors adopted the resolution that the Company exercised the redemption option after the closing on 9 July 2015. As of closing on 9 July 2015, convertible bonds with a par value of RMB4, 854,442,000 had been converted to equity, representing 99.07% of total convertible bond issued by the Company. After the conversion was completed, total equity of the company was increased to 5,629.07 million shares.

On 28 August 2015, the Company was approved in the second meeting of the fourth session of board of directors to transfer capital reserve into ordinary shares, 20 shares for every existing 10 shares to all shareholders. The transfer was completed on 12 November 2015. After the transfer was completed, the total equity of the Company was increased to 16,887,198,699 shares.

On 23 June 2017, the China Securities Regulatory Commission ("CSRC") approved the Company's non-public offering of not more than 5,769,230,769 shares of ordinary shares (A-share) through Zhen Jian Xu Ke [2017] No. 918 "Official Reply for Approving Non-public Offering of Shares by China Molybdenum Co., Ltd.". On 24 July 2017, the Company privately placed 4,712,041,884 shares of RMB ordinary shares (A-share) to specific objects at a price of RMB3.82 per share with a par value of RMB0.20, and the total amount of funds raised was RMB17,999,999,996.88; after deducting the issuance expenses, the net of raised funds amounted to RMB17,858,632,663.30. After the issuance, the share capital of the Company increased from 16,887,198,699 shares to 21,599,240,583 shares. The shares subscribed by the investors of this offering are not allowed to be transferred within 12 months from the date of the completion of this issuance. See Note V. 40 for the details of share capital.

On 30 September 2020, the Company held the fifteenth extraordinary meeting of the fifth session of board of directors and approved the Proposal to Repurchase A Shares by way of Centralized Competitive Bidding Transaction, agreeing that the Company should use its own funds of not more than RMB450 million to repurchase A shares of the Company at a price of not more than RMB4.5 per share. As at 31 December 2020, the Company had repurchased a total of 48,513,287 shares by way of centralized competitive bidding transactions, representing 0.2246% of the current total share capital of the Company, and the amount paid was RMB193,840,466.48 (including transaction costs). See Note V. 43 for the details of treasury shares.

(I) BASIC INFORMATION ABOUT THE COMPANY (CONTINUED)

1. General Information of the Company (Continued)

The Company together with its subsidiaries (collectively as "the Group") are principally engaged in mining, smelting and deep processing of molybdenum tungsten series products, export of molybdenum tungsten series products and chemical products; mining and melting of copper, cobalt and niobium series products; mining and deep processing of phosphorus products; mining, processing and sale of gold and silver, and metal trading.

2. Acquisition of Niobium and Phosphorus, Copper-Cobalt, and Metal trading Business

2.1 Acquisition of Niobium and Phosphorus businesses in Brazil

On 27 April 2016, the wholly-owned subsidiary of the Company, CMOC Limited entered into an acquisition agreement with, Ambras Holdings S.A.R.L., ANGLO AMERICAN LUXEMBOURG SÁRL ("AA Luxembourg"), Anglo American Marketing Limited ("AAML"), ANGLO AMERICAN CAPITAL PLC ("Capital PLC"), ANGLO AMERICAN CAPITAL LUXEMBOURG SÁRL ("Capital Luxembourg") and Anglo American Service (UK) Limited ("AASL"), subsidiaries of Anglo American PLC ("Anglo American"), to acquire the following companies at a consideration of US $1.5 billion:

(1) 100% shareholders' equity of American Fosfato Brasil Ltda. ("Copebras ", now renamed as Copebras Indústria Ltda.) and Anglo American Niobio Brasil Ltda. ("Niobras ", now renamed as Niobras Mineração Ltda.);

(2) AAML's Niobium sales division ("NMD");

(3) Creditor's rights over Copebras held by Capital PLC and Creditor's rights over Niobra held by Capital Luxembourg.

Under the acquisition agreement, the final acquisition consideration is subject to adjustment based on the book balance of cash and the net working capital at closing. The acquisition was approved by the Company's shareholders' meeting on 23 September 2016 and completed on 1 October 2016.

In January 2020, the three legal entities—Copebras, Niobras and its holding company CMOC Brasil Servicos Administrativos E Participacoes Ltda.—were structurally reorganized by merging and the reorganized company was renamed as CMOC Brasil Mineração Indústria e Participações Ltda ("CMOC Brazil").

2.2 Acquisition of Copper-Cobalt business in Congo (DRC)

On 9 May 2016, CMOC Limited and the Company (as the guarantor of CMOC Limited) entered into an acquisition agreement with Phelps Dodge Katanga Corporation ("PDK") and Freeport-McMoRan Inc. ("Freeport") (as the guarantor of PDK) to acquire 100% equity in Freeport-McMoRan DRC Holdings Ltd, ("FMDRC", now renamed as CMOC International DRC Holdings Limited) held by PDK at a consideration of US$2.65 billion. FMDRC holds 70% equity in TF Holdings Limited ("TFHL") established in Bermuda and TFHL holds 80% equity in Tenke Fungurume Mining S.A. ("TFM") established in the Democratic Republic of the Congo (DRC). Upon completion of the acquisition, the Company will indirectly hold 56% equity in TFM.

Under the acquisition agreement, in addition to the consideration price, the final consideration of acquisition also includes a contingent consideration and the cash balance adjustment at the closing. The acquisition was approved by the shareholders' meeting on 23 September 2016 and completed on 17 November 2016.

(I) BASIC INFORMATION ABOUT THE COMPANY (CONTINUED)

2. Acquisition of Niobium and Phosphorus, Copper-Cobalt, and Metal trading Business (Continued)

2.3 Acquisition of minority interests of Copper-Cobalt business in Congo (DRC)

On 20 January 2017, the Group entered into a framework agreement with BHR Newwood Investment Management Limited ("BHR") and its investors, pursuant to which the Group obtained the control over BHR and its associated assets, and also committed to grant BHR investors a fixed annual exit returns over the corresponding period.

On 20 April 2017, BHR completed the acquisition of 30% of TFHL's equity, held by Lundin Mining Corporation, thereby BHR indirectly obtaining 24% of TFM's equity. Based on afore-said protocol control over BHR, the Group's indirect shareholding proportion in TFM increased from 56% to 80%.

On 19 June 2019, the Group signed an agreement with BHR investors to pay the final consideration to complete the exit of BHR investors. The Group's agreement control over BHR was thus changed to direct control, remaining the same proportion of indirect holding of TFM, which was completed on 27 September 2019.

2.4 Acquisition of metal trading platform business in Switzerland

On 11 May 2018, Natural Resources Elite Investment ("NREIL"), 100% held by CMOC Limited invested NCCL Natural Resources Investment Fund ("Natural Resources Investment Fund") 45% held by Luoyang Molybdenum Holding as a limited partner to complete the 100% equity acquisition of IXM B.V. (original name: Louis Dreyfus Company Metals B.V., hereinafter referred to as "IXM B.V."). IXM B.V. which was a subsidiary of Louis Dreyfus Company B.V. ("LDC") is engaged in base metal and noble metal raw materials and metal trading platform business.

On 4 December 2018, CMOC Limited entered into an equity purchase agreement with New Silk Road Commodities Limited ("NSR"), the wholly-owned subsidiary of Natural Resources Investment Fund, thereby purchasing 100% issued and unissued shares of IXM Holding SA (original name: New Silk Road Commodities SA, hereinafter referred to as "IXM Holding"), the wholly-owned subsidiary of NSR at a consideration of USD495 million and the net profit or loss of underlying assets for the period from 1 October 2018 to the closing date. The closing of this acquisition was completed on 24 July 2019. And the Company holds 100% equity of IXM B.V. indirectly through IXM Holding after the completion of this transaction.

3. Scope of the consolidated financial statements

The consolidated and the Company's financial statements have been approved by the board of directors of the Company on 22 March 2021.

See Note VII "INTERESTS IN OTHER ENTITIES" for details of subsidiaries within the scope of the consolidated financial statements for current year. The main change in the scope of the consolidated financial statements arises from the acquisition of subsidiaries. See Note VI "CHANGE OF CONSOLIDATION SCOPE" for details.

(II) PREPARATION BASIS OF THE FINANCIAL STATEMENTS

Preparation basis

The Group implements the Accounting Standards for Business Enterprises issued by the Ministry of Finance ("MoF") and the relevant regulations. The Group also discloses related financial information in accordance with Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2014 Amendment). In addition, the financial statements also include the relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

Going concern

The Group performs evaluation on its ability to continue as a going concern for next 12 months from 31 December 2020, and no matters or conditions that may cast significant doubts on its ability to continue as a going concern are found. Therefore, the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments and inventories held for trading which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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 measurements date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

For non-financial assets measured at fair value, the capacity of market participants to realize the maximum profit of non-financial assets, or the capacity of other participants who acquired non-financial assets to realize the maximum profit will be considered when measuring fair values of such non-financial assets.

For financial assets with transaction prices as the fair value upon initial recognition and the valuation technique of unobservable inputs employed in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Declaration following Accounting Standards for Business Enterprises ("ASBE")

The financial statements of the Company have been prepared, in all material materials, in accordance with ASBE, and present fairly, the consolidated and the company's financial position as of 31 December 2020, and the consolidated and the company's results of operations and cash flows for the year then end.

2. Accounting period

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

3. Operating cycle

The operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The Company's operating cycle is usually 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose the currency of the main economic environment where the operating business is located as its functional currency. The Group adopts RMB to prepare the financial statements.

5. Accounting treatment of business combination involving or not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

For transactions not involving enterprises under common control, the acquirer will consider whether or not to adopt the simplified "concentration test" when determining whether or not an acquired portfolio of assets constitutes a business. If the portfolio passes the concentration test, it will be judged not to constitute a business. If the portfolio does not pass the concentration test, the judgment is made on the basis of whether it constitutes a business. When the Group acquires a group of assets or net assets that do not constitute a business, the cost of the acquisition is allocated based on the relative fair value of each asset or liability acquired at the acquisition date instead of being accounted for as a business combination.

5.1 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.

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combining entities 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 is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Accounting treatment of business combination involving or not involving enterprises under common control (Continued)

5.2 Business combinations not involving enterprises under common control and goodwill

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.

The cost of combination 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. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

When the business combination contract provides that, upon the occurrence of multiple future contingencies, the acquirer shall pay an additional consideration for the combination, such contingent consideration as set out in the contract shall be recognized as a liability by the Group as a part of the aggregate consideration transferred in the business combination, and be included in the cost of combination at the fair value at the acquisition date. Within twelve months after the acquisition, if the contingent consideration needs to be adjusted as new or further evidences are obtained in respect of circumstances existed as of the acquisition date, the amount preciously included in the non-operating income shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be accounted for in the following way. Contingent consideration in the nature of a liability shall be measured in accordance with Accounting Standard for Business Enterprises No. 22 – Financial Recognition and Measurement of Financial Instruments and Accounting Standard for Business Enterprises No. 13 – Contingencies. Any change or adjustment is included in profit or loss for the current period.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is 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 cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognizes and measures the combination using those provisional values. Any adjustments to those provisional values within 12 months after the acquisition date are treated as if they had been recognized and measured on the acquisition date.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statement

6.1 Preparation of consolidated financial statement

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate. No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company. The effects of all intra-group transactions on the consolidated financial statements are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

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

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statement (Continued)

6.1 Preparation of consolidated financial statement (Continued)

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer determines if these transactions are considered to be "a bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, these transactions are accounted for as multiple transactions where control is obtained at the acquisition date; In this case, the acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognizes any differences between such fair value and carrying amounts in profit or loss for the period. Where equity interests in an acquiree held before the acquisition date involve changes in other comprehensive income or changes in other owners' equity under equity method, they are transferred to income for the period that the acquisition date belongs to.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

Multiple transactions involving disposal of equity investments in a subsidiary until loss of control are usually considered to be a bundled transaction when the conditions and economic impacts of these transactions satisfy with one or multiple following conditions: (1) these transactions are concluded simultaneously or concluded upon consideration of mutual influence; (2) these transactions, as a whole, can achieve a complete business results; (3) occurrence of a transaction depends the occurrence of at least one other transaction; (4) one transaction alone is not economical, but it is economical after consideration together with other transactions. Where multiple transactions involving disposal of equity investments in a subsidiary until loss of control are considered to be a bundled transaction, these multiple transactions are accounted for as a single transaction of disposing of the subsidiary and resulting in loss of control. The difference between the consideration received on each disposal and the corresponding proportion of the subsidiary's net assets calculated on a continuous basis since the acquisition date prior to the loss of control is recognized as other comprehensive income and transferred to profit or loss for the period when the control is eventually lost. Where multiple transactions involving disposal of equity investments in a subsidiary until loss of control are not considered to be a bundled transaction, these transactions are accounted for as independent transactions.

7. Classification of joint arrangements and accounting treatment for joint ventures

There are two types of joint arrangements – joint operations and joint ventures. The type of joint arrangements is determined based on the rights and obligations of joint operator to the joint arrangements by considering the factors, such as the structure, the legal form of the arrangements, and the contractual terms, etc. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The Group adopts the equity method to account the investment in joint ventures. Please specifically refer to Note III "14.3.2. Long-term equity investment accounted for using the equity method".

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Classification of joint arrangements and accounting treatment for joint ventures (Continued)

The Group as a joint operator recognizes the following items in relation to its interest in a joint operation: (1) its solely- held assets, including its share of any assets held jointly; (2) its solely-assumed liabilities, including its share of any liabilities incurred jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its solely-incurred expenses, including its share of any expenses incurred jointly. The Group accounts for the recognized assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the requirements applicable to the particular assets, liabilities, revenues and expenses.

8. Standards for determining cash and cash equivalent

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

9. Translation of transactions and financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the book balances (other than the amortized cost) of items that are reclassified at fair value through other comprehensive income are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies "in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. 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. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Translation of transactions and financial statements denominated in foreign currencies (Continued)

9.2 Translation of financial statements denominated in foreign currencies

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 balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the parent company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that results in a reduction in the proportional interest held but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

10. Financial Instrument

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

For financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

Contracts to buy or sell non-financial items that can be settled net in cash or other financial instruments, or through an exchange of financial instruments apply to the Revenue Standard when the Group enters into and holds such contracts intended for the receipt or delivery of non-financial items in accordance with the intended purchase, sale or use requirements.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. When conducting initial recognition of the accounts receivable that does not include significant financing components or the financing components in the contract no more than one year are not taken into consideration in accordance with Accounting Standard for Business Enterprises No. 14 – Revenue ("Revenue Standard"), the Group makes the initial measurement at the transaction price specified in the revenue standard.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial assets or financial liabilities (such as repayment in advance, extension, call options or other similar options), without considering future credit losses.

The amortized cost of financial asset or financial liability is the initial recognition amount of the financial asset or the financial liability less the repaid amount of principal plus or less the accumulated amortized amount of the difference between the initial recognition amount and the amount of maturity with the effective interest rate method less the accumulated provisions for the losses (only applicable to the financial assets).

10.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. The financial assets classified as at amortized cost include cash and bank balances, accounts receivable, other receivables, other current assets, and other non-current assets, etc.

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income ("FVTOCI"): 1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets due over 1 year since acquisition are presented as other debt investments and those due within 1 year (inclusive) since balance sheet date are presented as other current assets due within one year; accounts receivable and notes receivable classified as at fair value through other comprehensive income ("FVTOCI") on acquisition are presented under financing receivables, and those due within 1 year (inclusive) since acquisition are presented under other current assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.1 Classification, recognition and measurement of financial assets (Continued)

On the initial recognition, the Group may irrevocably designate non-trading equity instruments except for contingent consideration recognized in business combination not involving enterprises under common control as financial assets at fair value through other comprehensive income on an individual basis. Such financial assets are presented as other investments in equity instruments in financial statements.

Financial assets that meet one of the following requirements indicate that the purpose for the Group to hold the financial assets is for trading:

- It has been acquired principally for the purpose of selling in the near term;
- On initial recognition, relevant financial assets are part of a portfolio of the identifiable financial instruments that the Group manages on a collective basis and there is an objective evidence indicating that the Group has an actual pattern of short-term profit-taking recently; or
- Relevant financial assets are classified to derivative instruments, excluding derivatives that meet the definitions of financial guarantee contracts and are designated as effective hedging instruments.

Financial assets at FVTPL include financial assets classified as at fair value through profit or loss and those designated as at fair value through profit or loss:

- Financial assets that do not meet the requirements to be reclassified as financial assets at amortized cost or financial assets at fair value through other comprehensive income (FVTOCI) are classified as financial assets at fair value through profit or loss.
- Upon initial recognition, in order to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at fair value through profit or loss.
- Financial assets at FVTPL (other than derivative financial assets) are all presented under held-for-trading financial assets. Financial assets due over one year (or without fixed maturity) since the balance sheet date and expected to be held for over one year are presented under other non-current financial assets.

10.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured subsequently at amortized cost by adopting the effective interest method, with gains or losses arising from the impairment or derecognition recorded to the profit or loss for the period.

Interest income from financial assets at amortized cost are recognized by the Group based on the effective interest method. Interest income is determined by applying an effective interest rate to the carrying amount of the financial asset except for the following situations:

- For the purchased or originated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of these financial assets since initial recognition.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.1 Classification, recognition and measurement of financial assets (Continued)

10.1.1 Financial assets measured at amortized cost (Continued)

- For the purchased or originated financial assets not-credit-impaired but subsequently becoming credit-impaired, the Group subsequently recognizes their interest income based on amortized cost and effective interest rate of these financial assets. If no credit exists due to improvement in credit risk of the financial instruments subsequently and such improvement is in relation to an event incurred subsequent to the application of above provisions, the Group will transfer to calculate and determine the interest income by applying an effective interest rate to the carrying amount of the financial asset.

10.1.2 Financial assets at fair value through other comprehensive income ("FVTOCI")

The impairment losses or gains relating to financial assets classified as at fair value through other comprehensive income, the interest income calculated by effective interest method, and the exchange gains or losses shall be included into the profit or loss over the current period, and the other financial assets shall be measured at fair value through other comprehensive income. The amount of the financial assets included into profit or loss of each period shall be regarded as equal as the amount measured at amortized cost through profit or loss over each period. When the financial assets are derecognized, the accumulated income or loss included in the other comprehensive income previously will be reclassified into the profit or loss over the current period from the other comprehensive income.

Fair value change of non-held-for-trading equity investment designated as at fair value through other comprehensive income ("FVTOCI"), is recognized in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in the non-held-for-trading equity instruments, dividend income is recognized and included in profit or loss for the period when 1) the Group's right to collect dividend has been established; 2) it is probable that economic benefits associated with dividend will flow to the Group; and 3) the amount of dividend can be reliably measured.

10.1.3 Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL are measured subsequently at fair value. Gains or losses from changes in fair value and dividends and interest income relevant to the financial assets are recognized in profit or loss for the current period.

10.2 Impairment of financial assets

The Group accounts for impairment on financial assets at amortized cost, financial assets classified as FVTOCI and financial guarantee contracts that are not measured at fair value through profit or loss on the basis of ECL and recognizes relevant loss allowance.

The Group measures loss allowance based on the amount equal to the lifetime ECL for the accounts receivable arising from the transactions under revenue standards but not including significant financial elements or not considering the contract less than one year.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.2 Impairment of financial assets (Continued)

For other financial assets, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except the financial assets classified as FVTOCI. The Group recognizes credit loss allowance for financial assets at FVOCI in other comprehensive income and recognizes loss or gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment.

10.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition with available reasonable and supportable forward-looking information. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

(1) Whether external market indicators of credit risk for the same financial instrument or financial instruments with shared expected life have changed significantly. Indicators include: credit spreads, credit default swap price for the borrower, length and extent of time when fair value of financial assets is less than amortized cost, other market information related to the borrower (including price changes in borrower's debt instruments or equity instruments);

(2) Whether external credit rating of the financial instrument has actually changed significantly or is expected to change significantly;

(3) Whether the debtor's internal credit rating is actually lowered or is expected to be lowered;

(4) Whether expected detrimental changes in business, financial and economic conditions of the debtor which will affect borrower's ability to perform repayment obligation have changed significantly, including significant reduction in the market shares of the debtor, sharp drop of the price of principal products, significant rise of the price of principal raw materials, critical shortage of working capital, and quality reduction of assets, etc.;

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.2 Impairment of financial assets (Continued)

10.2.1 Significant increase in credit risk (Continued)

(5) Whether the actual or expected results of the debtor's operations have changed significantly, including the circumstance that an evident adverse change happens to the business indicators such as income and profit and is expected difficult to improve in a short term;

(6) Whether the credit risk of other financial instruments issued by the same debtor has increased significantly;

(7) Whether supervisory, economic or technical environment for the borrower has significant detrimental changes, including the circumstance whether the technological change, or the relevant policies proposed to introduce by the state or local government have significant adverse impact on the debtor;

(8) Whether the value of collateral for debt mortgage or the guarantee or credit enhancement quality provided by a third party has changed significantly, and these changes are expected to lower the economic motive of the debtor to repay within the time limit as specified by the contract or affect the probability of default;

(9) Whether the economic motive that will lower the borrower's repayment within the time limit as specified by the contract has changed significantly;

(10) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;

(11) Whether the debtor's expected performance and repayment activities have changed significantly;

(12) Whether the Group's approach to credit management of financial instruments has changed.

Regardless of whether the credit risk has increased significantly after the above assessment, when the financial instrument contract payment has been overdue for more than 30 days (inclusive), it indicates that the credit risk of the financial instrument has increased significantly.

At the balance sheet date, the Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk. If the default risk of financial instrument is relatively low, the borrower has a strong capability in performing its contract cash flow obligation in the short term, and the capability of the borrower to perform its contract cash obligation is not necessarily reduced even if adverse change exists in the economic situation and business environment in a relatively long time, the financial instrument is considered to be exposed to the credit risk at a relatively low level.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.2 Impairment of financial assets (Continued)

10.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(1) Significant financial difficulty of the issuer or the debtor;

(2) A breach of contract by the debtor, such as a default in interest or principal or past due event;

(3) The creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider; or

(4) It is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

10.2.3 Recognition of expected credit loses

The Group recognizes the credit loss of other receivables, other current assets and financial assets included in other non-current assets based on an individual asset basis, and recognizes credit loss of related financial instruments for accounts receivable on a collectively basis by using an impairment matrix. The Group classifies financial instruments into different groups based on shared risk characteristics, and the Group adopts the shared risk characteristics including: type of financial instruments, credit risk rating, initial recognition date, residual contractual term, industry of the debtor, geographic location of the debtor, and the value of collateral to the financial assets, etc.

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flow to be received.

- For a financial guarantee contract (Refer to Note III. 10.4.1.2.1 for detailed accounting policies), credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance date.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.2 Impairment of financial assets (Continued)

10.2.4 Write-down of financial assets

The Group shall directly write down the carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-down constitutes a derecognition of relevant financial assets.

10.3 Transfer of financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control over the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The Group measures relevant liabilities by the following methods:

- If the financial assets transferred are measured at amortized cost, and the carrying amounts of relevant liabilities are equivalent to the carrying amounts of the transferred financial assets continuing in involvement less the amortized costs of the retained rights of the Group (if the Group retains associated rights for the transfer of financial assets) plus the amortized costs of the Group's obligations (if the Group bears associated obligations for the transfer of financial assets), relevant liabilities are not designated as financial liabilities at fair value through profit or loss.

- If financial assets transferred are measured at fair value, and the carrying amounts of relevant liabilities are equivalent to the carrying amounts of the transferred financial assets continuing in involvement less the fair value of the retained rights of the Group (if the Group retains associated rights for the transfer of financial assets) plus the Group's obligations (if the Group bears associated obligations for the transfer of financial assets), the fair value of the rights and obligations should be the fair value measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred at the derecognition date; and (2) the sum of the consideration received from the transfer of financial assets and the corresponding amount of the derecognition part in the cumulative change that has been recognized in other comprehensive income, is recognized in profit or loss for the current period. If the financial assets transferred by the Group are the non-trading equity instrument investment designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are reclassified in retained earnings from other comprehensive income.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.3 Transfer of financial assets (Continued)

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss for the current period or retained earnings. If the financial assets transferred by the Group are the non-trading equity instrument investment designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are reclassified in retained earnings from other comprehensive income.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a financial liability upon receipt.

10.4 Classification of financial liabilities and equity instrument

Financial instruments issued by the Group are classified in accordance with the economic substance of the contractual arrangements instead of the legal form as well as the definitions of a financial liability and an equity instrument; on initial recognition, financial instruments or their component parts are classified as either financial liabilities or equity instruments.

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

10.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of financial liabilities held for trading (Including derivative instrument of financial liabilities) and those designated as at FVTPL, in which financial liabilities at FVTPL are presented as financial liabilities held for trading, except for derivative liabilities that are presented independently.

A financial liability is classified as held for trading if one of the following conditions is satisfied:

(1) It has been acquired principally for the purpose of repurchasing in the near term; or

(2) 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

(3) It is a derivative, except for a financial guarantee contract or a derivative that is a designated and effective hedging instrument.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.4 Classification of financial liabilities and equity instrument (Continued)

10.4.1 Classification, recognition and measurement of financial liabilities (Continued)

10.4.1.1 Financial liabilities at FVTPL (Continued)

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces accounting mismatch; (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) it is a qualifying hybrid contract containing embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognized in profit or loss.

For financial liability designated as at FVTPL, the amount of change in the fair value of such financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, and other changes in the fair value are presented in profit or loss. Upon the derecognition of such financial liability, the accumulated amount of change in fair value that is attributable to changes in the credit risk of that liability, which is recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest income earned on the financial liabilities are recognized in profit or loss. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

For financial liabilities arising from contingent consideration recognized by the Group as a purchaser in the business combination not involving enterprises under a common control, the Group measures such financial liabilities at fair value and the changes are recognized in profit or loss.

10.4.1.2 Other financial liabilities

Other financial liabilities outside of the financial guarantee contracts except those arising from transfer of financial assets that does not meet the requirements for derecognition or continuing involvement in the transferred financial asset are classified as at amortized cost and measured subsequently at amortized cost. Gains or losses arising from derecognition or amortization are recorded to profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.4 Classification of financial liabilities and equity instrument (Continued)

10.4.1 Classification, recognition and measurement of financial liabilities (Continued)

10.4.1.2 Other financial liabilities (Continued)

10.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, or financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognized less cumulative amortization amount during the guarantee period.

10.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.5 Derivatives and embedded derivatives

Derivative financial instruments include forward foreign exchange contracts, commodity futures contracts, commodity forward contracts, currency swaps contracts, and interest rate swaps contracts and foreign exchange options contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value.

For the hybrid contract comprised of embedded derivatives and master contract, if the master contract belongs to financial assets, the Group shall apply the hybrid contract as a whole to the accounting standards on the classification of financial assets rather than split embedded derivatives from the hybrid contract.

An embedded derivative is separated from the hybrid instrument as a stand-alone derivative financial instrument, where the master contract included in the hybrid contract does not belong to financial assets and meet the following conditions.

(1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;

(3) the hybrid contract is not measured at fair value through profit or loss over the current period.

Where an embedded derivative is split from a hybrid contract, the Group performs accounting treatment for the master contract of the hybrid contract in accordance with applicable accounting standards. Where the Group is unable to measure the fair value of an embedded derivative reliably in accordance with the terms and conditions of the embedded derivative, the fair value of such embedded derivative is determined as the difference between the fair value of the hybrid contract and that of the master contract. Where the fair value of such embedded derivative on the acquisition date or the subsequent balance sheet dates is still unable to be measured separately, the Group designates the hybrid contract in a whole into the financial instrument at fair value through profit or loss over the current period.

10.6 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial Instrument (Continued)

10.7 Compound instrument

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity instrument, is included in equity instruments.

In subsequent periods, the liability component of the convertible loan notes is carried at amortized cost using the effective interest method. The conversion option classified as equity remains in equity instruments. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of convertible loan notes are allocated to the liability component and equity component in proportion to their respective fair values. Transaction costs relating to the equity instruments component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible loan notes using the effective interest method.

11. Financing receivables

Notes receivable classified as at fair value through other comprehensive income ("FVTOCI") due within 1 year (inclusive) since acquisition are presented as financing receivables, and those due over 1 year since acquisition are presented as other debt investments. See Note III. 10.1, 10.2 and 10.3 for relevant accounting policies.

12. Inventories

12.1 Classification of inventories

The Group's inventories mainly include raw materials, work in progress, finished goods and trading inventories, etc. Inventories (excluding trading inventories outside the PRC) are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

The trading inventories are mainly from IXM, the subsidiaries of the Group. As a commodity trader, IXM measures the trading inventories at fair value less costs to sell in its financial statements prepared in accordance with international financial reporting standards, and recognizes changes in fair value in profit or loss.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventories (Continued)

12.1 Classification of inventories (Continued)

Pursuant to Interpretation No.1 of the Enterprise Accounting Standards, for transactions or events occurred abroad to overseas subsidiaries of a domestic enterprise within China, if such transactions or events are not subject to the relevant laws and regulations of China or if such transactions are rare and if they are not covered by the accounting standards for enterprises, the accounting treatments made by the aforesaid overseas subsidiaries may be adjusted under the international standards on financial statements and then be consolidated into the relevant items of the consolidated financial statements of the parent company, provided that the principle of the Accounting Standards for Enterprises – Basic Standards is followed. Therefore, in the preparation of the financial statements, trading inventories outside the PRC of IXM are still measured according to the above-mentioned accounting policies.

12.2 Valuation methods of the inventory delivered

When the inventories (excluding trading inventories outside the PRC) are delivered, the actual costs of the delivered inventories are determined using the method of weighted average.

12.3 The basis of the net realizable value of the inventories

On the balance sheet date, the inventories (excluding trading inventories outside the PRC) shall be calculated by the lower of cost and net realized value. When the net realizable value is less than the cost, inventory provision is required.

The net realizable value represent the amount derived by deducting the potential cost, estimated sale cost and relative taxes to the completion date from the estimated selling price of the inventory in daily activities. The company determined net realizable value of inventories, made the obtained conclusive evidence as basis, and considered the purposes of holding inventories, events after the balance sheet date and other factors.

The provision for decline in value of inventories shall be provided by the difference between the cost of the individual inventory and its net realized value.

In case the factors impacting the inventory provision is eliminated, making the net realizable value be higher than the book value, the write-down amount should be recovered from the previous write-down amount of inventory provision and the corresponding amount shall be reversed to current profit and loss.

12.4 The inventory system for inventories

The Group uses a perpetual inventory system.

12.5 Amortization method of low-value consumables and packaging materials

Packing materials and low-price easily-worn materials are amortized by the one-time writing-off method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Held-for-sale assets

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of nonmonetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

When there is loss of control over a subsidiary due to disposal of investments in the subsidiary, and the proposed disposal of investment in the subsidiary satisfies classification criteria of held-for-sale category, the investments in subsidiaries are classified as held-for-sale category as a whole in the company's separate financial statement, and all assets and liabilities of subsidiaries are classified as held-for-sale category in the consolidated financial statements regardless that part of the equity investments are remained after the sale.

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period. The impairment loss of assets recognized before the classification of held-for-sale category will not be reversed.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

14. Long-term equity investment

14.1 Basis for determining joint control and significant influence over the investee

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible have been considered.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investment (Continued)

14.2 Determination of investment cost

For a long-term equity investment acquired through a 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 shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer determines if these transactions are considered to be "a bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, 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. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for other investments in equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognized in other comprehensive income are included in retained earnings for the current period.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fees, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement (CAS 22) and the additional investment cost.

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investment (Continued)

14.3 Subsequent measurement and recognition of profit or loss (Continued)

14.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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 recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long- term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized 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 discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed Assets

14.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period.

15.1 The conditions of recognition

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized 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. 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.

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. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures except for above expenditures that included in the cost of the fixed asset are recognized in profit or loss in the period in which they are incurred.

15.2 Depreciation Method

A fixed asset is depreciated over its useful life using the straight-line method or the units of production method since the month subsequent to the one in which it is ready for intended use. The depreciation method useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Resources-related subsidiaries of the Group situated in PRC

Category	Depreciation method	Depreciation period	Residual value rate *(%)*	Annual depreciation rate *(%)*
Land and building	Straight-line method	8~45	0~5	2.1~12.5
Mining projects	Units of production method	Expected life of mines	0	Unit of production
Machine equipment	Straight-line method	8~10	5	9.5~11.9
Electronic equipment, appliances and furniture	Straight-line method	5	5	19.0
Transportation equipment	Straight-line method	8	5	11.9

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed Assets (Continued)

15.2 Depreciation Method (Continued)

Resources-related subsidiaries of the Group situated in Australia

Category	Depreciation method	Depreciation period	Residual value rate *(%)*	Annual depreciation rate *(%)*
Buildings	Straight-line method	8-45	0~5	2.1~12.5
Mining projects	Units of production method	Expected life of mines	0	Unit of production
Machineries and other equipment	Straight-line method	8-10	5	9.5~11.9

Resources-related subsidiaries of the Group situated in Brazil

Category	Depreciation method	Depreciation period	Residual value rate *(%)*	Annual depreciation rate *(%)*
Land ownership	N/A	Permanent	–	–
Buildings	Straight-line method	20-50	0~5	1.9~5.0
Mining projects	Units of production method	Expected life of mines	0	Unit of production
Machineries and other equipment	Straight-line method	5-20	0~5	4.8~20.0

Resources-related subsidiaries of the Group situated in Congo (DRC)

Category	Depreciation method	Depreciation period	Residual value rate *(%)*	Annual depreciation rate *(%)*
Land ownership	N/A	Permanent	–	–
Mining projects	Units of production method	Expected life of mines	0	Unit of production
Buildings	Straight-line method	5-33	0~5	2.9 ~20.0
Machineries and other equipment	Straight-line method	3-20	0~5	4.8~33.3

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed Assets (Continued)

15.2 Depreciation Method (Continued)

Metal trading-related subsidiaries of the Group

Category	Depreciation method	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	20	5	4.8
Machine equipment	Straight-line method	3	5	31.7
Electronic equipment, appliances and furniture	Straight-line method	5	5	19.0

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

15.3 Others

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Biological assets

Biological assets of the Group are consumable biological assets

18.1 Consumable biological assets

Consumable biological assets are biological assets held for sale or to be harvested as agricultural produce in the future, including, for example, crops, vegetables and timber in plantation forests being grown and livestock being raised or held for sale. The consumable biological assets the Group owns are timbers.

Upon harvest or disposal of consumable biological assets, the Group uses the individual valuation method to carry out the cost by book value.

If there is an active market for consumable biological asset and the Company can obtain market prices and other relevant information regarding the same or similar type of consumable biological asset from the market so as to reasonably estimate the fair value of the related biological asset, the Company subsequently measures the consumable biological asset at fair value with changes of the fair value are recognized in profit or loss for the current period.

19. Intangible assets

19.1 Intangible assets

Intangible assets include land use rights, mining rights, copper supply concessions and supplier relationships, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method or the units of production method. An intangible asset with an indefinite useful life is not amortized. Amortization method, useful life and estimate residual value rate of all intangible assets are as follows:

Category	**Amortization method**	**Useful life** *(year)*	**Residual Value Rate** *(%)*
Land use rights	Straight-line method	50 years	0%
Mining rights	Units of production method	N/A	0%
Copper supply concessions	Units of purchase method	N/A	0%
Supplier relationship	Straight-line method	15 years	0%

At the end of the year, the Group reviews the useful life and amortization method of intangible assets, and makes adjustments when necessary.

See Note III. "20. Impairment of long-term assets" for the details of impairment test of intangible assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (Continued)

19.2 Research and development expenditure for internal study

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

(1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) the Group has the intention to complete the intangible asset and use or sell it;

(3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

20. Impairment of long-term assets

The Group reviews the Long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life and long-term prepaid expenses at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on 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. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets groups, i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets (Continued)

Once an impairment loss is recognized for above mentioned assets, it will not be reversed in any subsequent period.

21. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract assets and contract liabilities under the same contract are presented at net amount.

23. Employee benefits

23.1 Accounting treatment of short-term remuneration

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

23.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

For defined benefit plans, the Group assigns the welfare obligation generated from the defined benefit plans to the period of rendering services using the formula determined by the projected unit credit method, and includes it in the current profit or loss or related asset costs. Employee benefit costs generated from the defined benefit plans are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements.);

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee benefits (Continued)

23.2 Accounting treatment of post-employment benefits (Continued)

- Net interest of net liabilities or net assets of defined benefit plans (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and

- Remeasurement of changes in net liabilities or net assets of defined benefit plans.

Service cost and net interest of net liabilities or net assets of defined benefit plans are included in the current profit or loss or related asset costs. Remeasurement of changes in net liabilities or net assets of defined benefit plans (including actuarial gains or losses, return on plan assets excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans, and changes to the asset ceiling excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans) is included in other comprehensive income.

Deficit or surplus generated from the present value of the obligation of defined benefit plan less the fair value of defined benefit plan asset is recognized as a net liability or a net asset of defined benefit plan. If there is a surplus in the defined benefit plan, the lower of the surplus of defined benefit plan and the asset ceiling is used to measure the net asset of the defined benefit plan.

23.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

23.4 Accounting treatment of other long-term employee benefits

For other long-term employee benefits, where the definition of defined contribution plans is met, it is accounted for according to above-mentioned requirements of defined contribution plans. Otherwise, net liabilities or net assets of such other long-term employee benefits are recognized and measured according to related requirements of defined benefit plans. At the end of reporting period, the cost of employee benefits arising from other long-term employee benefits are recognized as service cost, and net interest of net liabilities or net assets of other long-term employee benefits, and changes arising from re-measurement of net liability or net assets of other long-term employee benefits. The total net amount of those items are either charged to profit or loss in the period, or included in cost of related assets.

24. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Share-based payment

A share-based payment is a transaction which the Group grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees. The Group's share-based payments are cash-settled share-based payments.

25.1 Cash-settled share-based payment

Cash-settled share-based payments are measured at the fair value of the liabilities incurred by the Group, which are determined based on the price of the share or other equity instruments. The Group recognizes the services for the period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting at each balance sheet date within the vesting period. Until the liability is settled, the Group re-measures the fair value of the liability at each balance sheet date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

25.2 Accounting treatment related to implementation, modification and termination of share-based payment plan

In case the Group modifies a share-based payment arrangement, if the modification increases the fair value of the equity instruments granted, the Group will include the incremental fair value of the equity instruments granted in the measurement of the amount recognized for services received. If the modification increases the number of the equity instruments granted, the Group will include the fair value of additional equity instruments granted in the measurement of the amount recognized for services received. The increase in the fair value of the equity instruments granted is the difference between fair value of the equity instruments before and after the modification on the date of the modification. If the Group modifies the terms or conditions of the share-based payment arrangement in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group will continue to account for the services received as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

If cancellation of the equity instruments granted occurs during the vesting period, the Group will account for the cancellation of the equity instruments granted as an acceleration of vesting, and recognize immediately the amount that otherwise would have been recognized over the remainder of the vesting period in profit or loss for the period, with a corresponding recognition in capital reserve. When the employee or counterparty can choose whether to meet the non-vesting condition but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

26. Revenue

The revenue of the Group is mainly from:

(1) Sale of goods and metal trading

The Group sells minerals including self-produced mineral products of molybdenum, tungsten, niobium, phosphorus, copper, cobalt and gold, etc. and commercial mineral products of copper, lead and zinc concentrates and copper, lead and zinc refined metal to the customers. Generally, the performance business only includes delivery of goods in the contract concerning sales of goods, so the consideration of sale is recognized according to the fixed price or temporary pricing arrangement as agreed in the sales contract. The Group recognizes the revenue at the time point when the control over the relevant goods are passed to the customers.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Revenue (Continued)

(2) Gold streaming transaction

In respect of the Group's gold streaming transaction contracts, the Group receives payments in advance from customers for the sale of goods (gold and silver products), which are first recognized as liabilities (contract liabilities and other non-current liabilities – gold streaming transaction contract liabilities) and then transferred to revenue when the relevant performance obligations are satisfied, i.e. when control of the goods is transferred to the customer. The gold streaming contract has a significant financing component and the Group determines the transaction price at the time of entering into the gold streaming contract based on the amount payable in cash assuming that the customer will pay for the goods as soon as it obtains control over these goods, and the difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method.

(3) Hotel services

The Group provides services to the customers through its self-operated hotels and accordingly obtain revenue which is recognized over the period when the customers obtain and consume the relevant services.

(4) Others

The Group provides auxiliary services including sales of diesel and electric power to the customers and accordingly obtain revenue which is recognized over the period when the customers obtain and consume the relevant services.

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

It is the performance obligation in a certain time when meeting one of the following conditions. The Group recognizes revenue within a certain period of time in accordance with the performance progress: (1) customers can obtain and exploit economic benefits brought by the Group's performance of obligations; (2) customers have the control over the goods under construction during the process of the Group's performance of obligations; (3) Goods from the process of the Group's performance of obligations are of irreplaceable purposes and the Group is entitled to charge collections for the completed performance of obligations to date within the entire term of contract. Otherwise, the Group recognizes revenue at the time-point when customers obtain the control rights over relevant goods or services.

Where a contract includes a variable consideration (e.g. metal flow transaction contracts, etc.), the Group determines the best estimate of the variable consideration based on the expected or most probable amount. The transaction price that includes variable consideration does not exceed the amount for which it is highly probable that there will be no material reversal of the revenue recognized in the aggregate when the relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration to be included in the transaction price.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Revenue (Continued)

(4) Others (Continued)

Where a contract includes a significant financing element (e.g. metal flow transaction contracts, etc.), the Group determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. Where, at the date of commencement of the contract, the Group expects that the interval between the acquisition of control over the goods or services by the customer and the payment of the price by the customer will be less than one year, the existence of a significant financing component in the contract is not taken into account.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognize the amounts as a liability and then transfer to revenue until satisfying relevant performance obligations. When the receipts in advance are non-refundable and the customer may give up all or part of contract right, and the Group is expected to be entitled to obtain amounts associated with contract rights given up by the customer, the above amounts shall be proportionally recognized as revenue in accordance with the model of exercising contract rights by the customer; otherwise, the Group will transfer the relevant balance of the above liability to revenue only when the probability is extremely low for the customer to satisfy remaining performance obligations.

27. Types and accounting treatment of government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized 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.

27.1 Criterion and accounting treatment of government grants related to assets

The government grants of the Group mainly include grant for demonstration base project, etc. Due to direct relationship with investment and construction of fixed assets, such government grants are defined as the government grants related to assets.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Types and accounting treatment of government grants (Continued)

27.2 Criterion and accounting treatment of government grants related to income

The government grants of the Group mainly include receipts of tax refunds, etc... Such government grants are defined as the government grants related to income.

For a government grant related to income, if the grant is a compensation for related cost expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs or losses are recognized. If the grant is a compensation for related cost expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant is not related to the Group's daily activities is recognized in non-operating income and expenses.

28. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

28.1 Current income taxes

At the balance sheet date, 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.

28.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Deferred tax assets/deferred tax liabilities (Continued)

28.2 Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, 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 utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

28.3 Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Stripping costs

During mining operations, the Group may find that mineral wastes and surface cover to be removed before mining, and the removal activities for such wastes is called stripping. The stripping costs are usually capitalized in the mining development phase (before production). The capital expenditure is divided into cash outflows of investment activities.

After mining development phase can be ended for getting into the production phase, the waste removal activity is referred to as production stripping.

If the stripping activity is related to the current mining, the associated stripping costs are included in the statement of profit or loss for the current period as operating costs. If production stripping is associated with inventory production and improves the mining environment for subsequent years, the expenditure on the removal of wastes should be reasonably allocated between the two activities, and the portion that is beneficial to the mining environment for subsequent years shall be capitalized into the stripping and development capital expenditures. In some cases, where a large amount of wastes is removed or only a small volume of inventory is produced, the costs incurred by the stripping of wastes will be fully capitalized.

On the basis of the proven reserves of ore, all capitalized waste stripping costs are depreciated in accordance with the output method.

The impact on the waste stripping costs or on the remaining ore reserves arising from changes in mine life expectancy or mining plans will be treated as changes in accounting estimates.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Exploration, assessment and development expenditures

The costs of exploration and assessment are directly recognized in costs when they are incurred. When a mine is determined to be of economic value, all subsequent assessment expenditures, including expenditures incurred in early development phase, shall be capitalized into the cost of the underlying asset. The above capitalization terminates after the mine has reached the commercial production phase. The exploration assets generated from acquisitions are presented on the balance sheet at the cost less the accumulated impairment loss.

31. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the contract is, or contains, a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

31.1 The Group as a lessee

31.1.1 Separating components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

31.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognizes a right-of-use asset at the commencement date of the lease. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use. The right-of-use asset is measured at cost. The cost of the right-of-use asset shall include:

(1) the amount of the initial measurement of the lease liability;

(2) any lease payments made at or before the commencement date, less any lease incentives received;

(3) any initial direct costs incurred by the Group; and

(4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group makes provision for the depreciation of right-of-use assets in accordance with Accounting Standard for Business Enterprises No. 4–Fixed Assets. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease terms are depreciated from commencement date to the end of their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Leases (Continued)

31.1 The Group as a lessee (Continued)

31.1.3 Lease liabilities

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with Accounting Standard for Business Enterprises No. 8 – Impairment of Assets.

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognizes the lease liability at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group, including fixed payments and in-substance fixed payments, less any lease incentives receivable, if applicable.

After the commencement date, the Group recognizes interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities, and charges to profit or loss or the related costs of assets for the current period.

After the commencement date, the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments and the corresponding right-of-use asset is adjusted, if the carrying amount of right-of-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the difference is recognized in the profit and loss for the current period.

31.1.4 Short-term leases and leases of low-value assets

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases of transportation devices and machinery equipment and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when it is new, is of low value. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

31.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

(1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Leases (Continued)

31.1 The Group as a lessee (Continued)

31.1.5 Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

For the decrease in scope of lease or the lease term arising from lease modification, the Group should decreases the carrying amount of right-of-use assets and recognizes the gains or losses relating to the partly or full derecognition of the lease into the profit or loss in current period. For remeasurement arising from lease modification, the Group should adjusts the corresponding carrying amount of right-of-use assets.

31.1.6 Deferred tax assets and deferred tax liabilities relating to leases

Where the Group recognizes right-of-use assets and lease liability relating to lease transaction, the deferred income tax is recognized in accordance with the relevant regulations of Accounting Standard for Business Enterprises No.18—Income Tax regarding lease transaction in its entirety. The Group assesses the temporary difference on the basis of net amount of right-of-use assets and lease liability, and recognizes deferred tax assets and deferred tax liabilities.

31.2 The Group as a lessor

31.2.1 Separating components of a contract

For a contract that contains lease components and non-lease components, the Group applies Accounting Standards for Business Enterprises No. 14-Revenue to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

31.2.2 Classification of leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

31.2.2.1 The Group as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs relating to operating leases are capitalized when incurred, amortized on the same basis as rental income recognition during the lease term, and recognized in profit or loss over the lease term.

The variable lease receipts obtained by the Group from operating lease but not included in the lease receivables are included in profit or loss when they are incurred.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Other significant accounting policies and accounting estimates

32.1 Safety production expenses

In accordance with Cai Qi [2012] No. 16 notice of printing and distributing the Administrative Measures for the Collection and Utilization of Enterprise Safety Production Expenses, the safety expenses for domestic mining enterprises are provided as per RMB5/ton for raw ore of surface mine, RMB10/ton for raw ore of downhole mine and RMB1/ton as for tailing pond.

In accordance with Cai Qi [2012] No. 16 notice of printing and distributing Administrative Measures for the Collection and Utilization of Enterprise Safety Production Expenses, safety expenses of the metallurgy enterprises of the group located in China will be provided as per actual operating revenue in last year. The safety expenses will the provided month by month based on the following standards with excessive and accumulative withdrawal method:

(I) Provided 3% if the operating revenue does not exceed RMB10 million;

(II) Provided 1.5% if the operating revenue is RMB10 million to RMB0.1 billion;

(III) Provided 0.5% if the operating revenue is RMB0.1 billion to RMB1 billion;

(IV) Provided 0.2% if the operating revenue is RMB1 billion to RMB5 billion;

(V) Provided 0.1% if the operating revenue is RMB5 billion to RMB10 billion;

(VI) Provided 0.05% if the operating revenue exceeds RMB10 billion.

When safety expenses of the enterprises is provided as per the standards, debit "manufacturing expenses" and credit "special reserve".

When the safety protection equipment and facilities are purchased with safety production reserve within specified limit, it should debit "construction in progress" and credit "bank deposit" based on the amount included into assets cost. The safe projects will be deemed as fixed assets upon completion and reaching the reserved serviceable condition; the special reserves will be written down as per the cost of fixed assets and the cumulative depreciation in the same amount will be confirmed; debit "special reserve" and credit "accumulated depreciation". The fixed asset will not withdraw depreciation later. But amount carried forward is within the limit of the balance of "special reserves" being offset to be zero.

When the safety production reserve is used to pay the expenses in safety production inspection, evaluating expenditure, safety skills training and emergency rescue drill, it should directly write down special reserves, debit "special reserves" and credit "bank deposit". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

32.2 Hedge accounting

32.2.1 Basis of adopting hedge accounting and relevant accounting treatment

Some financial instruments are designated as hedging instruments by the Group for the purpose of managing risk exposure caused by specific risks such as foreign exchange risk, interest rate risk, price risk, etc. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include fair value hedges and cash flow hedges.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Other significant accounting policies and accounting estimates (Continued)

32.2 Hedge accounting (Continued)

32.2.1 Basis of adopting hedge accounting and relevant accounting treatment (Continued)

At the inception of the hedge, the Group designates hedging instruments and hedged items formally, and prepares written documents of the nature of hedging instruments, hedged items and hedged risks as well as the effective assessment methods of hedge (including analysis on the causes for effective hedging and the method to determine the hedging ratio).

The Group will terminate the application of hedge accounting if one of the following conditions is met:

- the risk management objective is changed so that the hedging relationship no longer meets the risk management objective.
- the hedging instrument expires, or is sold, terminated or exercised.
- an economic relationship no longer exists between the hedged items and the hedging instruments, or the effect of credit risk starts to dominate in the changes in value arising from the economic relationship between the hedged items and the hedging instruments.
- the hedging relationship no longer meets other conditions for hedge accounting.

Fair value hedges

The Group recognizes gains or losses arising from hedging instruments in current profit or loss. Where a hedging instrument is a hedge of an investment in a non-trading equity instrument that has been elected to be measured at fair value through other comprehensive income, the gain or loss arising on the hedging instrument is included in other comprehensive income.

The Group recognizes gains or losses on hedged items arising from hedged exposures in current profit or loss and adjusts the carrying amount of recognized hedged items not measured at fair value. If the hedged item is a financial asset classified as at fair value through other comprehensive income, the gain or loss arising from the hedged exposure is included in profit or loss for the period.

Cash flow hedges

The Group recognises the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge in the other comprehensive income as cash flow hedges, and recognises the portion that is determined to be an ineffective hedge in current profit or loss. The cash flow hedging reserve shall be determined to be the lesser of (in absolute amounts) 1) the cumulative gain or loss on the hedging instrument from inception of the hedge; and 2) the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Other significant accounting policies and accounting estimates (Continued)

32.2 Hedge accounting (Continued)

32.2.1 Basis of adopting hedge accounting and relevant accounting treatment (Continued)

Cash flow hedges (Continued)

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or the forecast transaction of a non-financial asset or a non-financial liability forms a firm commitment applicable to fair value hedge accounting, the Group will reclassify the cash flow hedging reserve originally recognized in the other comprehensive income into initial carrying amount of the asset or liability. For the cash flow hedges not under the above conditions, the Group will reclassify the cash flow hedging reserve originally recognized in the other comprehensive income into current profit or loss in the same period(s) during which the hedged expected cash flow affects profit or loss. If the cash flow hedging reserve recognized in the other comprehensive income is a loss all or a portion of which will not be recovered in future accounting periods, the Group shall reclassify into profit or loss the amount that is not expected to be recovered.

When the Group terminates the application of hedge accounting to cash flow hedge, if the hedged future cash flow is still expected to happen, the accumulated cash flow hedging reserve should be reserved and an accounting treatment should be made in the above manner; if the hedged future cash flow is expected not to happen, the accumulated cash flow hedging reserve will be reclassified from other comprehensive income into current profit or loss.

32.2.2 Method for assessing effectiveness of hedging

The Group assesses whether the hedging relationship conforms to the hedge effectiveness requirements at the inception date of the hedge and the subsequent periods continuously. A hedge is regarded as conforming to the hedge effectiveness requirement if all of the following conditions are met:

- An economic relationship exists between the hedged items and the hedging instruments.
- The effect of credit risk is not dominant in the changes in value arising from the economic relationship between the hedged items and the hedging instruments.
- The hedge ratio of hedging relationship is equal to the ratio between the quantity of actual hedged items of the Group and the actual quantity of hedging instruments to hedge them.

Where the hedging relationship no longer conforms to the hedging effectiveness requirement due to hedge ratio, but the risk management objective for such set of hedging relationship designated by the Group stays unchanged, the Group will rebalance the hedging relationship and adjust the quantity of the hedged items or hedging instruments having existed in the hedging relationship to make the hedge ratio conform to the hedge effectiveness requirement again.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Key assumptions and uncertainties in the accounting estimates

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

Estimate of mineral reserve

The estimate of mineral reserve is determined based on the materials formulated by the industrial experts or other judicial authorities. Use the method to determine the mineral reserve and other minerals and calculate depreciation and amortization expenses, evaluate impairment indicators and useful life of mine, calculate metal flow transaction and forecast the payment time of rehabilitation cost for forecasting to be closed or rehabilitate mine.

When evaluating the useful life of mine for the purpose of accounting, calculate the mineral resources with mining value. The estimate of mineral reserve will involve multiple uncertainties. Estimate the currently effective assumptions and material changes in actual data. The changes in market prices, exchange rate, production cost or recovery may change the current economic situation of reserve and cause revaluation of the reserve in the end.

The useful life of fixed assets

The management should judge the estimated useful life of fixed assets and their depreciations. The estimate should base on the experience in actual useful life of fixed assets and assume the government will update upon expiration of mining rights. In the face of fierce industrial competition, the scientific innovation and competitors will produce significance on the estimate of useful life. Where the actual useful life is different from the estimated useful life, the management should adjust the depreciation amount.

Impairment of non-current assets other than financial assets

The Group assesses whether there are any indicators of impairment of all non-current assets other than financial assets at the balance sheet date. Non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Impairment exists if the carrying amount of an asset or asset group is higher than recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. The calculation of the fair value less costs of disposal is based on available data from the observable market prices less incremental costs for disposing of the asset. The management must estimate the future cash flows of the asset or a set of asset group and determine a suitable discount rate to calculate the estimation of the present value of estimated future cash flows.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Key assumptions and uncertainties in the accounting estimates (Continued)

Impairment of non-current assets other than financial assets (Continued)

– *Impairment of mining rights*

At the impairment test of the Group's mining rights, including the mining rights of the Northparkes Copper-gold mine in Australia, Tenke Copper-Cobalt mine and CCC Niobium mine in Congo, the Molybdenum mine in East Gobi of Hami of Xinjiang, and the Phosphorus mine, Niobium mine and Kisanfu Copper-Cobalt mine in Brazil, the management of the Group uses the long-term forecast data of Copper price and Molybdenum price from domestic and overseas authoritative research institutions as the sales price estimates of future Copper and Molybdenum products, and uses the latest estimates of the management's mining plan and future capital expenditures as a basis. The current risk-free rate of return, the average social rate of return, and assets-specific risks are taken into full consideration for the discount rate. The estimated future recoverable amount of the mining assets is largely determined by the above estimates of future commodity prices, mining plans, future capital expenditure plans and discount rates. Future commodity price forecasts do not represent actual sales prices that can be realized in the future, and mining plans, future capital expenditure plans and discount rates will also change. As at 31 December 2020, the management of the Group considered that there was no impairment of the mining assets held by the Group. If the above forecast and estimates change in the subsequent period, the estimated recoverable amount of the Group's mining assets may change or be lower than the carrying amount of the above assets.

– *Impairment of goodwill*

The Group tests at least annually whether the goodwill is impaired. This requires an estimate of the present value of future cash flows of an asset group or portfolio of asset groups for which the goodwill is allocated. For the forecast of the present value of future cash flows, the Group needs to forecast the cash flows generated by future asset groups or portfolio of asset groups and select the appropriate discount rate to determine the present value of future cash flows.

Revenue recognition – gold streaming transaction

The Group's gold streaming transaction contracts contain variable consideration and significant financing components. Therefore, the Group's unrecognized financing costs are amortized at each reporting period and the balances of contract liabilities and other non-current liabilities (gold streaming transaction contract liabilities) are adjusted accordingly. In applying the Revenue Standard to the accounting for gold streaming transaction, the Group makes significant judgements and accounting estimates that are based on key assumptions that are subject to uncertainty (including the discount rate for significant financing components, the amount of mineral reserves, the timing and quantity of goods expected to be delivered) and forecast of market prices of goods. Changes in these estimates may affect, among other things, adjustments to variable consideration and the measurement of contract liabilities and other non-current liabilities (contract liabilities for gold streaming transaction).

Provision for decline in value of inventories

As described in Note III. 12, inventories (excluding trading inventories outside the PRC) are measured at the lower of cost and net realizable value. Net realizable 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Key assumptions and uncertainties in the accounting estimates (Continued)

Provision for decline in value of inventories (Continued)

Operational procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to inventories. The Group (1) ascertains whether obsolete and slow-moving inventories exist by stocktaking on a periodical basis and reviews whether these inventories are impaired; (2) reviews the impairment of aged inventories according to the inventory aging list on a periodical basis; (3) reviews the impairment of inventories according to volatility in market prices on a periodical basis. The review involves comparison of carrying amount of the obsolete and slow-moving inventories, the aged inventory items and inventories of which the market price has decreased significantly, with the respective net realizable value to determine whether allowance need to be made in respect of any obsolete, slow-moving and aged inventories in the financial statements. Based on the above procedures, the management of the Group believes that adequate provision for obsolete, slow-moving, aged inventories and inventories of which the market price has decreased significantly, has been made.

Provision for closure, restoration, rehabilitation and environmental costs

Provision for rehabilitation and environmental costs has been determined by the directors based on their best estimates. The directors estimated this liability for final reclamation and mine closure based upon detailed calculations of the amount and timing of future cash flows spending for a supplier to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the future. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities.

Deferred tax assets

Deferred tax assets arise from the actual profits and temporary differences based on the actual tax rates utilized in the upcoming years. In cases where the actual future profits are less than the expected profits or the actual tax rates are lower than the expected tax rates, deferred tax assets recognized will be reversed and recognized in the consolidated profit and loss account for the period during which such reversals take place.

Enterprise income tax

Since the operating environment for subsidiaries of the Group situated in the Brazil and Congo (DRC) is special, and the final tax decisions on certain transactions made by local tax authorities have uncertainties, relevant subsidiaries use significant accounting estimates in the provision for the enterprise income tax during the reporting period, and make provision for liabilities on estimated enterprise income tax matters based on whether or not more income tax should be paid. As a result of the uncertainties in the calculation of the final income tax expense imposed by certain transactions, the enterprise income tax expense accrued by the relevant subsidiaries during the reporting period is an objective estimate based on existing tax laws and other relevant tax policies.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Key assumptions and uncertainties in the accounting estimates (Continued)

Contingent liabilities

The Group will face a wide range of legal disputes in the course of continuing operations, and the results of the relevant disputes are highly uncertain.

When the economic benefits related to a particular legal dispute are considered to be extremely likely to flow out and measurable, the management of the Group will make corresponding provisions according to the professional legal advice. Except those contingent liabilities which are considered to be of extremely low possibility to result in outflow of economic benefits, the contingent liabilities of the Group are disclosed in Note V, 37 and Note XI. The management uses judgment to determine whether a provision shall be made for the relevant legal dispute or whether the dispute shall be disclosed as a contingent liability.

Fair value measurement and valuation procedure

Part of the Group's book assets and liabilities is measured at fair value. In determining the fair value of the underlying assets and liabilities, the management of the Group will adopt the appropriate valuation method and the input value of the fair value measurement according to the nature of the underlying assets and liabilities. For the selection of input values, the Group will use observable market data wherever possible. The Group will sets up an internal valuation team or employs eligible appraisers from a third party to assess the part of financial instruments in respect of which the Level 1 inputs are not available. The financial department of the Group will cooperate with the valuation team or eligible external appraisers closely to determine suitable valuation technology and inputs of relevant model. For the relevant information relating to the valuation technology and input adopted in determining the fair value of assets and liabilities, refer to Note IX.

34. New accounting requirements applied in the current year

New accounting requirements applied in the current year

Interpretation No. 13 of the Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21) ("Interpretation No. 13")

Interpretation No. 13 revises the three elements of what constitutes a business, refines the conditions for determining a business and introduces the option of a "concentration test" for the acquirer of a business combination not involving enterprises under common control in determining whether the acquired combination of business activities or assets constitutes a business. At the same time, Interpretation No. 13 further clarifies the definition of a related party.

In addition, Interpretation No. 13 further clarifies that related parties of an enterprise also include joint ventures or associates of other members of the enterprise group to which the enterprise belongs (including parent company and subsidiaries), and other joint ventures or associates of investors who exercise common control over the enterprise.

This Interpretation No. 13 is effective from 1 January 2020 and its adoption has not had a material impact on the Group's financial position and results of operations.

Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Kuai [2020] No. 10)

The Ministry of Finance issued the Notice of Issuing the Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Kuai [2020] No. 10) in June 2020, under which a simplified method might be elected for rental concessions related to the COVID-19 Pandemic. The notice has not had a material impact on the Group's financial position and results of operations.

(IV) TAXATION

1. Major categories of taxes and tax rates

Category of tax	Basis of tax assessment	Tax rate
Chinese VAT	The Company is a general taxpayer. Value-added Tax ("VAT") on sales is paid after deducting input VAT on purchases.	*Note 1*
Chinese urban maintenance and construction tax	Actual turnover tax	For city urban area tax rate is 7%; For county town, tax rate is 5%; For others, tax rate is 1%.
Chinese resource tax	Raw ore production or sales volume of concentrate	6.5%, 11%/8% collection on ad valorem basis *(note 2)*
Chinese educational surtax and surcharge	Actual turnover tax	3%
Chinese regional educational surtax and surcharge	Actual turnover tax	2%
Australia goods and services tax ("GST")	Amount of the income from rendering of goods and services in Australia less the deductible purchase cost. It is not required to pay goods and services tax for export goods and the refund policy of goods and services tax is also applicable.	10% of the sales price of goods or services
Australia mining royalty	Royalty of mineral resources can be levied by volume or by price. If levied by volume, the royalty will be levied per the unit of exploited minerals. If levied by price, it will be levied per 4% of the total value or the sales price of exploited minerals.	4% ex-mine value
Brazil social contribution tax and goods circulation tax	Brazil local social contribution tax (PIS & CONFINS) and the goods circulation tax (ICMS) are applicable to CMOC Brazil, of which the tax basis is the balance of income from rendering of goods and services in Brazil less the deductible costs. It is not required to pay social contribution tax and goods circulation tax for export goods.	The social contribution tax is 9.25% of the sales price of goods or services. The goods circulation tax is 4% -18% of the sales price of goods or services. The tax rates imposed by the local states of Brazil are different.
Congo (DRC) VAT	VAT of the Democratic Republic of the Congo ("DRC") is applicable to TFM.	The output VAT is calculated at 16% of the sales amount calculated in accordance with the relevant tax provisions.
Royalties of mining rights in Congo (DRC)	Sales of related products	*Note 3*
Congo (DRC) exchange tax	The amount of foreign currency paid to or received from countries other than Congo (DRC).	0.2%
Enterprise income tax	Taxable income: the amount of taxable income is computed on basis of adjusted pre-tax accounting profit of the period in accordance with the relevant provisions of the tax law multiplying by the statutory tax rate.	*Note 4*

Note 1: According to the Announcement on Policies Related to Deepening Value-Added Tax (VAT) Reform (Announcement No. 39 of 2019 by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs. Tax rates of taxpayers who engage in VAT taxable sales or imported goods have changed from 16% and 10 % to 13% and 9 % respectively from 1 April 2019.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32), the tax rates of 17% and 11% applicable to any taxpayers' VAT taxable sale or import of goods shall be adjusted to 16% and 10% respectively since 1 May 2018.

(IV) TAXATION (CONTINUED)

1. Major categories of taxes and tax rates (Continued)

Note 2: Pursuant to the Notice on Implementation of the Reform of Resource Tax of Rare Earth, Tungsten and Molybdenum Featured by Price-based Tax Calculation and Collection (Cai Shui [2015] No. 52) issued by the Ministry of Finance and State Administration of Taxation, the implementation of calculation and collection of Molybdenum resources tax shall be changed from volume- based tax to price-based tax on and after 1 May 2015. The applicable rate of Tungsten resources tax is 6.5%. The applicable rate of Molybdenum resources tax is 11%. According to the Explanation of the Henan Provincial People's Government on the Scheme of Applicable Tax Rate and Other Matters of Resource Tax in Henan Province (Draft), the tax rate applicable to molybdenum resource tax will be adjusted to 8% from 1 September 2020.

Note 3: In accordance with the mining act of Congo (DRC), the Group calculated and paid royalties of mining rights at 3.5% and 10% respectively in respect of the revenue from sales of products relating to copper and cobalt business in Congo (DRC).

Note 4: Applicable income tax rate:

The applicable enterprise income tax rate for the Company and its domestic subsidiaries was 25%.

China Molybdenum (Hong Kong) Company Limited and CMOC Co., Ltd was incorporated in Hong Kong, thus was subject to Income Tax levied at a rate of 16.5%.

CMOC Mining Pty Limited ("CMOC Mining") and CMOC Mining Services Pty. Limited ("CMOC Mining Services") was incorporated in Australia, was subject to Income Tax levied at a rate of 30%.

CMOC UK Limited ("CMOC UK") was incorporated in the United Kingdom, thus was subject to the applicable income tax rate of 19%.

CMOC Brasil Mineração, Indústria e Participações Ltda. ("CMOC Brazil") are incorporated in Brazil, thus was subject to the income tax rate of 34%.

There's no enterprise income tax for the subsidiaries of the Group established in Bermuda and the British Virgin Islands ("BVI").

TFM was incorporated in Congo (DRC) and was subject to the enterprise income tax rate of 30%.

IXM and its subsidiaries principally operate in Switzerland and China. Applicable income tax rate of its subsidiaries in Switzerland is 13.99%. (2019: 12%).

2. Tax incentive and approval

On 10 May 2015, the State Council issued the Decision of the State Council on Cancelling Non-Administrative Licensing Approval Items, cancelling the recognition process of enterprise of comprehensive utilization of resources. However, the Company sold powdered Tungsten (scheelite concentrates) is still within the scope of catalogue of income tax preferential program of enterprise of comprehensive utilization of resources. Therefore, the Company still recognized 90% of sales of powdered Tungsten (scheelite concentrates) to taxable income during the year 2019 and 2020.

The Resource Tax Law of the People's Republic of China ("New Resource Tax Law") was approved by voting at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019 and comes into force as of 1 September 2020. The New Resource Tax Law stipulates that the resource tax rate for molybdenum minerals will be reduced from 11% to 8%, and the exemption or reduction of resource tax for associated mines will be decided by the provincial people's congresses; in accordance with the decision of the Nineteenth Meeting of the Standing Committee of the Thirteenth People's Congress of Henan Province on 31 July 2020, associated mines are exempt from resource tax. The Company's tungsten, iron and other associated mines continue to be exempt from resource tax as of 1 September 2020.

On 9 September 2020, the Company received a "high-tech enterprise certificate", No. GR202041000074, which was jointly issued by the Henan Science and Technology Department, the Henan Finance Department, and the Henan Provincial Tax Service, State Taxation Administration. The issuance of the high-tech enterprise certificate is a re-recognition after the expiration of the previous certificate, which is valid for 3 years. The Company will enjoy a preferential enterprise income tax from 1 January 2020 to 31 December 2022 and the applicable enterprise income rate during above period is 15%.

On 29 June 2018, the People's Government of Tibet Autonomous Region published Several Provisions of Tibet's Preferential Policies for Attracting Foreign Investment (for Trial Implementation), and Article 6 provides that enterprises meeting certain conditions shall be exempted from local share of enterprise income tax from 1 January 2018 to 31 December 2021. In 2019 and 2020, Schmocker (Tibet) International Trading Co., Ltd ("Tibet Schmoke"), the subsidiary of the Group, has employed 100% of permanent resident in Tibet, meeting the conditions for exemption from local share of enterprise income tax, so the applicable enterprise income rate during above period of Tibet Schmoke is 9%.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	31 December 2020 Amount in foreign currency	31 December 2020 Exchange rate	31 December 2020 Amount in RMB	31 December 2019 Amount in foreign currency	31 December 2019 Exchange rate	31 December 2019 Amount in RMB
Cash:			**756,268.21**			980,374.15
Renminbi (refers to "RMB")	**59,840.80**	**1.0000**	**59,840.80**	54,693.24	1.0000	54,693.24
US dollars (refers to "USD")	**89,919.70**	**6.5249**	**586,717.05**	108,738.00	6.9762	758,578.04
Brazilian Reals (refers to "BRL")	**34,635.73**	**1.2537**	**43,422.82**	26,517.33	1.7308	45,895.31
Australian dollars (refers to "AUD")	**2,593.28**	**5.0163**	**13,008.67**	137.19	4.8877	670.55
Congolese francs (refers to "CDF")	**15,597,801.00**	**0.0033**	**51,635.77**	28,687,500.00	0.0041	118,630.48
South African Rand (refers to "ZAR")	**3,685.73**	**0.4458**	**1,643.10**	3,858.02	0.4942	1,906.53
Bank balances:			**11,448,194,170.04**			12,391,267,137.70
RMB	**6,608,079,092.20**	**1.0000**	**6,608,079,092.20**	3,883,209,894.97	1.0000	3,883,209,894.97
USD	**715,145,007.43**	**6.5249**	**4,666,249,658.87**	1,161,497,872.86	6.9762	8,102,878,492.15
Euro (refers to "EUR")	**798,217.66**	**8.0250**	**6,405,696.76**	2,058,601.11	7.8254	16,109,437.55
Hong Kong dollars (refers to "HKD")	**7,555,656.90**	**0.8416**	**6,358,840.85**	13,179,376.26	0.8977	11,831,468.02
Canadian dollars (refers to "CAD")	**1,207,139.61**	**5.1161**	**6,175,846.98**	1,194,933.27	5.3462	6,388,301.67
AUD	**9,459,204.29**	**5.0163**	**47,450,206.49**	15,664,351.45	4.8875	76,559,976.87
BRL	**57,598,068.54**	**1.2537**	**72,210,698.53**	155,398,687.18	1.7308	268,958,821.44
Pounds (refers to "GBP")	**2,032,986.52**	**8.8903**	**18,073,860.05**	825,472.86	9.1230	7,530,785.37
SGD	**186,854.26**	**4.9314**	**921,453.10**	916,109.34	5.1833	4,748,432.15
CDF	**731,863,436.52**	**0.0033**	**2,422,791.94**	68,782,610.50	0.0041	284,702.14
ZAR	**27,451,293.68**	**0.4458**	**12,238,311.90**	16,598,074.09	0.4947	8,210,507.79
AED	**2,584.50**	**1.7761**	**4,590.33**	37,846.48	1.8993	71,882.56
CHF	**72,419.02**	**7.4006**	**535,944.19**	157,488.00	7.2087	1,135,283.00
CLP	**7,647,041.00**	**0.0092**	**70,182.41**	15,542,861.55	0.0093	144,816.77
MXP	**1,287,063.39**	**0.3278**	**421,899.38**	2,002,612.58	0.3696	740,255.81
NAD	**128,759.29**	**0.4444**	**57,220.63**	129,478.20	0.4967	64,315.75
VND	**–**	**–**	**–**	1,558,266,759.00	0.0003	470,454.00
PEN	**115,006.70**	**1.8127**	**208,472.64**	899,014.00	2.1032	1,890,774.42
PLN	**18,353.55**	**1.7520**	**32,155.42**	135,168.00	0.2822	38,143.63
TRY	**313,734.72**	**0.8837**	**277,247.37**	334.07	1.1723	391.64
Other cash and bank balances:			**5,498,697,642.62**			3,255,652,547.76
RMB	**3,971,475,163.43**	**1.0000**	**3,971,475,163.43**	1,746,433,385.39	1.0000	1,746,433,385.39
USD	**234,060,672.07**	**6.5249**	**1,527,222,479.19**	216,338,287.66	6.9762	1,509,219,162.37
Total			**16,947,648,080.87**			15,647,900,059.61
Including: Total amount deposited abroad			**5,464,807,563.48**			3,906,802,139.54

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash and bank balances (Continued)

Note: At the end of the current year, deposits for mines, deposits for loan interest, and pledged certificates of deposit for obtaining short-term borrowings, deposits for derivative financial instruments and deposit for bills, which were restricted, amounted to RMB52,646,910.15, RMB917,953,604.25, RMB3,319,600,000.00, RMB1,027,486,051.85 and RMB180,502,591.40 respectively (at the end of the prior year: RMB45,757,948.05, RMB1,509,719,162.37, RMB1,700,000,000.00, RMB0.00 and RMB0.00).

2. Held-for-trading financial assets

Unit: RMB

Item	Fair value at the end of the year	Fair value at the beginning of the year
Financial assets at fair value through profit or loss		
Including: Receivables *(Note 1)*	**7,205,799,964.69**	6,564,070,224.98
Structured deposits *(Note 2)*	**200,166,402.26**	1,014,194,897.26
Fund products of financial institutions	**19,877,241.18**	133,225,678.32
Other	**9,285,232.37**	7,959,490.41
Total	**7,435,128,840.50**	7,719,450,290.97

Note 1: The major products of the Group are copper, lead and zinc concentrates and cobaltous hydroxide etc., selling price of which is provisionally determined according to the market price upon delivery. Generally, the price is finally determined according to the monthly average spot price quoted by the London Metals Exchange (LME) or other agreed pricing methods within a specified period or a period subsequent to the delivery. The Group classifies the accounts receivable generated from relevant business as financial assets at FVTPL.

As at 31 December 2020, held-for-trading financial assets with a book value of USD108,022,000.00 (equivalent to RMB704,832,747.80) were pledged to obtain short-term borrowings. (2019: USD431,528,000.00 (equivalent to RMB3,010,425,633.60)).

Note 2: They are the structured deposits of RMB purchased by the Group from domestic financial institutions in the current year, the yield of which is linked to the Shanghai Gold Benchmark Price at the Shanghai Gold Exchange. The Group classifies such deposits as financial assets at fair value through profit and loss.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Derivative financial assets

Unit: RMB

Item	Fair value at the end of the year	Fair value at the beginning of the year
Derivative financial instruments of which hedging relationship is not designated *(Note)*		
Forward commodity contracts	**724,237,223.86**	556,402,709.39
Forward foreign exchange contracts	**139,026,031.58**	106,137,933.73
Commodity futures contracts	**1,191,450,847.31**	1,465,849,014.44
Commodity option contracts	**4,634,323.27**	38,349,607.25
Foreign exchange option contracts	**–**	11,582,958.58
Interest rate swaps contracts	**762,684.40**	–
Total	**2,060,111,110.42**	2,178,322,223.39

Note: The Group uses commodity (copper, lead, zinc concentrates, refined metals etc.) futures contracts, forward commodity contracts and commodity option contracts to manage the risk of commodity purchases and future sales so as to avoid bearing the risk of significant changes in the price of relevant products arising from the fluctuation of the market price. Besides, the Group uses forward foreign exchange contracts, foreign exchange option contracts and interest rate swaps contracts for risk management to avoid the Group's exchange rate and interest rate risk.

The above forward commodity contracts, forward foreign exchange contracts, commodity futures contracts, commodity option contracts, foreign exchange option contract and interest rate swaps contracts are not designated as hedging instruments. The gains or losses arising from changes in fair value of these contracts shall be directly recorded into profit or loss. See Note V. 54.

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	31 December 2020 Accounts receivable	Bad debt provision	Proportion *(%)*
Within 1 year	**641,838,769.15**	**3,204,231.61**	**0.50**
1–2 years	**28,663,394.98**	**8,772,881.53**	**30.61**
2–3 years	**50,237,303.76**	**6,568,640.84**	**13.08**
Over 3 years	**17,753,235.49**	**17,753,235.49**	**100.00**
Total	**738,492,703.38**	**36,298,989.47**	**4.92**

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(1) Disclosure by aging (Continued)

Unit: RMB

Aging	31 December 2019 Accounts receivable	Bad debt provision	Proportion *(%)*
Within 1 year	1,447,493,181.23	14,088,851.61	0.97
1–2 years	72,085,630.15	9,043,657.34	12.55
2–3 years	5,879,624.20	5,879,624.20	100.00
Over 3 years	42,557,901.01	28,495,762.94	66.96
Total	1,568,016,336.59	57,507,896.09	3.67

(2) Credit risk of accounts receivable

As the Group has a long-term and stable transaction relationship with the customers with high credit rating in respect of the niobium business in Brazil and acid business in Congo (DRC), the management believes that the credit risk is low. As part of the credit risk management, the Group measures internal credit rating for the customers of tungsten and molybdenum business in China and phosphorus business in Brazil, and recognizes expected loss rate of accounts receivable in all ratings. At the balance sheet date, the Group recognizes the expected credit loss allowance for accounts receivables based on provision matrix.

Unit: RMB

	31 December 2020				31 December 2019			
Internal credit rating	**Expected average loss rate**	**Book balance**	**Provision for loss**	**Book value**	Expected average loss rate	Book balance	Provision for loss	Book value
Low risk	**0.06%**	**546,882,993.62**	**312,451.03**	**546,570,542.59**	0.06%	1,074,863,215.71	689,873.46	1,074,173,342.25
Normal	**2.66%**	**85,279,852.28**	**2,267,621.16**	**83,012,231.12**	2.26%	101,035,330.59	2,283,269.58	98,752,061.01
Attention	**9.02%**	**77,544,928.02**	**6,994,572.95**	**70,550,355.07**	5.96%	358,314,896.82	21,359,397.94	336,955,498.88
Doubtful (impaired)	**54.93%**	**4,572,094.18**	**2,511,509.05**	**2,060,585.13**	49.46%	1,241,641.83	614,103.47	627,538.36
Loss (impaired)	**100.00%**	**24,212,835.28**	**24,212,835.28**	**–**	100.00%	32,561,251.64	32,561,251.64	–
Total		**738,492,703.38**	**36,298,989.47**	**702,193,713.91**		1,568,016,336.59	57,507,896.09	1,510,508,440.50

The expected average loss rate is measured based on historical actual impairment rate with the current situation and prediction on future economy taken into consideration. There are no changes in evaluation approach and significant assumption in 2019 and 2020.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Changes in expected credit loss provision for accounts receivable

Unit: RMB

	Lifetime ECL (not-credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2020	**24,332,540.98**	**33,175,355.11**	**57,507,896.09**
Book balance of accounts receivable at 1 January 2020 in the current period			
–Transfer to credit-impaired	**(51,133.34)**	**51,133.34**	**–**
Provision of ECL for the period	**1,143,636.48**	**2,085,362.31**	**3,228,998.79**
Reversal of ECL for the period	**(10,991,612.21)**	**(2,300,570.38)**	**(13,292,182.59)**
Write-off for the period	**(4,755,373.01)**	**(4,934,521.06)**	**(9,689,894.07)**
Changes in exchange rate	**(103,413.76)**	**(1,352,414.99)**	**(1,455,828.75)**
31 December 2020	**9,574,645.14**	**26,724,344.33**	**36,298,989.47**

(4) Top five accounts receivable balances at the end of the report period based on debtors:

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable *(%)*	Credit impairment loss
31 December 2020				
Company H	**Third Party**	**69,057,190.16**	**9.35**	**5,498,013.78**
Company B	**Third Party**	**44,496,971.20**	**6.03**	**44,496.97**
Company F	**Third Party**	**36,660,699.97**	**4.96**	**52,531.05**
Company G	**Third Party**	**34,426,760.05**	**4.66**	**34,489.98**
Company D	**Third Party**	**33,239,388.13**	**4.50**	**33,239.39**
Total		**217,881,009.51**	**29.50**	**5,662,771.17**

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable *(%)*	Credit impairment loss
31 December 2019				
Company A	Third Party	699,100,000.02	44.58	743,690.47
Company H	Third Party	98,003,599.84	6.25	7,578,758.32
Company C	Third Party	41,602,694.13	2.65	–
Company D	Third Party	28,694,839.27	1.83	30,525.07
Company E	Third Party	27,104,903.82	1.73	13,042,765.75
Total		894,506,037.08	57.04	21,395,739.61

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables

Unit: RMB

Category	31 December 2020	31 December 2019
Notes receivable	**405,697,607.38**	375,935,645.39
Including: Bank acceptances	**380,763,917.60**	298,935,317.60
Commercial acceptances	**24,933,689.78**	77,000,327.79
Total	**405,697,607.38**	375,935,645.39

Part of notes receivable are endorsed or discounted by the Group in accordance with the daily fund requirement, and classified as financial assets at fair value through other comprehensive income.

(1) Credit risk of financing receivables:

The Group measures the ECL of financing receivables on the basis of the table of credit rating and loss given default ("LGD"). The ECL in financing receivables is as follows:

Unit: RMB

	31 December 2020			31 December 2019		
Internal credit rating	Expected average loss rate	Book balance	Expected credit loss	Expected average loss rate	Book balance	Expected credit loss
Lower risk (not-credit-impaired)	**0.00%**	**381,499,760.65**	**–**	0.01%	329,948,077.60	29,700.00
Normal (not-credit-impaired)	**2.95%**	**24,933,689.92**	**735,843.19**	2.27%	47,084,195.66	1,066,927.87
Loss (credit-impaired)	**100.00%**	**11,350,000.00**	**11,350,000.00**	100.00%	12,650,000.00	12,650,000.00
Total		**417,783,450.57**	**12,085,843.19**		389,682,273.26	13,746,627.87

(2) Endorsed or discounted financing receivables by the Group but still outstanding at balance sheet date at the end and beginning of the year respectively are as follows:

Unit: RMB

Category	Amount derecognized as at the end of 2020	Amount derecognized as at the end of 2019
Bank acceptances	**2,064,202,071.72**	1,509,138,489.45
Total	**2,064,202,071.72**	1,509,138,489.45

Note: Since major risks and reward including the interest rate risks related to such bank acceptance have been substantially transferred to the bank or another party, the Group ceased to recognize the discounted or endorsed bank acceptances.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables (Continued)

(3) *At 31 December 2020, the amount of financing receivables of the Group pledged to issue notes payable, was RMB334,501,519.98. (2019:RMB220,266,943.78)*

(4) *At the end and beginning of the year, none of the Group's notes was transferred to accounts receivable due to the drawers' failure in performing the agreements.*

6. Prepayments

(1) *Aging analysis of prepayments is as follows*

Unit: RMB

Aging	31 December 2020 Amount	31 December 2020 Proportion (%)	31 December 2019 Amount	31 December 2019 Proportion (%)
Within 1 year	1,400,634,872.31	99.63	1,058,923,660.46	99.38
1 to 2 years	667,432.50	0.05	5,619,915.06	0.53
2 to 3 years	4,379,293.39	0.31	87,984.55	0.01
Over 3 years	156,690.05	0.01	862,960.76	0.08
Total	1,405,838,288.25	100.00	1,065,494,520.83	100.00

(2) *Top five of prepayments balances at the end of year based on debtors*

|Unit: RMB

	31 December 2020				31 December 2019			
Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total prepayments (%) (%)	Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total prepayments (%) (%)
Company J	Related Party	130,506,458.61	9.28	Company O	Third Party	250,553,097.33	23.52
Company K	Third Party	85,130,985.62	6.06	Company P	Third Party	173,894,803.64	16.32
Company L	Third Party	47,638,646.27	3.39	Company Q	Third Party	100,834,790.51	9.46
Company M	Third Party	30,115,871.14	2.14	Company R	Third Party	29,514,692.23	2.77
Company N	Third Party	27,701,899.54	1.97	Company S	Third Party	19,976,348.70	1.87
Total		321,093,861.18	22.84	Total		574,773,732.41	53.94

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

7.1 Summary of other receivables

Unit: RMB

Item	31 December 2020	31 December 2019
Interests receivable	**344,628,170.18**	198,921,505.19
Dividends receivable	**–**	2,235,286.10
Other receivables	**1,332,124,314.13**	917,882,468.90
Total	**1,676,752,484.31**	1,119,039,260.19

7.2 Interest receivable

Unit: RMB

Item	31 December 2020	31 December 2019
Interest receivable on bank deposits	**321,343,382.12**	196,689,674.82
Interest receivable from the related parties *(Note X. 6)*	**13,061,072.16**	2,171,354.53
Interest receivable from third parties *(Note V. 21)*	**10,223,715.90**	60,475.84
Total	**344,628,170.18**	198,921,505.19

7.3 Other receivables

(1) Other receivables disclosed by nature

Unit: RMB

Nature of other receivables	31 December 2020	31 December 2019
Deductible Brazil social contribution tax *(Note 1)*	**298,091,775.81**	137,839,891.25
Congo (DRC) VAT refunds receivable *(Note 2)*	**786,257,280.33**	514,634,483.07
Deposits	**23,338,724.22**	64,143,499.66
Gains in close position *(Note 3)*	**21,478,008.50**	74,321,733.90
Cash on settlement of financial assets receivable *(Note 4)*	**10,765,916.13**	–
Others	**221,131,201.38**	155,884,032.81
Total	**1,361,062,906.37**	946,823,640.69

Note 1: See Note V. 21 for details.

Note 2: The VAT refundable amount is generated from the export business of subsidiaries situated in the Congo (DRC). The entity has applied for tax refund from the government and is expected to receive the tax refund within one year.

Note 3: This represents the gains that will be received at the settlement after the period from the Group's forward commodity contracts that have been closed out.

Note 4: This represents the settlement payment not received as at the end of current year from a part of other non-current financial assets sold by the Group.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.3 Other receivables (Continued)

(2) Credit risk of other receivables

The Group had other receivables of which the loss provision was recognized on the basis of ECL as below:

Unit: RMB

	31 December 2020			31 December 2019		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Other receivables of which the loss provision was recognized on the basis of ECL	276,713,850.23	28,938,592.24	247,775,257.99	294,302,449.62	28,941,171.79	265,361,277.83

At 31 December 2020, the management of the Group believes that there's no significant ECL on other receivables as their credit risk has not been increased significantly since the initial recognition, except for the receivables amounting to RMB28,938,592.24 (31 December 2019: 28,941,171.79) that has been credit-impaired and of which impairment has been provided fully.

(3) Changes in expected credit loss for other receivables

2020:

Unit: RMB

Item	1 January 2020	Increase	Decrease Reversal	Decrease Write-off	31 December 2020
Bad debt provision	28,941,171.79	–	2,579.55	–	28,938,592.24

2019:

Unit: RMB

Item	1 January 2019	Increase	Decrease Reversal	Decrease Write-off	31 December 2019
Bad debt provision	29,688,842.36	4,833,183.25	5,580,853.82	–	28,941,171.79

Note: Provisions for expected credit losses on other receivables are made for other receivables that are credit impaired.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.3 Other receivables (Continued)

(4) Top five other receivables balances at the end of period/year based on debtors

Unit: RMB

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total other receivables *(%)*	Closing balance of bad debt provision
31 December 2020					
Congo (DRC) government	**Local tax authorities**	**786,257,280.33**	**Within 3 years**	**57.77**	**–**
Federal government of Brazil	**Local government**	**298,091,775.81**	**Within 2 years**	**21.90**	**–**
Company I	**Third Party**	**43,296,597.99**	**Within 1 year**	**3.18**	**–**
Company W	**Third Party**	**19,612,986.55**	**Within 1 year**	**1.44**	**–**
Company V	**Third Party**	**13,982,122.82**	**More than 3 years**	**1.03**	**13,982,122.82**
Total		**1,161,240,763.50**		**85.32**	**13,982,122.82**
31 December 2019					
Congo (DRC) government	Local tax authorities	514,634,483.07	Within 2 years	54.35	–
Federal government of Brazil	Local government	137,839,891.25	Within 2 years	14.56	–
Company T	Third Party	25,859,615.35	Within 1 year	2.73	–
Company U	Third Party	16,066,188.60	Within 1 year	1.70	–
Company V	Third Party	13,982,122.82	More than 3 years	1.48	13,982,122.82
Total		708,382,301.09		74.82	13,982,122.82

(5) There are no other receivables concerning government grants during the reporting period.

8. Inventories

Unit: RMB

Item	31 December 2020 Book value	31 December 2019 Book value
Inventories		
– measured at cost	**14,870,767,881.23**	15,046,524,453.39
– measured at the fair value	**12,145,339,527.66**	11,344,655,112.09
Total	**27,016,107,408.89**	26,391,179,565.48

Note: As at 31 December 2020, the book value of the inventories measured at fair value, which were pledged by the Group to obtain short-term borrowings, was USD2,052,418,000.00, equivalent to RMB13,391,822,208.20. (2019: USD1,220,871,696.00, equivalent to RMB8,517,045,125.64)

As at 31 December 2020, the Group pledged warehouse receipts with a book value of RMB229,106,688.00 (2019: RMB184,078,875.24) to acquire forward trading quotas.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(1) Inventories measured at cost

(a) Categories of inventories

Unit: RMB

Item	31 December 2020 Book balance	31 December 2020 Provision for decline in value of inventories	31 December 2020 Book value	31 December 2019 Book balance	31 December 2019 Provision for decline in value of inventories	31 December 2019 Book value
Current:						
Raw materials	**2,244,807,129.62**	**7,788,548.68**	**2,237,018,580.94**	2,630,110,933.86	8,998,848.83	2,621,112,085.03
Work-in-progress	**2,634,348,053.90**	**1,032,555.28**	**2,633,315,498.62**	2,716,968,345.27	741,122.66	2,716,227,222.61
Finished goods	**1,296,884,917.62**	**2,149,701.75**	**1,294,735,215.87**	2,850,015,357.86	2,580,328.76	2,847,435,029.10
Trading inventories	**2,895,210,662.29**	**–**	**2,895,210,662.29**	1,247,146,512.38	–	1,247,146,512.38
Subtotal	**9,071,250,763.43**	**10,970,805.71**	**9,060,279,957.72**	9,444,241,149.37	12,320,300.25	9,431,920,849.12
Non-current:						
Raw materials *(Note)*	**5,828,267,350.71**	**17,779,427.20**	**5,810,487,923.51**	5,640,349,093.10	25,745,488.83	5,614,603,604.27
Subtotal	**5,828,267,350.71**	**17,779,427.20**	**5,810,487,923.51**	5,640,349,093.10	25,745,488.83	5,614,603,604.27
Total	**14,899,518,114.14**	**28,750,232.91**	**14,870,767,881.23**	15,084,590,242.47	38,065,789.08	15,046,524,453.39

Note: Non-current raw materials are minerals reserved by the Group for future production or sales, including:

1. The sulfide ore exploited and reserved in Australian Northparkes Copper and gold business. According to the estimation of the management, it is expected that these ore material reserves will not be sold before the end of 2024, the mining period of E48 mine shaft. Therefore, the amount is presented as non-current assets.

2. Low-grade ores were produced from Tenke Copper-Cobalt mine in Congo (DRC), ore recovery process is further demanded in the future; the management estimates that these ores will not be ready for sales within one year, so it is presented as non-current assets.

(b) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	1 January 2020	Increase in the current year: Provision	Decrease in the current year: Reversal	Decrease in the current year: Write-off	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Raw materials	8,998,848.83	5,340,552.66	3,998,605.12	2,056,299.91	(495,947.78)	**7,788,548.68**
Work-in-progress	741,122.66	1,532,725.05	1,114,554.99	126,737.44	–	**1,032,555.28**
Finished goods	2,580,328.76	13,173,046.87	–	13,603,673.88	–	**2,149,701.75**
Subtotal	12,320,300.25	20,046,324.58	5,113,160.11	15,786,711.23	(495,947.78)	**10,970,805.71**
Non-current: Raw materials	25,745,488.83	713,835.96	8,829,992.19	–	150,094.60	**17,779,427.20**
Total	38,065,789.08	20,760,160.54	13,943,152.30	15,786,711.23	(345,853.18)	**28,750,232.91**

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(2) *Inventories measured at fair value*

(a) *Categories of inventories*

Unit: RMB

Item	31 December 2020 Book value	31 December 2019 Book value
Current: Trading inventories outside the PRC	**12,109,908,573.82**	11,298,752,887.67
Non-current: Consumable biological assets	**35,430,953.84**	45,902,224.42
Total	**12,145,339,527.66**	11,344,655,112.09

(b) *Changes in consumable biological assets are set out below:*

Unit: RMB

Item	Quantity	1 January 2020	Increase in the year Transferred from construction in progress	Changes in fair value	Decrease in the year Used	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Eucalyptus forest in Brazil	2824 hectares	45,902,224.42	3,283,775.14	(9,404,961.04)	1,640,040.25	(2,710,044.43)	**35,430,953.84**

9. Other current assets

Unit: RMB

Item	31 December 2020	31 December 2019
Derivative financial instruments deposits *(Note 1)*	**4,393,525,659.84**	2,673,688,083.69
VAT input to be deducted *(Note 2)*	**591,500,535.02**	480,126,517.62
Prepayment of enterprise income tax	**70,536,492.28**	258,508,961.63
Loans to suppliers *(Note 3)*	**66,734,193.76**	133,710,502.33
Loans receivable from Société Nationale d'Electricité *(Note 4)*	**88,409,227.36**	95,419,322.85
Prepaid insurance expenses *(Note 5)*	**26,687,224.46**	66,688,962.46
Prepayment of VAT	**114,976,970.24**	43,949,283.60
Prepayment of resources tax and mining right premium	**–**	31,711,396.53
Others	**83,716,711.42**	46,377,399.66
Total	**5,436,087,014.38**	3,830,180,430.37

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other current assets (Continued)

The Group accounts the financial assets in the other current assets according to ECL model. At 31 December 2020, the management believes that the relevant financial assets have a low credit risk.

Note 1: It is the deposit paid by the Group to acquire derivative financial instruments.

Note 2: It is the VAT input to be deducted arising from the subsidiaries of the Group in China and the subsidiaries of IXM outside the PRC.

Note 3: The balance of loans to suppliers is USD5,833,333.68, equivalent to RMB38,061,918.93, representing a short-term loan to s third-party supplier with an annual interest rate of 7.61%; the remaining part represents a long-term loan to a third-party supplier B that is due within one year. See Notes V. 21 for details.

Note 4: The loans receivable is due from Société Nationale d'Electricité ("SNEL") which is provided by the subsidiary of the Group in DRC. According to the agreement, the amount will be offset with electricity bill when the Company actually uses electricity. The current part is the portion expected to be offset in the next year. For the non-current part, see Note V. 21 for details.

Note 5: It is the insurance expenses paid by the Group for the overseas business, which are amortized over the corresponding period of benefits.

10. Long-term equity investments

Unit: RMB

			Changes for the year								
Investee	Notes	1 January 2020	Increase arising from a business combination	Additional investment	Decreased investment	Investment income recognized under equity method	Declare a cash dividend or profit distribution	Provision for impairment losses	Translation differences of financial statements denominated in foreign currencies	31 December 2020	Closing balance of provision for impairment
I. Joint ventures											
Xuzhou Huanyu Molybdenum Co., Ltd. ("Huan Yu")	*Note 1*	847,875,139.11	–	–	–	(104,275,535.62)	–	–	–	**743,599,603.49**	–
Subtotal		847,875,139.11	–	–	–	(104,275,535.62)	–	–	–	**743,599,603.49**	–
II. Associates											
Luoyang Yulu Mining Co., Ltd. ("Yulu Mining")	*Note 2*	108,618,691.48	–	–	–	89,581,292.97	(119,800,000.00)	–	–	**78,399,984.45**	–
Caly Nanomoly Development, Inc. ("Nanomoly Development")	*Note 3*	–	–	–	–	–	–	–	–	**–**	–
Luoyang Shenyu Molybdenum Co., Ltd ("Luoyang Shenyu")	*Note 4*	1,016,091.87	–	–	–	1,438,672.59	–	–	–	**2,454,764.46**	–
Natural Resources Investment Fund	*Note 5*	678,559.63	–	–	–	(27,790.93)	–	–	(42,967.99)	**607,800.71**	–
Zhejiang Youqing Trade Co., Ltd ("You Qing")	*Note 6*	–	–	–	–	2,923,706.58	–	–	–	**2,923,706.58**	–
Walvis Bay Cargo Terminal Pty. Ltd ("Walvis Bay")	*Note 7*	1,838,005.45	–	–	–	3,350,758.62	(2,274,766.59)	–	1,201,392.98	**4,115,390.46**	–
PT.Huayue Nickel Cobalt ("Huayue Nickel Cobalt ")	*Note 8*	73,141,540.57	–	466,407,110.45	–	(4,546,092.55)	–	–	(20,170,219.94)	**514,832,338.53**	–
Beijing Youhong Yongsheng Science & Technology Co., Ltd. ("Beijing Youhong")	*Note 9*	–	–	900,000.00	–	(48,271.57)	–	–	–	**851,728.43**	–
Tongxiang Huaang Trade Co., Ltd. ("Tongxiang Huaang")	*Note 10*	–	–	600,000.00	–	(132,418.43)	–	–	–	**467,581.57**	–
Subtotal		185,292,889.00	–	467,907,110.45	–	92,539,857.28	(122,074,766.59)	–	(19,011,794.95)	**604,653,295.19**	–
Total		1,033,168,028.11	–	467,907,110.45	–	(11,735,678.34)	(122,074,766.59)	–	(19,011,794.95)	**1,348,252,898.68**	–

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (Continued)

Note 1: Huan Yu, a joint venture of the Group, holds 90% of equity in Luoyang Fuchuan Mining Co., Ltd. ("Fu Chuan"). Meanwhile, the Group holds 10% of equity in Fu Chuan indirectly by its subsidiary, Fu Kai.

According to the agreement with local government, the local government is entitled to 8% of the dividend rights of Fu Chuan. Thus, the Group actually holds 47% of the profit or loss of Fu Chuan under equity method.

Note 2: According to the resolution of Yulu Mining's 2007 annual general meeting of shareholders, both investors would share the net profit at the ratio of 1:1 since year 2008. Therefore, the Group holds 40% equity interest in Yulu Mining but recognizes investment income at 50% out of its net profit.

Note 3: The Group holds 40% of Nanomoly Development's equity and accounts investment therein based on equity method. In accordance with Articles of Association of Nanomoly Development, the Group does not assume any additional liabilities for additional loss. As at the end of the current year, the Group has written down its investment in Nanomoly Development to zero.

Note 4: On 7 April 2016, the Company entered into a collaboration agreement with a third party, and the Company invested RMB1.5 million by way of intangible assets and the counterparty invested RMB8.5 million of cash to incorporate Luoyang Shenyu. Meanwhile, the Company appointed a director and a supervisor to Luoyang Shenyu. Therefore, Luoyang Shenyu was accounted for as an associate due to its significant influence.

Note 5: The Group held 45% shares of Natural Resources Investment Fund as a limited partner, and had significant influence on the operating decision of relevant investment entities. The relevant investment was accounted under equity method.

Note 6: On 11 October 2019, the Company signed an equity transfer agreement with a third party, purchasing 30% of equity in You Qing held by a third party at a cash consideration price of RMB1.5 million, and assigning two directors and one supervisor. Therefore, it is accounted for as a joint venture due to significant influence of the Group.

Note 7: Walvis Bay is an associate of IXM Holding SA, which is a wholly-owned subsidiary of the Company.

Note 8: In November 2019, the Group's wholly-owned subsidiary CMOC Limited signed an equity transfer agreement with Newstride Limited, acquiring 100% of equity in W-Source Holding Limited ("W-Source Holding") at a consideration price of USD1,125.87, and indirectly acquiring 21% share of PT.Huayue Nickel Cobalt held by W-Source Holding. On 25 July 2020, CMOC Limited increased its equity held in PT.Huayue Nickel Cobalt to 30% in the way of subscribing the registered capital newly increased by PT.Huayue Nickel Cobalt through W-Source Holding. W-Source Holding assigns a director and a supervisor to PT.Huayue Nickel Cobalt. Therefore, it is accounted for as an associate due to the significant influence of the Group.

Note 9: Beijing Youhong was incorporated on 27 August 2020. On 22 October 2020, the Company, as a shareholder with 30% equity therein, contributed RMB900,000 in cash and assigned one director and one supervisor. Therefore, Beijing Youhong is accounted for as an associate due to the significant influence of the Group.

Note 10: Tongxiang Huaang was incorporated on 31 August 2020. On 22 October 2020, the Company, as a shareholder with 30% equity therein, contributed RMB600,000 in cash and assigned one director and one supervisor. Therefore, Tongxiang Huaang is accounted for as an associate due to the significant influence of the Group.

There is no significant limits exist regarding cash transfer to the investees.

The entities invested by the Group are all unlisted entities.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other investments in equity instruments

Unit: RMB

Item	1 January 2020	Increase	Changes in fair value	Maturity/ disposal	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Equity Z	79,314,917.13	1,000.83	990,206.96	–	–	**80,306,124.92**
Equity AA	5,795,576.24	–	–	–	–	**5,795,576.24**
Equity AB	233,813.69	–	–	–	(121,164.62)	**112,649.07**
Total	85,344,307.06	1,000.83	990,206.96	–	(121,164.62)	**86,214,350.23**

Note: As the investments in equity instruments of the Group and its subsidiaries are the investments that the Group and its subsidiaries plan to hold for a long term, they are designated as financial assets at FVTOCI.

12. Other non-current financial assets

The Group had financial assets at FVTPL as below:

Unit: RMB

Item	1 January 2020	Increase	Changes in fair value	Disposal/ dividends	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Entrusted wealth management products of non-banking financial institutions *(Note 1)*	600,990,751.70	–	32,717,322.05	(182,965,010.00)	–	**450,743,063.75**
Entrusted wealth management products of banking financial institutions *(Note 2)*	124,950,476.72	–	5,282,432.88	–	–	**130,232,909.60**
AC Partnership shares *(Note 3)*	1,008,346,913.59	–	586,930,033.61	(553,944,544.04)	–	**1,041,332,403.16**
AD Partnership shares	257,473,581.14	–	76,785,050.33	–	–	**334,258,631.47**
AE Partnership shares	88,975,702.95	–	16,578,835.15	–	(5,894,213.32)	**99,660,324.78**
AF Fund shares	212,624,715.85	29,977,116.36	44,990,204.77	(17,177,002.85)	(14,651,626.55)	**255,763,407.58**
AG Fund shares	213,325,219.80	–	20,899,702.80	–	(14,498,915.10)	**219,726,007.50**
Target asset management plans	1,538,294,238.88	–	3,367,133.40	–	(93,077,807.81)	**1,448,583,564.47**
AH Company equity	213,262,176.65	–	236,049,098.97	(174,312,774.09)	(14,813,116.10)	**260,185,385.43**
AI Company equity	14,353,113.13	–	31,389,190.53	–	(1,845,610.22)	**43,896,693.44**
AJ Company equity	84,181,645.71	–	–	–	(5,087,850.03)	**79,093,795.68**
AK Fund shares	–	338,796,900.00	(13,964,323.01)	–	(10,122,155.68)	**314,710,421.31**
Others	4,928.00	–	–	–	–	**4,928.00**
Total	4,356,783,464.12	368,774,016.36	1,041,024,681.48	(928,399,330.98)	(159,991,294.81)	**4,678,191,536.17**

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Other non-current financial assets (Continued)

Note 1: Other wealth management products of non-banking financial institutions are in relation to wealth management product plans provided by the non-banking financial institutions within China purchased by the Group, with expected yield of 5.4041%. The management of the Group believes that the interests in these wealth management product plans and the risk exposures are not significantly different from their book value, and are accounted as financial assets at FVTFL. In the current period, the Group obtained RMB32,992,655.63 of income from wealth management investment.

Note 2: It is the non-principle preservation wealth management with floating yield purchased by the Group from banks and financial institutions in China, with an expected yield of 5.00% over a period of 5 years.

Note 3: AC Partnership shares are in relation to the shares of the Group invested in the partnership, and in the current period, the Group obtained RMB4,344,838.57 of dividends from relevant investment projects. In accordance with the terms of the partnership agreement, the investment costs and the corresponding investment income withdrawn by the Group from the partnership in current year are RMB110,568,255.72 and RMB443,376,288.32 respectively.

13. Non-current derivative financial assets and non-current derivative financial liabilities

Unit: RMB

Item	**31 December 2020**	31 December 2019
Non-current derivative financial assets		
– Foreign exchange option contracts *(Note 1)*	**–**	7,620,425.07
Total	**–**	7,620,425.07
Non-current derivative financial liabilities		
– Interest rate swaps contracts *(Note 2)*	**406,801,357.57**	202,416,693.40
– Commodity futures contracts *(Note 3)*	**10,357,891.37**	–
Total	**417,159,248.94**	202,416,693.40

Note 1: Foreign exchange option contracts are purchased by the Group for the purpose of avoiding exchange rate risks which are not designated as hedging instrument, so the gains or losses arising from changes in its fair value are directly recognized in profit or loss in the current period. Refer to Note V. 54.

Note 2: Interest rate swaps contracts are in relation to the forward interest rate swaps contracts purchased by the Group, which are used to hedge the cash flow risk due to a part of loans with floating interest rate on the balance sheet of the Group. The Group accounted for the above hedging instrument and corresponding hedged items according to hedge accounting. Refer to Note V. 64 for details.

Note 3: Commodity futures contracts are in relation to the commodity futures contracts purchased by the Group, which are used to hedge the cash flow risk due to a part of expected sales of the Group's copper products. The Group accounted for the above hedging instrument and corresponding hedged items according to hedge accounting. Refer to Note V. 64 for details.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Land, buildings and mining structures	Machinery equipment	Electronic equipment, fixture and furniture	Transportation devices	Total
I. Total original carrying amount					
1. Opening balance at 1 January 2020	14,319,042,945.13	20,764,125,570.98	234,271,484.55	172,786,713.63	35,490,226,714.29
2. Increase in the current year	1,092,511,095.11	1,166,186,019.29	29,825,090.16	18,072,873.62	2,306,595,078.18
(1) Purchase *(Note 1)*	430,646,769.99	218,755,380.98	16,877,372.21	17,780,838.40	684,060,361.58
(2) Transferred from construction in progress	661,864,325.12	947,430,638.31	12,947,717.95	292,035.22	1,622,534,716.60
3. Decrease in the current year	218,385,611.38	308,392,760.35	27,180,246.27	108,881,110.16	662,839,728.16
(1) Disposal or scrap	218,385,611.38	308,392,760.35	27,180,246.27	108,881,110.16	662,839,728.16
4. Revaluation of recultivation and asset retirement obligations *(Note 2)*	534,757,901.09	–	–	–	534,757,901.09
5. Translation differences of financial statements denominated in foreign currencies	(516,483,933.56)	(1,196,042,856.59)	(510,299.14)	(412,429.06)	(1,713,449,518.35)
6. Closing balance at 31 December 2020	15,211,442,396.39	20,425,875,973.33	236,406,029.30	81,566,048.03	35,955,290,447.05
II. Accumulated depreciation					
1. Opening balance at 1 January 2020	4,886,641,137.47	5,812,213,387.00	179,835,004.11	135,660,657.81	11,014,350,186.39
2. Increase in the current year	941,592,643.52	1,499,294,969.50	24,371,003.42	7,980,174.89	2,473,238,791.33
(1) Provision	941,592,643.52	1,499,294,969.50	24,371,003.42	7,980,174.89	2,473,238,791.33
3. Decrease in the current year	131,661,642.79	214,394,556.26	21,497,213.27	103,712,633.75	471,266,046.07
(1) Disposal or scrap	131,661,642.79	214,394,556.26	21,497,213.27	103,712,633.75	471,266,046.07
4. Translation differences of financial statements denominated in foreign currencies	(95,181,581.82)	(323,406,605.14)	(52,980.73)	(227,504.78)	(418,868,672.47)
5. Closing balance at 31 December 2020	5,601,390,556.38	6,773,707,195.10	182,655,813.53	39,700,694.17	12,597,454,259.18
III. Provision for impairment					
1. Opening balance at 1 January 2020	30,517,243.60	4,814,536.21	949,297.74	–	36,281,077.55
2. Increase in the current year	11,823,927.14	–	–	–	11,823,927.14
(1) Provision	11,823,927.14	–	–	–	11,823,927.14
3. Decrease in the current year	15,140,391.61	3,459,022.25	–	–	18,599,413.86
(1) Disposal and scrap	15,140,391.61	3,459,022.25	–	–	18,599,413.86
4. Translation differences of financial statements denominated in foreign currencies	–	–	–	–	–
5. Closing balance at 31 December 2020	27,200,779.13	1,355,513.96	949,297.74	–	29,505,590.83
IV. Carrying amount					
1. Closing carrying amount	9,582,851,060.88	13,650,813,264.27	52,800,918.03	41,865,353.86	23,328,330,597.04
2. Opening carrying amount	9,401,884,564.06	14,947,097,647.77	53,487,182.70	37,126,055.82	24,439,595,450.35

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(1) Fixed assets (Continued)

Note 1: It includes the associated assets obtained by the Group through acquisition of the 100% equity in Jenny East Holdings Ltd. and Kisanfu Holdings Ltd. on 11 December 2020. Refer to Note VI. 1 for details.

Note 2: At the end of the year, the Group reviewed the future recultivation and asset retirement obligations in the Congo (DRC), and adjusted the carrying amount of recultivation and asset retirement obligations according to the updated recultivation plan.

As at the end of the year, no fixed assets are used as collateral.

(2) The temporary idle fixed assets

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Provision for impairment	Net carrying amount
Closing balance: Buildings	13,256,849.24	4,023,384.89	–	9,233,464.35
Closing balance: Machinery equipment	53,150,458.23	45,221,365.33	486,180.14	7,442,912.76

(3) At the end and the beginning of the year, the Group has no fixed assets leased under finance leases.

(4) At the end and the beginning of the year, the Group has no fixed assets leased out under operating leases.

(5) Details of the fixed assets without certificate of titles

Unit: RMB

Item	Carrying amount	The reason of not completing the certificate of title
High-pressure roller mill workshop	22,878,423.30	Completed and settled, asset right transaction is in progress
High-pressure roller mill slope retaining	7,878,070.15	Completed and settled, asset right transaction is in progress
Tungsten and molybdenum extraction and separation workshop	5,698,500.61	Completed and settled, asset right transaction is in progress
Main extraction workshop	5,558,148.37	Completed and settled, asset right transaction is in progress
Main decomposition workshop	5,451,880.29	Completed and settled, asset right transaction is in progress
Office staff dining hall	5,012,551.10	Completed and settled, asset right transaction is in progress
Main crystallization workshop	4,661,886.37	Completed and settled, asset right transaction is in progress
Others	19,817,515.42	Completed and settled, asset right transaction is in progress
Total	76,956,975.61	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress

(1) Construction in progress status:

Unit: RMB

Item	31 December 2020 Book balance	31 December 2020 Provision for impairment	31 December 2020 Net carrying amount	31 December 2019 Book balance	31 December 2019 Provision for impairment	31 December 2019 Net carrying amount
TFM production process optimization study	1,188,403,052.08	–	1,188,403,052.08	94,860,905.81	–	94,860,905.81
TFM Kwatebala KT2 tailings pond project Phase I	338,096,789.07	–	338,096,789.07	243,971,976.98	–	243,971,976.98
TFM mining zone power supply project	80,941,631.52	–	80,941,631.52	86,317,554.10	–	86,317,554.10
TFM dehydration equipment installation project	15,303,242.39	–	15,303,242.39	35,859,243.64	–	35,859,243.64
TFM mining zone transportation road construction projects	15,139,971.27	–	15,139,971.27	4,708,692.58	–	4,708,692.58
Northparkes E26 underground mine development project	478,637,364.32	–	478,637,364.32	179,122,329.78	–	179,122,329.78
Northparkes E48 mine northern extension project	1,287,461.03	–	1,287,461.03	81,255,495.17	–	81,255,495.17
Copebras phosphorus production plant maintenance project	202,030,111.36	–	202,030,111.36	339,435,195.97	–	339,435,195.97
Copebras phosphorus production process improvement projects	16,411,690.64	–	16,411,690.64	704,763.77	–	704,763.77
Niobras niobium production plant maintenance project	92,223,756.59	–	92,223,756.59	176,592,243.87	–	176,592,243.87
Niobras tailing dam heightening project	15,643,492.97	–	15,643,492.97	83,913,900.00	–	83,913,900.00
Quicklime Plant	169,706,956.94	–	169,706,956.94	41,598,301.64	–	41,598,301.64
Building acquisition and decoration project	208,073,405.62	–	208,073,405.62	242,119,339.72	–	242,119,339.72
Construction project replacing Luchanggou Tailing	171,953,532.68	–	171,953,532.68	55,173,003.30	–	55,173,003.30
Molybdenum mine project in East Gobi of Hami of Xinjiang	92,027,473.24	31,615,388.19	60,412,085.05	83,182,564.43	31,615,388.19	51,567,176.24
Project replacing Xuansan Tailing	34,355,496.18	–	34,355,496.18	9,424,566.53	–	9,424,566.53
Raw ore convey system reconstruction project from Mining Company New 1# Crushing Station to Selection No. 3 Company	–	–	–	17,918,219.25	–	17,918,219.25
APT Capacity extension project for 2000t/year of tungsten company	–	–	–	1,551,000.00	–	1,551,000.00
Convey system project from Selection No. 3 Company to Sandaogou tailing pond	–	–	–	180,600.00	–	180,600.00
Others	870,361,348.66	–	870,361,348.66	640,516,970.23	–	640,516,970.23
Total	3,990,596,776.56	31,615,388.19	3,958,981,388.37	2,418,406,866.77	31,615,388.19	2,386,791,478.58

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

(2) *Change in significant construction in progress:*

Unit: RMB

Name of project	Budget	1 January 2020	Increase in the current year	Transfer to fixed assets	Transfer to intangible assets	Other reductions	Impairment provision	Translation differences of financial statements denominated in foreign currencies	31 December 2020	Proportion of project investment to budget amount (%)	Accumulated capitalized interest	Including: interest capitalization for the year	Source of fund
TFM production process optimization study	2,005,754,260.00	94,860,905.81	1,137,708,918.12	–	–	–	–	(44,166,771.85)	**1,188,403,052.08**	59	–	–	Funds in hand
TFM Kwatebala KT2 tailings pond project Phase I	771,243,180.00	243,971,976.97	113,708,623.25	–	–	–	–	(19,583,811.15)	**338,096,789.07**	44	–	–	Funds in hand
TFM mining zone power supply project	93,018,974.40	86,317,554.09	215,275.04	–	–	–	–	(5,591,197.61)	**80,941,631.52**	87	–	–	Funds in hand
TFM dehydration equipment installation project	93,958,560.00	35,859,243.64	20,766,787.37	39,633,666.07	–	–	–	(1,689,122.55)	**15,303,242.39**	57	–	–	Funds in hand
TFM mining zone transportation road construction projects	45,674,300.00	4,708,692.58	18,071,027.06	6,963,858.27	–	–	–	(675,890.10)	**15,139,971.27**	48	–	–	Funds in hand
Northparkes E26 underground mine development project	1,321,890,285.85	179,122,329.78	270,240,392.17	–	–	–	–	29,274,642.37	**478,637,364.32**	32	–	–	Funds in hand
Northparkes E48 mine northern extension project	172,039,933.63	81,255,495.17	41,244,148.51	119,893,168.87	–	–	–	(1,319,013.78)	**1,287,461.03**	67	–	–	Funds in hand
Copebras phosphorus production plant maintenance project	871,653,637.40	339,435,195.97	156,210,103.73	274,873,201.14	469,314.57	306,618.89	–	(17,966,053.74)	**202,030,111.36**	50	–	–	Funds in hand
Copebras phosphorus production process improvement projects	95,468,797.63	704,763.77	52,163,796.99	35,866,510.10	–	–	–	(590,360.02)	**16,411,690.64**	65	–	–	Funds in hand
Niobras niobium production plant maintenance project	458,902,459.24	176,592,243.88	97,806,933.02	170,332,773.25	2,723,156.48	218,127.21	–	(8,901,363.37)	**92,223,756.59**	53	–	–	Funds in hand
Niobras tailing dam heightening project	146,403,722.96	83,913,900.00	8,789,460.40	73,475,522.11	–	329,094.92	–	(3,255,250.40)	**15,643,492.97**	72	–	–	Funds in hand
Quicklime Plant	260,996,000.00	41,598,301.64	135,323,140.71	–	–	–	–	(7,214,485.41)	**169,706,956.94**	65	–	–	Funds in hand
Building acquisition and decoration project	250,000,000.00	242,119,339.72	33,925,365.30	67,971,299.40	–	–	–	–	**208,073,405.62**	97	–	–	Funds in hand
Construction project replacing Luchanggou Tailing	405,090,000.00	55,173,003.30	116,780,529.38	–	–	–	–	–	**171,953,532.68**	14	–	–	Funds in hand
Molybdenum mine project in East Gobi of Hami of Xinjiang	2,849,000,000.00	51,567,176.24	8,844,908.81	–	–	–	–	–	**60,412,085.05**	3	–	–	Funds in hand
Project replacing Xuansan Tailing	348,730,000.00	9,424,566.53	24,930,929.65	–	–	–	–	–	**34,355,496.18**	3	–	–	Funds in hand
Raw ore convey system reconstruction project from Mining Company New 1# Crushing Station to Selection No. 3 Company	26,893,800.00	17,918,219.25	6,209,355.30	24,127,574.55	–	–	–	–	**–**	100	–	–	Funds in hand
APT Capacity extension project for 2000t/year of tungsten company	39,583,000.00	1,551,000.00	–	–	–	1,551,000.00	–	–	**–**	100	–	–	Funds in hand
Convey system project from Selection No. 3 Company to Sandaogou tailing pond	76,393,560.00	180,600.00	2,146,789.00	2,327,389.00	–	–	–	–	**–**	100	–	–	Funds in hand
Others	N/A	640,516,970.24	1,120,234,411.45	807,069,753.84	57,261,489.80	24,719,001.97	–	(1,339,787.42)	**870,361,348.66**	N/A	–	–	Funds in hand
Total		2,386,791,478.58	3,365,320,895.26	1,622,534,716.60	60,453,960.85	27,123,842.99	–	(83,018,465.03)	**3,958,981,388.37**		–	–	

At 31 December 2020, the Group made provision for impairment of RMB31,615,388.19 (31 December 2019: RMB31,615,388.19) for construction in progress.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Right-of-use assets

Unit: RMB

Item	Buildings	Machinery equipment	Transportation devices	Total
I. Total original carrying amount:				
1. Opening balance at 1 January 2020	330,033,493.29	122,350,367.37	2,269,985.65	454,653,846.31
2. Increase in the current period	61,569,876.58	374,798,358.40	–	436,368,234.98
(1) Leasehold	61,569,876.58	374,798,358.40	–	436,368,234.98
3. Decrease in the current period	145,694,276.73	226,791.14	–	145,921,067.87
4. Translation differences of financial statements denominated in foreign currencies	(14,786,403.44)	(20,395,363.22)	(146,848.50)	(35,328,615.16)
5. Closing balance at 31 December 2020	231,122,689.70	476,526,571.41	2,123,137.15	709,772,398.26
II. Accumulated depreciation				
1. Opening balance at 1 January 2020	71,853,412.44	35,417,136.05	567,496.43	107,838,044.92
2. Increase in the current period	49,682,223.21	144,583,890.70	549,140.50	194,815,254.41
(1) Provision	49,682,223.21	144,583,890.70	549,140.50	194,815,254.41
3. Decrease in the current period	70,784,406.95	132,959.78	–	70,917,366.73
4. Translation differences of financial statements denominated in foreign currencies	(2,619,677.04)	(7,074,918.36)	(55,068.05)	(9,749,663.45)
5. Closing balance at 31 December 2020	48,131,551.66	172,793,148.61	1,061,568.88	221,986,269.15
III. Provision for impairment				
1. Opening balance at 1 January 2020	–	–	–	–
2. Increase in the current period	–	–	–	–
3. Decrease in the current period	–	–	–	–
4. Translation differences of financial statements denominated in foreign currencies	–	–	–	–
5. Closing balance at 31 December 2020	–	–	–	–
IV. Carrying amount				
1. Closing carrying amount	182,991,138.04	303,733,422.80	1,061,568.27	487,786,129.11
2. Opening carrying amount	258,180,080.85	86,933,231.32	1,702,489.22	346,815,801.39

The Group has leased multiple asset, including leases of buildings, machinery equipment and transportation devices, with lease terms of 1-11 years, 1-5 years and 4 years, respectively. Lease terms are negotiated on an individual basis, including variable terms and conditions. In determining lease terms and assessing the lengths of the irrevocable period, the Group applies the definition of contract and determines the enforceable period of contract.

In 2020, total cash outflows relating to lease amounted to RMB280,357,019.59.

Short-term lease expenses under simplified approach recognized in profit or loss for the year amounted to RMB2,567,260.09, and lease expenses on low-value assets amounted to RMB821,851.79. As at 31 December 2020, short-term lease portfolio of the Group is similar to leases corresponding to the above short-term lease expenses.

The Group's lease liabilities and interest expense on lease liabilities are set out in Note V. 35, and Note V. 51 respectively. As at 31 December 2020, except for the Group's payment of deposit to the lessor as guarantee for leasehold assets, lease agreements have no other additional guarantee terms. Leasehold assets shall not be used to guarantee borrowings.

As at 31 December 2020, the Group had no leases that have been entered into but not yet incepted.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets

Details of intangible assets

Unit: RMB

Item	Land use rights	Mining rights	Rights to a copper off-take contract *(Note 1)*	Supplier relationship *(Note 1)*	Others	Total
I. Total original carrying amount:						
1. Opening balance at 1 January 2020	659,290,680.06	24,653,005,294.67	133,870,622.16	286,024,200.00	117,778,668.48	25,849,969,465.37
2. Increase for the current year	–	3,902,632,966.40	–	–	95,014,877.79	3,997,647,844.19
(1) Purchase *(Note 2)*	–	3,902,632,966.40	–	–	34,560,916.94	3,937,193,883.34
(2) Transfer from construction in progress	–	–	–	–	60,453,960.85	60,453,960.85
3. Decrease for the current year	2,957,490.94	–	67,495.58	–	482,194.11	3,507,180.63
(1) Disposal	2,957,490.94	–	67,495.58	–	482,194.11	3,507,180.63
4. Translation differences of financial statements denominated in foreign currencies	–	(1,630,112,448.07)	(8,658,019.02)	(18,503,300.00)	(7,179,527.26)	(1,664,453,294.35)
5. Closing balance at 31 December 2020	656,333,189.12	26,925,525,813.00	125,145,107.56	267,520,900.00	205,131,824.90	28,179,656,834.58
II. Accumulated amortization						
1. Opening balance at 1 January 2020	121,114,074.89	5,225,125,041.00	1,507,397.41	7,945,116.67	47,347,458.32	5,403,039,088.29
2. Increase for the current year	14,462,773.50	1,537,753,477.08	10,951,920.18	18,451,503.31	53,195,114.27	1,634,814,788.34
(1) Provision	14,462,773.50	1,537,753,477.08	10,951,920.18	18,451,503.31	53,195,114.27	1,634,814,788.34
3. Decrease for the current year	–	–	11,289.08	–	172,874.83	184,163.91
(1) Disposal	–	–	11,289.08	–	172,874.83	184,163.91
4. Translation differences of financial statements denominated in foreign currencies	–	(364,882,396.05)	(463,227.06)	(1,130,757.22)	(3,055,160.38)	(369,531,540.71)
5. Closing balance at 31 December 2020	135,576,848.39	6,397,996,122.03	11,984,801.45	25,265,862.76	97,314,537.38	6,668,138,172.01
III. Provision for impairment						
1 Opening balance at 1 January 2020	–	–	–	–	–	–
2. Increase for the current year	–	–	–	–	–	–
3. Decrease for the current year	–	–	–	–	–	–
4. Translation differences of financial statements denominated in foreign currencies	–	–	–	–	–	–
5. Closing balance at 31 December 2020	–	–	–	–	–	–
IV. Carrying amount						
1. Closing carrying amount	520,756,340.73	20,527,529,690.97	113,160,306.11	242,255,037.24	107,817,287.52	21,511,518,662.57
2. Opening carrying amount	538,176,605.17	19,427,880,253.67	132,363,224.75	278,079,083.33	70,431,210.16	20,446,930,377.08

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets (Continued)

Details of intangible assets (Continued)

At the end of the year, there are no land use rights nor mining rights used as collateral.

The land use rights were acquired with the lease period of 50 years and were situated in the PRC.

Note 1: Rights to a copper off-take contract and supplier relationship were acquired through acquisition of IXM.

Note 2: It includes the associated mining right obtained by the Group through acquisition of the 100% equity in Jenny East Holdings Ltd. and Kisanfu Holdings Ltd. on 11 December 2020. Refer to Note (VI). 1 for details.

18. Goodwill

(1) *Original cost of goodwill*

Unit: RMB

Investee	1 January 2020	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Brazil phosphorus business *(Note)*	659,468,043.85	(42,661,897.33)	**616,806,146.52**

Note: It represents the difference of the consideration paid for acquiring the phosphorus business in Brazil and the fair value of identifiable net assets in respect of the business combination not involving enterprises under common control on 1 October 2016.

(2) *Provision for impairment losses of goodwill*

Unit: RMB

Investee	1 January 2020	Provisions	Translation differences of financial statements denominated in foreign currencies	31 December 2020
Brazil phosphorus business *(Note)*	–	228,167,835.22	(7,626,944.77)	**220,540,890.45**

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Goodwill (Continued)

(2) Provision for impairment losses of goodwill (Continued)

Allocation of goodwill to asset groups

The Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill has been allocated to asset groups. The carrying amount of goodwill as at 31 December 2020 allocated to the asset groups is as follows:

Unit: RMB

	Cost	Translation differences of financial statements denominated in foreign currencies	Provision for impairment	31 December 2020
Asset group – Brazil phosphorus business	850,671,685.12	(233,865,538.60)	(220,540,890.45)	**396,265,256.07**

The recoverable amount of the asset group of Brazil phosphorus business is determined according to the present value of the expected future cash flows. Future cash flows are determined based on the financial budget of the next five years approved by the management and based on the production life of available reserves and future mining plans, and discount rate of 10.32% is used. As the sale of the products in phosphorus business is priced in USD and settled in BRL, the management believes that the inflation risk faced with by the relevant business in the operation process mainly comes from the inflation risk in the environment denominated in USD. Therefore, the inflation rate used to infer the cash flow from the asset group after 5 years is 2.2% (based on the USD environment). According to the characteristics of upstream mineral prices and costs, the management believes that the forecast method is reasonable.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Goodwill (Continued)

(2) Provision for impairment losses of goodwill (Continued)

Allocation of goodwill to asset groups (Continued)

The key assumptions for calculating the present value of future cash flows for the above asset group as at 31 December 2020 are as follows:

Key assumptions	Consideration of the management
Budget gross margin	On the basis of realized the average gross margin in the year before the budget year, appropriately modify the average gross margin according to the changes in the expected efficiency and the fluctuation of metal market price.
Discount rate	The discount rate used is the pre-tax discount rate that reflects the specific risk of the related asset group.
Inflation of raw material price	Consider the expected price index for the operating environment in the budget year.

The data of key assumptions of the sales price, discount rate, raw material price inflation used in the above asset group are consistent with the external information.

Based on the above impairment test, the management considers that RMB220,540,890.45 of provision for impairment losses should be made in the current period as the recoverable amount of the asset group of Brazil phosphorus business is lower than its carrying amount.

19. Long-term prepaid expenses

Unit: RMB

Item	1 January 2020	Addition for the current year	Amortization for the current year	31 December 2020
Relocation compensation *(Note 1)*	37,396,607.50	–	6,429,527.52	**30,967,079.98**
Geological Museum project *(Note 2)*	25,800,000.00	–	600,000.00	**25,200,000.00**
Mining compensation *(Note 3)*	10,555,564.00	–	6,333,324.00	**4,222,240.00**
Others	63,235,017.47	22,611,777.86	18,702,501.86	**67,144,293.47**
Total	136,987,188.97	22,611,777.86	32,065,353.38	**127,533,613.45**

Note 1: The Company paid relocation compensation to the villagers around the areas of tailing dams.

Note 2: According to the Geological Museum use right agreement signed by Luanchuan Finance Bureau and the Company on 18 December 2012, the Company would be allocated with 2,000 square meters showroom area in the Geological Museum for promoting the Company's product for 50 years from 1 January 2013.

Note 3: Mining compensation is in relation to the mining compensation paid by the Company in the prior years, which is amortized over the benefit period.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

Unit: RMB

Item	31 December 2020 Deductible temporary difference	31 December 2020 Deferred tax assets	31 December 2019 Deductible temporary difference	31 December 2019 Deferred tax assets
Provision for asset impairment	**456,331,374.60**	**135,157,063.48**	447,539,683.25	129,376,269.17
Deductible losses *(Note 1)*	**1,864,343,453.89**	**621,163,702.49**	1,363,261,227.63	459,371,803.27
Differences in inventory costs	**142,350,200.28**	**42,705,060.08**	113,592,571.65	34,077,771.49
Unrealized gross profit	**1,521,349,964.26**	**205,073,716.92**	516,168,803.06	98,127,502.24
Deferred income from government grant	**59,357,483.62**	**12,999,129.88**	66,754,605.90	14,809,851.87
Fair value gains or losses	**831,268,589.14**	**123,265,161.38**	202,965,650.59	32,513,355.88
Outstanding expenses – net	**2,225,314,661.71**	**602,419,461.42**	1,858,615,499.86	511,048,352.44
Losses on disposal of fixed assets without filing	**21,611,375.27**	**3,241,706.29**	21,611,375.27	3,241,706.29
Effects of non-monetary items on exchange rates *(Note 2)*	**–**	**–**	697,024,270.68	236,988,252.03
Differences in depreciation of fixed assets	**21,379,062.99**	**3,974,367.81**	230,826,966.44	69,248,089.93
Others	**68,611,187.32**	**13,994,909.46**	76,862,355.68	23,874,397.76
Total	**7,211,917,353.08**	**1,763,994,279.21**	5,595,223,010.01	1,612,677,352.37

Note 1: The actual amount of deductible losses that the Group may eventually deduct from the income tax in 2020 should be subject to final assessment of the local taxation authority. For the deductible losses arising from a part of subsidiaries for business in Brazil in the current year, refer to Note 2.

Note 2: Certain enterprises of the Group's business in Brazil adopt USD as functional currency, while make tax declaration and annual filing in BRL for the operating activities in Brazil in accordance with local tax regulations in Brazil. Management recognizes tax losses in the related financial statements denominated in BRL as a deferred tax assets and makes it an adjusting item for tax. In the meanwhile, the non-monetary items including inventories and fixed assets of such enterprises on the balance sheet are recognized and subsequently measured at historical exchange rate, resulting temporary difference between their tax bases and carrying amounts upon tax accounting, the Company accordingly recognize the relevant temporary difference as one deferred tax asset/liability.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities (Continued)

(2) Deferred tax liabilities before offsetting

Unit: RMB

Item	31 December 2020 Taxable temporary differences	31 December 2020 Deferred tax liabilities	31 December 2019 Taxable temporary differences	31 December 2019 Deferred tax liabilities
Accrued interest income	**555,785,718.30**	**95,107,336.60**	398,958,458.40	64,960,664.86
Effect of exchange rate of non-monetary items *(Note 2)*	**1,826,863,688.33**	**621,133,654.03**	–	–
Differences in depreciation of fixed assets	**9,147,217,974.82**	**2,743,716,224.60**	10,562,048,009.92	3,183,437,293.01
Profit or loss arising from fair value changes	**1,216,128,169.38**	**191,645,732.15**	1,051,311,960.24	253,081,736.99
Additional provision under Switzerland tax laws *(Note 3)*	**1,583,203,704.35**	**295,793,330.20**	1,367,335,172.10	191,526,185.37
Adjustment to the fair value of assets in business combination not involving enterprises under common control *(Note 4)*	**11,907,443,335.50**	**3,553,979,914.11**	16,879,768,903.53	5,154,257,817.63
Others	**122,622,477.51**	**34,757,628.89**	26,317,636.82	7,444,962.22
Total	**26,359,265,068.19**	**7,536,133,820.58**	30,285,740,141.01	8,854,708,660.08

Note 3: It represents the taxable temporary differences arising from additional provision made to certain extent based on the carrying amount of inventories under Switzerland tax laws.

Note 4: It mainly represents the deferred tax liabilities arising from the adjustments on fair values of assets in the acquisitions of Congo (DRC) business in 2016, Brazil business in 2016 and Switzerland metal trading platform business in 2019.

In the course of Brazil business combination not involving enterprises under common control in 2016, identifiable net assets of the acquiree was recorded at the fair value at the acquisition date, and deferred tax liability was recognized in accordance with the differences between the fair value and tax base of the related assets on the date of acquisition. The change in the current year is mainly due to the structural reorganization by the Group in 2020 to consolidate the three legal entities of the niobium phosphorus business in Brazil, the redetermination of the tax basis of their carrying assets and liabilities and the adjustment of the deferred income tax liabilities mentioned above.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities (Continued)

(3) Deferred tax assets or liabilities at net after offsetting

Unit: RMB

Item	Closing set-off amount of deferred tax assets and deferred tax liabilities	Closing balance of deferred tax assets and deferred tax liabilities after offsetting	Opening set-off amount of deferred tax assets and deferred tax liabilities	Opening balance of deferred tax assets and deferred tax liabilities after offsetting
Deferred tax assets	1,266,827,937.28	497,166,341.93	967,168,894.25	645,508,458.12
Deferred tax liabilities	1,266,827,937.28	6,269,305,883.30	967,168,894.25	7,887,539,765.83

The movement of deferred tax assets of the year decreased RMB42,915,762.61 due to the translation of financial statements denominated in foreign currencies. The movement of deferred tax liabilities of the year decreased RMB409,950,997.58 due to the translation of financial statements denominated in foreign currencies.

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	31 December 2020	31 December 2019
Deductible losses	**339,890,472.56**	461,564,694.65
Deductible temporary differences	**80,421,844.09**	81,089,662.12
Sub-total	**420,312,316.65**	542,654,356.77

Note: Due to the uncertainty in availability of sufficient taxable income in the future, deferred tax assets are not recognized.

(5) Deductible losses, for which deferred tax assets are not recognized, will expire in the following years:

Unit: RMB

Year	31 December 2020	31 December 2019
2020	**–**	160,456,916.13
2021	**119,906,853.89**	124,820,435.10
2022	**73,138,819.21**	77,956,167.81
2023	**33,176,370.62**	38,342,279.26
2024	**47,157,053.83**	59,988,896.35
2025	**66,511,375.01**	–
Sub-total	**339,890,472.56**	461,564,694.65

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other non-current assets

Unit: RMB

Item	31 December 2020	31 December 2019
Borrowings due from SNEL *(Note 1)*	**1,071,702,771.62**	1,282,235,518.80
Amount due from TFM minority shareholders *(Note 2)*	**374,279,502.29**	370,521,427.93
Brazil deductible social contribution tax *(Note 3)*	**67,640,511.63**	116,225,415.62
Prepayments for water charges *(Note 4)*	**63,000,000.00**	63,000,000.00
Prepayments for farmland occupation tax *(Note 5)*	**8,028,346.01**	8,028,346.01
Prepayments for land *(Note 6)*	**8,659,900.00**	8,659,900.00
Land acquisition compensation due from government *(Note 7)*	**21,994,176.05**	117,143,076.34
Compensatory assets *(Note 8)*	**88,650,982.27**	125,656,688.78
Litigation guarantee *(Note 9)*	**26,473,111.70**	81,164,498.37
Loans to suppliers *(Note 10)*	**101,825,725.17**	46,652,988.69
Prepayments for capital increment *(Note 11)*	**–**	255,627,445.55
Related party borrowings *(Note 12)*	**414,831,595.86**	–
Purchase of tailings pond *(Note 13)*	**514,061,111.10**	–
Time deposit mature over 1 year	**170,000,000.00**	–
Others	**4,296,833.64**	4,287,711.21
Total	**2,935,444,567.34**	2,479,203,017.30

The Group recognizes ECL provision of relevant financial assets in the other non-current assets on the basis of ECL. At 31 December 2020, the management of the Group believes that the credit risk of the relevant financial assets excluding loans to suppliers has not increased significantly since its initial recognition, and has no significant ECL. Credit risk on loans to suppliers is set out in Note 10.

Note 1: Congo (DRC) subsidiary's loan due from SNEL. The applicable interest rate for the loan is determined by 6-months Libor interest rate plus 3%, which will be settled by electricity charges payable in the future.

Note 2: Congo (DRC) subsidiary's loans due from La Générale des Carrières etdes Mines (Gécamines). As at 31 December 2020, the principal due to Congo (DRC) subsidiary is USD30,000,000.00 (equivalent to RMB195,747,000.00); the interest receivable is USD27,361,722.37 (equivalent to RMB178,532,502.29) and the applicable interest rate for the loan is determined based on the 1-year Libor interest rate plus 6%, which will be charged against dividends and consulting expenses of Gécamines in the future.

Note 3: Brazil social contribution tax applicable to CMOC Brazil, of which the tax base is the balance of income from the sales of goods and rendering of services in Brazil after deducting deductible cost. As it is not required to pay the social contribution tax and goods circulation tax for export goods, the company has no tax retained at the end of the year. The social contribution tax is levied by the Brazil's federal government, so the tax credit can be used to deduct the enterprise income tax levied by the federal government without expiry date. The portion of deductible balance within one year is accounted for as other receivables by the Group. See Note V.7 for details.

Note 4: Refer to prepayments for water charges of Xinjiang Luomu Mining Co., Ltd ("Xinjiang Luo Mu").

Note 5: The land occupation tax related to the land to be used in the future of the tailings owned by the mine.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other non-current assets (Continued)

Note 6: The Group paid the land compensation and transfer payments in advance, and shall continue to handle the land transfer procedures after the relevant subsidiaries have resumed their production.

Note 7: CMOC Brazil holds the amount receivables from the state government of San Paulo, Brazil. Due to the local government suspended the payment of the remaining funds. Related issues are currently in the litigation stage, the management of the Group, based on the information and opinion of external lawyers, believe that the relevant funds can be recovered.

Note 8: Based on the agreement between the Group and Anglo American in the course of the acquisition of the Brazilian Niobium Phosphorus business, if CMOC Brazil subsidiary has incurred cash outflows in the course of the business due to tax-related contingencies, compensation will be provided by Anglo American. The Group recognized a liability for CMOC Brazil subsidiary related contingencies at fair value (Note V. 37), accordingly recognizes the right of relevant tax related compensation as non – current assets.

Note 9: CMOC Brazil has some disputes and litigation arising from some of the tax, labor and civil related legal proceedings in the course of business. Some of these proceedings require the submission of litigation collateral at the request of the court. The deposit is restricted for use and the interest is calculated at the Brazilian benchmark interest rate during this period. After the end of the litigation, according to the results, the Company can call back the deposit or settle the litigation by the deposit.

Note 10: It represents loans that IXM provided to its suppliers. As at 31 December 2020, balance of loans to suppliers amounted to USD20,000,000.00, equivalent to RMB130,498,000.00, which is the loan provided to the third party supplier B and supplier C by the Group, with interest rate ranging from 6.24% per annum, including the portion due within 1 year amounting to USD4,394,285.71 (equivalent to RMB28,672,274.83) recognized in other current assets.

Note 11: The balance in 2019 represents the capital increase prepaid by the Group's subsidiary W-Source Holding to the associate the Huayue Nickel Cobalt. In accordance with a series of agreements between the Group and Huayue Nickel Cobalt, as well as other shareholders of Huayue Nickel Cobalt, the Group will inject capital to Huayue Nickel Cobalt. Upon capital injection, the Group's subscribed capital contribution will reach USD79,591,720.00, with shareholding ratio increased to 30%. The Group receives interest on prepaid capital injection at 6% before its actual transfer to capital.

Note 12: It represents the borrowings lent by the Group to the shareholders of Huayue Nickel Cobalt.

Note 13: It represents the associated prepayments made by the Group to purchase the tailings pond.

22. Short-term borrowings

(1) *Categories of short-term borrowings:*

Unit: RMB

Item	31 December 2020	31 December 2019
Credit loan	**5,093,936,685.59**	4,548,599,863.40
Secured loans with securities under the custody of lenders *(Note)*	**15,370,544,411.90**	14,040,425,969.09
Total	**20,464,481,097.49**	18,589,025,832.49

Note: Details for securities of such secured loans are set out in Note V. 2 and 8.

(2) *At the end of this year, there were no outstanding short-term borrowings of the Group that were overdue.*

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Held-for-trading financial liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
1. Liabilities from forward commodity contract and gold lease measured at fair value *(Note 1)*	**449,732,550.75**	645,164,164.50
2. Payables at FVTPL *(Note 2)*	**3,842,218,158.46**	2,512,787,760.22
Total	**4,291,950,709.21**	3,157,951,924.72

Note 1: The Group concluded gold lease agreement with the bank. During the lease term, the Group may sell the leased gold to a third party, and then return the gold in the same specification and with the same weight to the bank until the lease is matured. The obligation of the Group to return the gold is recognized as a financial liability at fair value. Meanwhile, in order to hedge the risk in commodity price of related liabilities, the Group uses gold forward contract to manage the risk in the obligations to return the gold with the same quantity and quality to the bank under the gold lease agreement so as to evade the risk undertaken by the Group in the fluctuation of fair value of held-for-trading financial liabilities with the fluctuation of gold market price.

Note 2: The major products of the Group are copper, lead and zinc concentrates and cobaltous hydroxide etc., purchasing price of which is provisionally determined according to the market price upon delivery. Generally, the price is finally determined according to the monthly average spot price quoted by the London Metals Exchange (LME) or other agreed pricing methods within a specified period or a period subsequent to the delivery. The Group classifies the accounts receivable generated from relevant business as financial assets at FVTPL.

24. Derivative financial liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Derivative financial instrument of which hedge relationship is not designated *(Note 1)*		
Commodity futures contracts	**2,517,217,226.28**	1,402,864,898.79
Forward foreign exchange contracts and exchange rate option contracts	**110,232,117.41**	52,997,490.45
Commodity option contracts	**127,672,025.42**	75,759,751.74
Forward commodity contracts	**875,579,866.00**	1,109,305,912.09
Derivative financial instrument of which hedge relationship is designated		
Forward foreign exchange contracts and exchange rate option contracts *(Note 2)*	**50,528,509.05**	–
Commodity futures contracts *(Note 3)*	**1,340,549,828.77**	–
Total	**5,021,779,572.93**	2,640,928,053.07

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Derivative financial liabilities (Continued)

Note 1: For details, please refer to Note V. 3.

Note 2: Forward foreign exchange contracts and exchange rate option contracts are in relation to the forward foreign exchange contracts and exchange rate option contracts purchased by the Group, which are used to hedge the cash flow risk arising from capital expenditure of Brazil subsidiary. The Group accounted for the above hedging instrument and corresponding hedged items according to hedge accounting. Refer to Note V. 64 for details.

Note 3: Commodity futures contracts are in relation to the commodity futures contracts purchased by the Group, which are used to hedge the fair value risk arising from price fluctuation of a part of the Group's cooper products or the cash flow risk arising from expected sales. The Group accounted for the above hedging instrument and corresponding hedged items according to hedge accounting. Refer to Note V. 64 for details.

25. Notes payable

Unit: RMB

Categories	31 December 2020	31 December 2019
Bank acceptances *(Note)*	**614,768,644.58**	225,873,810.76
Commercial acceptances	**13,168,922.44**	7,350,262.77
Total	**627,937,567.02**	233,224,073.53

Note: For details, please refer to Note V. 5 (3).

26. Accounts payable

Unit: RMB

Item	31 December 2020	31 December 2019
Payables for purchase of goods	**470,194,264.33**	1,665,858,901.82
Others	**406,720,600.97**	278,647,504.80
Total	**876,914,865.30**	1,944,506,406.62

Aging analysis on accounts payable is set out as follows:

Unit: RMB

Item	31 December 2020	31 December 2019
Within 1 year	**848,671,903.21**	1,923,438,072.01
1 to 2 years	**13,698,902.29**	2,486,883.22
Over 2 years	**14,544,059.80**	18,581,451.39
Total	**876,914,865.30**	1,944,506,406.62

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Receipts in advance of sales of goods *(Note 1)*	**275,206,453.60**	416,194,761.78
Receipts in advance for metal flow transaction *(Note 2)*	**96,777,888.57**	–
Total	**371,984,342.17**	416,194,761.78

Note 1: The Group recognized the receipts in advance collected on a basis of commodity sales contract as contract liabilities, and relevant contract liabilities were recognized as sales income when the control over the goods were transferred to the customers.

The receipts in advance for goods at the beginning of year have been recognized as income in the current year. At the end of year, the contract liabilities of RMB270,955,113.76 at book value are expected to be recognized as income in 2021, and the contract liabilities of RMB4,251,339.84 at book value are expected to be recognized as income in 2022 or subsequent years.

Note 2: On 10 July 2020, the Group entered into the metal purchase and sales agreement ("metal flow agreement") with Triple Flag Mining Finance Bermuda Ltd. (collectively called "Triple Flag"), a wholly-owned subsidiary of Triple Flag Precious Metals Corp., by which Triple Flag prepaid the Group USD550,000,000.00 in cash and another payments for goods as per 10% of the price of spot gold/silver per ounce of the gold/silver delivered according to the metal flow agreement upon the actual delivery.

According to the metal flow contract, the Group has committed to Triple Flag to deliver 54% of the gold production from the Northparkes copper-gold mine until cumulative deliveries reach 630,000 ounces, when deliveries will commence to be made at 27%, and 80% of the silver production from the Northparkes copper-gold mine until cumulative deliveries reach 9 million ounces, when deliveries will commence to be made at 40%. There is no minimum delivery volume agreed for this metal flow transaction.

The Group first recognizes the receipts in advance as liabilities when they are received and then transfer them to revenue when the relevant performance obligations are satisfied, i.e. when control of the goods is transferred to the customer. The Group makes an estimate on the amount of contract liabilities based on 12-month expected deliveries and classifies the remaining as other non-current liabilities *(Note V. 39)*.

As the metal flow contract includes a significant financing component, the Group determines the transaction price at the time of entering into the metal flow contract based on the amount payable in cash assuming that the customer will pay for the goods as soon as it obtains control over these goods, and the difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method.

At the same time, such metal flow transaction contract includes a variable consideration ft. When there is a change in mineral reserves or in the timing and quantity of expected delivery of goods, the Group will adjust revenue in the reporting period in which the change occurs.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable

(1) Details of employee benefits payable are as follows:

Unit: RMB

Item	1 January 2020	Increase in the current year	Increase due to acquisition of assets	Decrease in the current year	Translation differences of financial statements denominated in foreign currencies	31 December 2020
1. Short-term compensation	645,437,100.57	2,116,167,107.12	16,763.03	2,013,400,929.12	(32,882,839.05)	**715,337,202.55**
2. Retirement benefits-defined contribution plans	7,654,456.83	149,380,679.53	–	156,528,996.47	(229,692.18)	**276,447.71**
3. Others *(Note)*	39,546,620.84	20,787,872.38	–	8,145,562.76	1,547,983.79	**53,736,914.25**
Total	692,638,178.24	2,286,335,659.03	16,763.03	2,178,075,488.35	(31,564,547.44)	**769,350,564.51**

Note: It represents the liabilities related to annual leave and long service leave which are provided by Group's subsidiary in Australia to its employees and short-term compensation plan which is provided by Group's subsidiary in Congo (DRC) to its employees, expected to be paid within 12 months.

(2) Details of short-term compensation are as follows:

Unit: RMB

Item	1 January 2020	Increase in the current year	Increase due to acquisition of assets	Decrease in the current year	Translation differences of financial statements denominated in foreign currencies	31 December 2020
I. Wages or salaries, bonuses, allowances and subsidies	631,513,513.64	1,909,074,381.60	16,763.03	1,840,088,301.71	(31,675,754.39)	**668,840,602.17**
II. Staff welfare	598,732.90	31,942,748.80	–	32,385,281.08	(23,921.65)	**132,278.97**
III. Social security contributions	843,011.51	83,692,238.74	–	48,029,300.25	(1,183,150.89)	**35,322,799.11**
Including: Medical insurance	793,363.20	71,737,718.82	–	44,546,125.22	(900,122.40)	**27,084,834.40**
Work injury insurance	49,648.31	11,954,519.92	–	3,483,175.03	(283,028.49)	**8,237,964.71**
IV. Housing funds	344,611.72	73,955,265.04	–	73,971,344.99	–	**328,531.77**
V. Termination benefits	1,102,185.98	814,675.17	–	1,916,861.15	–	**–**
VI. Labor union and staff education fund	11,035,044.82	16,687,797.77	–	17,009,839.94	(12.12)	**10,712,990.53**
Total	645,437,100.57	2,116,167,107.12	16,763.03	2,013,400,929.12	(32,882,839.05)	**715,337,202.55**

All the employee compensation payables are not overdue and not related to non-cash benefits, which will be expected to paid out in 2021.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (Continued)

(3) Retirement benefits – defined contribution plans

Unit: RMB

Item	1 January 2020	Increase in the current year	Increase due to acquisition of assets	Decrease in the current year	Translation differences of financial statements denominated in foreign currencies	31 December 2020
1. Basis pension insurance	7,643,679.75	146,567,103.83	–	153,704,643.69	(229,692.18)	**276,447.71**
2. Unemployment insurance	10,777.08	2,813,575.70	–	2,824,352.78	–	**–**
Total	7,654,456.83	149,380,679.53	–	156,528,996.47	(229,692.18)	**276,447.71**

The Group participates, as required, in the pension insurance and unemployment insurance plan established by government institutions. According to such plans, the Group contributes monthly to such plans based the employee's basic salary. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In this year, the Group should contribute pension insurance and unemployment plans amounting to RMB146,567,103.83 and RMB2,813,575.70 (2019: RMB202,582,609.85 and RMB3,924,940.23). As at 31 December 2020, the Group has outstanding contributions to pension insurance and unemployment plans that is due as of the reporting period amounting to RMB276,447.71 and RMB0.00 (31 December 2019: RMB7,643,679.75 and RMB10,777.08). The relevant contributions have been paid after the reporting period.

29. Taxes payable

Unit: RMB

Item	**31 December 2020**	31 December 2019
PRC enterprise income tax	**55,843,153.14**	81,185,393.38
Australia enterprise income tax	**22,433,502.20**	9,583,112.11
Brazil enterprise income tax	**158,835,945.80**	68,106,596.92
Congo (DRC) enterprise income tax	**410,754,889.18**	445,644.40
UK enterprise income tax	**1,010,921.35**	–
Enterprise income tax of IXM and its subsidiaries	**74,493,912.23**	126,238,562.11
Urban maintenance and construction tax	**96,277.72**	158,532.08
Value added tax	**48,001,752.63**	21,361,136.76
Resource tax and royalties of mineral rights	**13,406,206.29**	14,610,318.74
Education surcharges	**121,242.46**	316,963.94
Individual income tax	**27,950,882.97**	28,688,231.54
Congo (DRC) exchange tax	**1,487,728.62**	12,397,430.34
Others	**30,781,545.78**	36,159,276.86
Total	**845,217,960.37**	399,251,199.18

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables

(1) Summary of other payables

Unit: RMB

Item	31 December 2020	31 December 2019
Dividends payable	**27,885,796.67**	27,885,796.67
Interest payable	**222,893,031.58**	246,838,776.68
Other payables	**1,348,461,688.93**	1,310,013,350.12
Total	**1,599,240,517.18**	1,584,737,923.47

(2) Dividends payable

Unit: RMB

Name of entity	31 December 2020	31 December 2019
Luanchuan Taifeng Industry and Trading Co., Ltd. *(Note)*	**6,623,109.24**	6,623,109.24
Luanchuan Hongji Mining Co., Ltd. *(Note)*	**15,943,017.89**	15,943,017.89
Luanchuan Chengzhi Mining Co., Ltd. *(Note)*	**5,319,669.54**	5,319,669.54
Total	**27,885,796.67**	27,885,796.67

Note: Minority shareholders of subsidiaries of the Group.

(3) Interest payable

Unit: RMB

Item	31 December 2020	31 December 2019
Interest payable on bank borrowings	**68,800,612.07**	120,671,734.02
Interest payable on medium-term notes with periodic payments of interest payable and return of principal at maturity *(Note V. 34)*	**91,217,534.25**	66,132,602.75
Interest payable on corporate bonds in USD *(Note)*	**37,246,304.22**	49,061,289.22
Interest payable on super short-term commercial paper	**21,495,890.41**	6,986,301.38
Interest payable on corporate bonds in RMB *(Note V. 34)*	**3,986,849.30**	3,986,849.31
Interest payable on amounts with related parties outside the Group *(Note X. 6)*	**145,841.33**	–
Total	**222,893,031.58**	246,838,776.68

Note 2: Interest payable on bonds in USD arises from the issuance of bonds in USD by CMOC Capital (a subsidiary of the Group). For the details, refer to Note V. 34.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables (Continued)

(4) Other payables

(a) Other payables by nature:

Unit: RMB

Item	31 December 2020	31 December 2019
Project and equipment funds	**834,503,595.25**	197,865,927.99
Loyalties due to Gécamines	**68,191,336.71**	14,976,606.41
Service and transportation expenses	**108,038,813.05**	74,337,086.32
Electricity charge compensation due to SNEL *(Note 1)*	**–**	69,762,000.00
Deposits and advances	**170,439,336.75**	75,235,802.92
Service fees payable	**47,593,322.52**	11,592,051.56
Resource expenses payable	**15,702,995.42**	145,516,732.23
Land compensation	**40,000.00**	2,980,567.50
Consideration payable for acquisition *(Note 2)*	**–**	597,959,999.97
Others	**103,952,289.23**	119,786,575.22
Total	**1,348,461,688.93**	1,310,013,350.12

Note 1: Congo (DRC) subsidiary and SNEL had a dispute on the future fee of electricity in 2015, the management of: Congo (DRC) subsidiary accrued the compensation based on the best estimation of the possible cash outflow in the future. Relevant payments have been made in full in 2020.

Note 2: On 17 November 2016, the Group completed acquisition of 56% of TFM equity held by Freeport. According to the terms of contingent consideration agreed in the acquisition agreement: if the monthly average delivery settlement price of LME Grade A copper is higher than USD3.50 per pound from 1 January 2018 to 31 December 2019, CMOC Limited shall pay PDK USD60 million no later than 10 January 2020. If the monthly average delivery settlement price of LME cobalt is higher than USD20 per pound within the 24 months from 1 January 2018 to 31 December 2019, CMOC Limited shall pay PDK USD60 million no later than 10 January 2020.

On 20 April 2017, the Group, through BHR controlled under the agreement, completed the acquisition of 24% of TFM's equity indirectly held by Lundin Mining Corporation. According to the agreement between both parties, Lundin enjoys the equal right to receive contingent consideration as Freeport does based on the transferred proportion of TFM's equity.

The above agreements expired on 31 December 2019 and the related determined consideration was included in other payables at the end of the prior year and the related amounts for the current period have been fully repaid.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Non-current liabilities due within one year

Unit: RMB

Item	31 December 2020	31 December 2019
Long-term borrowings due within one year *(Note V. 33)*	**3,091,054,941.91**	3,663,675,996.17
Lease liabilities due within one year *(Note V. 35)*	**238,591,144.47**	85,427,664.45
Bonds payable due within one year *(Note V. 34)*	**2,000,000,000.00**	–
Total	**5,329,646,086.38**	3,749,103,660.62

32. Other current liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Other accrued expenses	**159,431,822.36**	167,803,612.80
Super short-term bonds payable *(Note 1)*	**2,000,000,000.00**	1,000,000,000.00
Total	**2,159,431,822.36**	1,167,803,612.80

Note 1: The Company issued super short-term commercial paper (19 Luanchuan Molybdenum SCP003) with par value of RMB1,000,000,000.00 at a fixed rate of 3.4% per annum with a maturity of 180 days, on 16 October 2019. The relevant bonds are permitted to trade and circulate on the National Inter-bank Bond Market and have been repaid fully in the reporting period.

The Company issued super short-term commercial paper (20 Luanchuan Molybdenum SCP003) with par value of RMB1,000,000,000.00 at a fixed rate of 3.08% per annum with a maturity of 180 days, on 14 August 2020; the Company issued super short-term commercial paper (20 Luanchuan Molybdenum SCP004) with par value of RMB1,000,000,000.00 at a fixed rate of 3.10% per annum with a maturity of 180 days, on 9 September 2020.

33. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	31 December 2020	31 December 2019
Secured borrowings *(Note 1)*	**11,483,428,347.71**	13,927,202,403.68
Unsecured and non-guaranteed loans *(Note 2)*	**6,967,999,414.37**	6,015,383,358.37
Less: long-term borrowings due within one year *(Note V. 31)*	**3,091,054,941.91**	3,663,675,996.17
Total	**15,360,372,820.17**	16,278,909,765.88

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings (Continued)

(1) Categories of long-term borrowings (Continued)

Note 1: Borrowings obtained by the Group are through pledge of fixed deposits, equity of subsidiaries, held-for-trading financial assets and inventories, including:

In September 2016, CMOC LUXEMBOURG S.À.R.L (hereinafter referred to as "CMOC LUXEMBOURG") and CMOC Brazil, the subsidiaries of the Group, obtained a total of USD900 million (equivalent to RMB6.2 billion) acquisition syndicated loan for the payment of the consideration of acquisition of the Brazil Niobium-Phosphorus business, which would be repaid by the agreed installments during the period from 14 September 2018 to 14 September 2023, with interest rates ranging from 3-month USD LIBOR + 1.8% to 3-month USD LIBOR + 2.75%; the Group pledged the 100% equity interest in CMOC LUXEMBOURG to the Bank of China Luxembourg branch and provide a joint guarantee.

In November 2016, CMOC DRC LIMITED (hereinafter referred to as "CMOC DRC"), a subsidiary of the Group, obtained a total of US $1.59 billion (equivalent to RMB11 billion) acquisitions syndicated loan for the payment of the consideration of acquisition of the Congo Copper-Cobalt business, which would be repaid by the agreed installments during the period from 15 March 2018 to 15 November 2023, with interest rates ranging from 3-month USD LIBOR + 1.7% to 3-month USD LIBOR + 2.2%; the Group pledged the 100% equity interest in CMOC DRC to the bank and provide a joint guarantee.

In December 2020, China Molybdenum Refining Co., Ltd. ("Ye Lian"), a subsidiary of the Group, obtained current capital loans amounting to RMB287,000,000.00 and RMB300,000,000.00, which would be repaid on 21 June 2022 and 24 June 2022 respectively, with interest rates ranging from 1-year NIBOR LPR – 0.95% and LPR – 0.55%; the Group pledged the RMB300,000,000.00 term deposit certificate and RMB400,000,000.00 term deposit certificate held by it to the banks.

Note 2: On 6 April 2017, the Group's subsidiary BHR signed a syndicated credit loan agreement of a total loan commitment amount of USD690 million for the acquisition of 30% equity in TFHL. The syndicated loan will be repaid in instalments between 6 July 2019 and 6 April 2024 according to the agreement, and interest rate ranges from 3-month USD LIBOR + 2.50% to 3-month USD LIBOR + 2.64%.

In February 2020, CMOC Limited, a subsidiary of the Group obtained USD357,500,000.00 (equivalent to RMB2,300,000,000.00) and RMB700,000,000.00 of syndicated loans for its daily operations and financing cost optimization, both of which would be repayable on an agreed interest basis 5 February 2020 and 5 February 2023 and between 2 June 2020 and 2 June 2023 respectively, with a lump sum repayment of principal on maturity at 1 month LIBOR + 1.7% and a fixed rate of 3.4% respectively.

In November 2020, the Company obtained RMB200,000,000.00 of 3-year current capital loan for the purchase of ferromolybdenum and molybdenum concentrates, with an interest rate of LPR -0.05.

Under the loan agreements entered into by and between the Group and the above-mentioned banks, the Group is required to comply with a series of financial indicators and requirements as agreed and the banks have the right to demand early repayment of the Company's loans if the relevant terms are breached.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings (Continued)

(2) *Analysis of long-term borrowings due over one year:*

Unit: RMB

Expiration date	31 December 2020	31 December 2019
1 to 2 years	**3,075,331,509.56**	6,201,190,465.58
2 to 5 years	**12,285,041,310.61**	10,077,719,300.30
Total	**15,360,372,820.17**	16,278,909,765.88

As 31 December 2020, the interest rate for the above loans was from 1.1900% to 3.9000% per annum (31 December 2019: 1.0090% to 4.4770% per annum).

As at 31 December 2020, there is no outstanding long-term borrowing of the Group due but not paid.

34. Bonds payable

(1) *Bonds payable*

Unit: RMB

Item	31 December 2020	31 December 2019
Medium-term note	**1,000,000,000.00**	2,000,000,000.00
Corporate bonds in RMB	**1,000,000,000.00**	1,000,000,000.00
Corporate bonds in USD	**1,631,225,000.00**	2,092,860,000.00
Total	**3,631,225,000.00**	5,092,860,000.00

(2) *Changes in bonds payable*

Unit: RMB

Name	Par value	Issue date	Term	Issue amount	1 January 2020	Repayment in this year	Issued amount for the year	Accrued interest at par value	Interests paid during the year	Closing interest payable	Amount due within one year	Translation differences of financial statements denominated in foreign currencies	31 December 2020
16 Luanchuan Molybdenum MTN001 *(Note 1)*	2,000,000,000.00	17 March 2016	5 years	2,000,000,000.00	2,000,000,000.00	–	–	84,400,000.00	84,400,000.00	66,132,602.75	2,000,000,000.00	–	–
19 CMOC 01 *(Note 2)*	1,000,000,000.00	28 November 2019	3 years	1,000,000,000.00	1,000,000,000.00	–	–	42,800,000.00	42,800,000.00	3,986,849.30	–	–	1,000,000,000.00
CMOC CAP B2202 *(Note 3)*	USD300,000,000.00	1 February 2019	3 years	2,010,750,000.00	2,092,860,000.00	326,245,000.00	–	101,473,892.61	110,413,870.97	37,246,304.22	–	(135,390,000.00)	1,631,225,000.00
20 Luanchuan Molybdenum MTN001 *(Note 4)*	1,000,000,000.00	28 May 2020	5 years	1,000,000,000.00	–	–	1,000,000,000.00	25,084,931.50	–	25,084,931.50	–	–	1,000,000,000.00
Total				6,010,750,000.00	5,092,860,000.00	326,245,000.00	1,000,000,000.00	253,758,824.11	237,613,870.97	132,450,687.77	2,000,000,000.00	(135,390,000.00)	3,631,225,000.00

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (Continued)

(2) Changes in bonds payable (Continued)

Note 1: The Company issued medium-term notes with a total par value of RMB2 billion (referred to: 16 Luanchuan Molybdenum MTN001) on 17 March 2016; and the relevant bonds are permitted to trade and circulate on the National Inter-bank Bond Market. The proceeds from the issue of the medium-term financing bonds were used to supply the Company and its subsidiaries' working capital and repayment of bank borrowings. The annual interest rate of the medium-term notes is a fixed rate, 4.22% with a term of 5 years and the interest is paid once a year in the duration. See Note V. 30 for the details of interest payable.

Note 2: The Company issued corporate bonds with par value of RMB1,000,000,000.00 (19 CMOC 01) on 28 November 2019. The relevant bonds are permitted to trade and circulate on the National Inter-bank Bond Market. Proceeds from issuance of the bonds were used as supplement to working capital of the Company and its subsidiaries and repayment of bank loans. The bonds bear a fixed interest rate of 4.28% per annum, with maturity of 3 years. Relevant interest shall be paid once a year in the duration of bonds. Please refer to Note V. 30 for interest payable.

Note 3: The Company's subsidiary issued bonds in USD with par value of USD300,000,000.00 on 1 February 2019 (CMOC CAP B2202). Relevant bonds are issued in HKEX. Proceeds from issuance of the bonds were used for the Company's general operation, including but not limit to repayment of partial existing debts of the Company. The bonds bear a fixed interest rate of 5.45% per annum, with maturity of 3 years. Relevant interest shall be paid twice a year in the duration of bonds. USD50,000,000.00 has been repaid in advance in the current period. Please refer to Note V. 30 for interest payable.

Note 4: The Company issued medium-term notes with a total par value of RMB1 billion (20 Luanchuan Molybdenum MTN001) on 28 May 2020; and the relevant bonds are permitted to trade and circulate on the National Inter-bank Bond Market. The proceeds from the issue of the medium-term financing bonds were used to supply the Company and its subsidiaries' working capital and repayment of bank borrowings. The annual interest rate of the medium-term notes is a fixed rate, 4.20% with a term of 5 years and the interest is paid once a year in the duration. See Note V. 30 for the details of interest payable.

35. Lease liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Operating lease payables	**486,385,620.61**	359,398,855.63
Less: Lease liabilities included in non-current liabilities due within 1 year *(Note V. 31)*	**238,591,144.47**	85,427,664.45
Total	**247,794,476.14**	273,971,191.18

The Group is not exposed to significant liquidity risk related to lease liabilities.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term employee benefits payable

Unit: RMB

Item	31 December 2020	31 December 2019
1. Retirement benefits-net liability from defined benefit plan	**308,834,615.99**	227,754,812.25
2. Other long-term benefits		
– Long service leave *(Note)*	**12,908,135.09**	23,930,847.09
– Others	**2,054,965.03**	2,563,348.88
Total	**323,797,716.11**	254,249,008.22

Note: It represents liabilities relating to annual leave and long service leave accrued for employees by overseas companies of the Group, in which the portion expected to be paid within 12 months is accounted for in employee benefits payable.

37. Provisions

Unit: RMB

Item	31 December 2020	31 December 2019
Rehabilitation and asset abandonment cost *(Note 1)*	**2,449,197,248.22**	1,993,671,838.59
Lawsuit *(Note 2)*	**301,310,164.27**	501,499,725.11
Total	**2,750,507,412.49**	2,495,171,563.70

Note 1: The Group has the obligation of rehabilitation, environmental restoration and dismantling of related assets due to the environmental impact caused by mineral production and development activities. The management's best estimate of future economic benefits outflow generated from the above obligations is recognized as provision upon discounting. The above estimate is determined based on the industry practices and the current local laws and regulations, and significant changes in related laws and regulations may have a significant impact on the Group's estimate.

Note 2: The Group's Niobium-Phosphorus business in Brazil is facing with a series of local litigations and disputes related to tax matters, labors and other civil cases. When the relevant litigations are likely to lose and result in economic benefits outflow, the management of the Group estimate the amount of potential economic benefits outflow and make corresponding provisions.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income

Unit: RMB

Item	31 December 2020	31 December 2019
Refunds of land-transferring fees *(Note 1)*	**14,202,410.30**	14,587,996.10
R & D subsidies *(Note 2)*	**3,000,000.00**	3,000,000.00
Demonstration base project subsidies *(Note 2)*	**40,861,740.00**	47,866,609.80
Comprehensive tax and industrialization award for large-scale tungsten associated copper rhenium	**1,200,000.00**	1,200,000.00
Subsidy for the closure of Luchanggou Tailing	**1,230,000.00**	1,230,000.00
Others	**93,333.32**	120,644.00
Total	**60,587,483.62**	68,005,249.90

Note 1: It represents the refunds of land-transferring fees received by the Group, which is included in deferred revenue, and amortized in the period of land use with the straight-line method.

Note 2: It represents the special funds for major science and technology of Henan Province, the special funds for mineral resources conservation and comprehensive utilization and the subsidies for the central mineral resources comprehensive utilization demonstration base received by the Group, which are to be used for the study of key technologies for molybdenum-tungsten dressing and deep processing, included in deferred income, and recognized as an other income in the future when related technology research costs are incurred.

Projects related to government grants:

Unit: RMB

Item of liabilities	1 January 2020	Increase in the year	Recorded in other income	31 December 2020	Related to assets/ income (Note)
Deferred income-subsidies for low-grade scheelite demonstration project	47,866,609.80	–	7,004,869.80	40,861,740.00	Related to assets
Subsidies of the return of Nannihu land premium	14,587,996.10	–	385,585.80	14,202,410.30	Related to assets
Special funds for comprehensive utilization of 3,000 tons/day Molybdenum selection tailings	3,000,000.00	–	–	3,000,000.00	Related to assets
Comprehensive tax and industrialization award for large-scale tungsten associated copper rhenium	1,200,000.00	–	–	1,200,000.00	Related to assets
Subsidies for installation of heavy metal automatic monitoring facilities	20,644.00	–	20,644.00	–	Related to assets
Subsidy for closing Luchanggou Tailing	1,230,000.00	–	–	1,230,000.00	Related to assets
Construction of Heluo Craftman Workshop	100,000.00	–	6,666.68	93,333.32	Related to assets
Total	68,005,249.90	–	7,417,766.28	60,587,483.62	

Note: For the government grants to be received by the Company, it will be divided to asses-related government grants and income-related government grants according to the definition and requirements by the government. For those not clearly defined by the government documents, the Company will make judgment according to whether it can form assets or not.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other non-current liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Principal, interest and others payable to third parties	**1,046,323.63**	2,307,688.45
Production progress fees payable to Gécamines *(Note 1)*	**32,624,500.00**	69,762,000.00
Deferred management bonus *(Note 2)*	**16,910,700.78**	46,250,434.05
Share-based payments *(Note 3)*	**152,383,326.69**	119,631,887.87
Receipts in advance under gold streaming transaction *(Note 4)*	**3,484,632,889.76**	–
Others	**111,999.91**	189,508.47
Total	**3,687,709,740.77**	238,141,518.84

Note 1: In accordance with the mining agreement entered into between the Group and Gécamines, Gécamines needs to charge TFM production progress fees. As at 31 December 2020, the outstanding payment is USD5 million; according to TFM's production plan, the remaining amount is expected to be paid after 2021.

Note 2: It represents the management bonus determined before IXM becoming a subsidiary of the Group. The closing balance will be paid by installment in two years, of which, the portion expected to be paid within 12 months is presented under employee benefits payable.

Note 3: Since 2018, IXM announced a cash-settled share-based payment plan (Phantom Equity Retention Plan, "PERP") which will be exercised in five years and a cash-settled share-based payment plan (Phantom Equity Participant Plan, "PEPP") which will be exercised in four years, respectively. Both PERP and PEPP vested 25% per annum during the period from 2020 to 2023, and will be expired in 2029. Vesting conditions of PERP are mainly related to the net assets of IXM and employees' personal performance, while requiring employees continuing employment with IXM; Vesting conditions of PEPP are mainly related to requirement for continuing employment with IXM. In 2020, other non-current liabilities related to PERP and PEPP amounting to RMB120,559,262.27 and RMB31,824,064.42 were recognized respectively.

Note 4: It represents the receipts in advance under gold streaming transaction. Refer to Note V. 27 for details.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Share capital

As at 31 December 2020, the Company issues 21,599,240,583 shares, the par value of the Company's share is RMB0.2 per share, and the total capital stock is RMB4,319,848,116.60. The structures and types of shares are shown as follow:

Unit: shares

			Changes for the year				
	Shares at 1 January	Shares at 31 December	Issuing new shares	Bonus	Capitalization of surplus reserve	Others (Note)	Sub-total
2020 and 2019							
I. Shares restricted for trading							
1. Shareholding of state-own legal-person	–	–	–	–	–	–	–
2. Other domestic-owned shares	–	–	–	–	–	–	–
Total amount of shares restricted for trading	–	–	–	–	–	–	–
II. Unrestricted trading shares							
1. Ordinary shares denominated in RMB	17,665,772,583	–	–	–	–	–	17,665,772,583
2. Foreign-owned shares listed overseas	3,933,468,000	–	–	–	–	–	3,933,468,000
Total amount of unrestricted trading shares	21,599,240,583	–	–	–	–	–	21,599,240,583
III. Total amount of shares	21,599,240,583	–	–	–	–	–	21,599,240,583

41. Capital reserve

Unit: RMB

Item	1 January 2020	Increase in the year	Decrease in the year	31 December 2020
2020:				
Total capital premium	**27,582,794,983.23**	**–**	**–**	**27,582,794,983.23**
Including: Capital invested by investors	**27,580,672,943.23**	**–**	**–**	**27,580,672,943.23**
Others	**2,122,040.00**	**–**	**–**	**2,122,040.00**
Total	**27,582,794,983.23**	**–**	**–**	**27,582,794,983.23**

Item	1 January 2020	Increase in the year	Decrease in the year	31 December 2020
2019:				
Total capital premium	27,582,794,983.23	–	–	27,582,794,983.23
Including: Capital invested by investors	27,580,672,943.23	–	–	27,580,672,943.23
Others	2,122,040.00	–	–	2,122,040.00
Total	27,582,794,983.23	–	–	27,582,794,983.23

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Treasury shares

Unit: RMB

Item	1 January 2020	Increase in the year	Decrease in the year	**31 December 2020**
Repurchase of treasury shares	–	193,840,466.48	–	**193,840,466.48**
Total	–	193,840,466.48	–	**193,840,466.48**

Note: In the current year, as approved by the Board of Directors of the Company, the Company planned to repurchase A shares of the Company by way of centralized competitive bidding transactions for the implementation of the Share Incentive Scheme or Employee Share Ownership Scheme subsequently. As at 31 December 2020, the Company had repurchased a total of 48,513,287 shares by way of centralized competitive bidding. The relevant plan and details of the implementation of the Employee Share Ownership Scheme or the Share Incentive Scheme will be separately prepared by the Company and submitted to the Board of Directors and the Board of Shareholders for approval. If the Company fails to use the repurchased shares within 36 months after the completion of the share repurchase, the repurchased shares that have not been used will be cancelled in accordance with the relevant laws, regulations and policies.

43. Other comprehensive income

Unit: RMB

		Amount recognized in the current year						
Item	1 January 2020	Actual amount before income tax in the year	Less: amount previously included in other comprehensive income transferred into profit or loss	Less: income tax expense	After-tax amount attributable to owners of the parent company	After-tax amount attributable to minority shareholder	**Less: amount previously included in other comprehensive income transferred to the cost of long-term assets**	31 December 2020
I. Other comprehensive income that will not be reclassified to profit or loss	(23,817,452.15)	–	(980,635.00)	(29,210,113.06)	(3,963,511.18)	–	**(53,027,565.21)**	(34,154,259.24)
Including: Changes in fair value of other investments in equity instruments	(15,513,812.15)	–	8,734,088.19	(7,743,881.23)	–	–	**(23,257,693.38)**	990,206.96
Remeasurement of changes in defined benefit plans	(8,303,640.00)	–	(9,714,723.19)	(21,466,231.83)	(3,963,511.18)	–	**(29,769,871.83)**	(35,144,466.20)
II. Other comprehensive income that may be reclassified subsequently to profit or loss	(444,770,910.98)	(82,152,272.60)	(97,150,678.31)	(3,184,104,523.98)	(542,207,364.23)	(96,212,838.41)	**(3,532,662,596.55)**	(3,905,614,839.12)
Including: Cash flow hedge reserve	(190,158,096.05)	(82,152,272.60)	(97,150,678.31)	(1,318,514,045.16)	–	(96,212,838.41)	**(1,412,459,302.80)**	(1,497,816,996.07)
Other comprehensive income that may be reclassified to profit or loss under equity method	–	–	–	–	–	–	**–**	–
Translation differences of financial statements denominated in foreign	(254,612,814.93)	–	–	(1,865,590,478.82)	(542,207,364.23)	–	**(2,120,203,293.75)**	(2,407,797,843.05)
Total of other comprehensive income	(468,588,363.13)	(82,152,272.60)	(98,131,313.31)	(3,213,314,637.04)	(546,170,875.41)	(96,212,838.41)	**(3,585,690,161.76)**	(3,939,769,098.36)

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Special reserve

Unit: RMB

Item	1 January 2020	Increase in the year	Decrease in the year	31 December 2020
2020: Safety production expense	302,145.46	186,000,807.50	186,072,053.90	**230,899.06**
Total	302,145.46	186,000,807.50	186,072,053.90	**230,899.06**

Item	1 January 2019	Increase in the year	Decrease in the year	31 December 2019
2019: Safety production expense	3,038,386.94	163,424,044.33	166,160,285.81	302,145.46
Total	3,038,386.94	163,424,044.33	166,160,285.81	302,145.46

45. Surplus reserve

Unit: RMB

Item	1 January 2020	Increase in the year	Decrease in the year	31 December 2020
2020: Statutory surplus reserve *(Note)*	**1,286,827,000.91**	**8,772,050.63**	**–**	**1,295,599,051.54**

Item	1 January 2019	Increase in the year	Decrease in the year	31 December 2019
2019: Statutory surplus reserve *(Note)*	1,160,396,190.21	126,430,810.70	–	1,286,827,000.91

Note: In accordance with the related laws and regulations of the PRC, the Company appropriated the statutory surplus reserve at 10% of the net profit of 2020, which amounted to RMB8,772,050.63 (2019: RMB126,430,810.70).

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Retained profits

Unit: RMB

Item	31 December 2020	31 December 2019
Retained profits at the end of current year	**8,081,590,250.78**	8,682,123,314.63
Add: Net profit attributable to shareholders of the parent company for the year	**2,328,787,511.92**	1,857,014,210.98
Transferred from other comprehensive income	**–**	44,800,000.00
Less: Appropriation to statutory surplus reserve *(Note 1)*	**8,772,050.63**	126,430,810.70
Ordinary stock dividends payable *(Note 2)*	**928,767,346.11**	2,375,916,464.13
Retained profits at the end of current year	**9,472,838,365.96**	8,081,590,250.78

Note 1: Refer to Note V.45 for details.

Note 2: Cash dividend has been approved in annual general meeting of shareholders of the year.

As resolved at the Company's 2019 annual general meeting of shareholders on 12 June 2020, the Company distributed to all shareholders cash dividends of RMB0.43 per 10 shares, RMB928,767,346.11 in total (2019: RMB2,375,916,464.13).

Note 3: Profit distribution declared after the balance sheet date.

According to a proposal of the board of directors, on the basis of 21,550,727,296 issued shares (net of the number of shares in the Company's dedicated repurchase account) (with the par value of RMB0.2 per share), dividends in cash of RMB0.33 for every ten shares (2019: RMB0.43 for every ten shares) will be distributed to all the shareholders.

47. Operating income and operating costs

(1) Operating income (by category):

Unit: RMB

	2020		2019	
Item	Revenue	Costs	Revenue	Costs
Principal operating activities	**112,550,537,600.57**	**104,199,556,748.87**	68,473,937,938.91	65,411,048,279.05
Including: Sales of goods	**18,480,803,844.28**	**13,585,812,784.98**	19,297,085,807.79	14,756,114,519.74
Metal trading	**94,069,733,756.29**	**90,613,743,963.89**	49,176,852,131.12	50,654,933,759.31
Other operating activities	**430,481,023.98**	**336,449,908.84**	202,627,069.88	194,643,397.35
Including: Income from hotel services	**52,313,733.27**	**41,955,041.45**	65,879,624.30	47,753,389.08
Other income	**378,167,290.71**	**294,494,867.39**	136,747,445.58	146,890,008.27
Total	**112,981,018,624.55**	**104,536,006,657.71**	68,676,565,008.79	65,605,691,676.40

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Operating income and operating costs (Continued)

(2) *Principal operating activities (by products)*

Unit: RMB

	2020		2019	
Name of products	**Operating income**	**Operating costs**	Operating income	Operating costs
Molybdenum, tungsten and related products	**3,550,860,438.37**	**2,225,528,480.14**	4,505,451,936.38	2,127,804,615.84
Niobium related products	**2,817,176,587.00**	**1,665,558,572.28**	2,266,737,876.53	1,462,542,498.12
Phosphorus related products	**2,378,092,057.58**	**2,031,945,616.41**	2,832,467,143.61	2,294,591,570.59
Copper, cobalt and related products	**8,294,366,471.14**	**6,642,681,663.76**	8,331,866,319.98	7,818,073,933.04
Copper, gold and related products	**1,436,122,875.79**	**1,015,888,358.55**	1,322,524,050.21	1,030,953,199.21
Concentrates metal trading	**39,155,090,529.66**	**36,172,326,227.21**	13,806,496,826.50	15,344,493,459.78
Refined metal trading	**54,914,643,226.63**	**54,441,417,736.68**	35,370,355,304.62	35,310,440,299.53
Others	**4,185,414.40**	**4,210,093.84**	38,038,481.08	22,148,702.94
Total	**112,550,537,600.57**	**104,199,556,748.87**	68,473,937,938.91	65,411,048,279.05

(3) *Performance obligations*

Sales of goods and metal business:

The Group sells mineral products including molybdenum, tungsten, niobium, phosphorus, copper, cobalt and gold, and copper, lead and zinc concentrates, refined metals, aluminum and other secondary metals to customers. In general, contracts on sales of relevant products solely contain one performance obligation, i.e., delivery of goods. The consideration for sales of products is determined based on the fixed price in the sales contract or temporary pricing arrangement. Revenue is recognized upon transfer of control to the client. Revenue from sales in the temporary pricing arrangement is recognized based on the fair value of products upon recognition of sales. Subsequent changes in the fair value of accounts receivable is included in revenue from sales of goods.

In the meanwhile, the Group carries out business by receipts in advance or sales on credit based on credit status of counterparties.

Income from hotel services:

The Group renders services to clients based on its own hotels, relevant revenue is recognized in the period when clients receives and consumes relevant services.

Other income:

The Group also provides customers with ancillary services including diesel and electricity, and receives revenue. Relevant revenue is recognized in the period when the customer obtains and consumes the goods.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Taxes and levies

Unit: RMB

Item	**2020**	2019	**Basis of calculation**
Urban maintenance and construction tax	**10,372,289.73**	19,393,888.81	*Note IV*
Education surcharges	**6,102,854.44**	11,499,712.76	*Note IV*
Resource tax and royalties of mineral rights	**765,956,244.01**	680,177,121.92	*Note IV*
Others	**109,790,355.18**	101,645,478.68	
Total	**892,221,743.36**	812,716,202.17	

49. Selling expenses

Unit: RMB

Item	**2020**	2019
Salary, bonus and allowances	**15,403,534.56**	27,735,977.82
Entertainment expenditures	**1,582,401.08**	2,274,749.37
Traveling expense	**757,219.97**	4,791,553.98
Market consulting fee	**33,934,231.33**	33,465,633.07
Others	**21,779,187.65**	22,389,759.56
Total	**73,456,574.59**	90,657,673.80

50. Administrative expenses

Unit: RMB

Item	**2020**	2019
Salary, bonus and allowances	**627,343,187.10**	538,014,474.10
Depreciation and amortization	**180,910,327.41**	159,654,092.85
Consulting and agency fees	**192,028,755.89**	174,987,696.26
Entertainment expenditures	**23,915,821.90**	34,877,757.06
Insurance costs	**95,368,388.77**	98,527,971.16
Traveling expense	**19,128,086.18**	42,909,602.78
Rent	**6,034,021.97**	5,066,108.09
Compensation fees for water and soil conservation	**9,000,000.00**	–
Others	**176,577,659.69**	179,658,806.96
Total	**1,330,306,248.91**	1,233,696,509.26

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Financial expenses

Unit: RMB

Item	2020	2019
Interest expenses on bonds	**314,783,571.47**	229,441,618.42
Discount interest of notes receivables	**26,386,286.16**	15,287,693.50
Interest expenses on lease liabilities	**45,979,250.72**	16,804,328.07
Bank loans interest expenses	**1,343,142,882.53**	1,578,693,657.32
Gold streaming projects financing	**57,427,470.99**	–
Total interest expenses	**1,787,719,461.87**	1,840,227,297.31
Less: Interest income	**691,961,398.68**	929,942,890.97
Exchange differences	**24,945,211.92**	(54,028,588.95)
Gold lease charges	**41,545,555.28**	82,099,619.58
Returns paid to BHR shareholders *(Note)*	**–**	142,003,384.79
Others	**161,014,545.83**	170,478,980.41
Total	**1,323,263,376.22**	1,250,837,802.17

Note: As described in Note I. 2.3, on 20 January 2017, the Group entered into a framework agreement for cooperation with BHR and its investors, acquired the control of BHR and its accessary assets based on the agreed control, and in the meanwhile promised to grant BHR's investors with returns for exit at a fixed rate per annum in corresponding period. Financial expenses were accrued based on the agreed returns. Such transaction has been completed on 27 September 2019.

52. Other income

Unit: RMB

Item	2020	2019	Related to assets / Related to income
Government subsidies for stabilizing job posts	**2,471,279.17**	1,669,315.00	Related to income
Nannihu land transfer compensation	**385,585.80**	385,585.80	Related to assets
Deferred income-subsidies for low-grade scheelite demonstration project	**7,004,869.80**	7,006,785.74	Related to assets
Rewards for research and development	**4,198,000.00**	4,000,000.00	Related to income
Subsidy for installation of heavy metal monitoring facility	**20,644.00**	24,772.80	Related to assets
Special manufacturing development fund	**500,000.00**	–	Related to income
Tax refunds	**12,624,000.30**	–	Related to income
High-tech enterprise incentives	**510,000.00**	–	Related to income
Sinosure fiscal support fund	**3,000,000.00**	3,000,000.00	Related to income
Personal tax charges refunded by tax authorities	**1,128,738.24**	367,715.56	Related to income
Rental incentives	**5,071,524.92**	–	Related to income
Construction of Heluo Craftman Workshop	**6,666.68**	–	Related to assets
Others	**1,260,695.32**	840,378.45	Related to income
Total	**38,182,004.23**	17,294,553.35	

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Investment income

(1) *Details of investment income*

Unit: RMB

Item	2020	2019
Income from long-term equity investments under equity method	**(11,735,678.34)**	21,744,539.34
Gains on re-measurement of the fair value of the original long-term equity investment upon the acquisition of the remaining equity in the joint venture *(Note VI.2)*	**–**	52,605,210.42
Investment income from held-for-trading financial assets during the hold period *(Note V. 2)*	**108,218,667.59**	–
Investment income from other non-current financial assets during the hold period *(Note V. 12)*	**209,536,295.89**	55,879,547.61
Investment income on disposal of held-for-trading financial assets	**11,312,868.18**	23,305,635.62
Investment income on disposal of other non-current financial assets *(Note V. 12)*	**91,483,263.75**	41,094,495.15
Total	**408,815,417.07**	194,629,428.14

(2) *Gains (losses) from long-term equity investments under equity method:*

Unit: RMB

Investee	2020	2019	Reasons for change between this year and last year
Yulu Mining	**89,581,292.97**	120,225,172.69	The changes in profits of the invested company
Luoyang Shenyu	**1,438,672.59**	8,331.56	The changes in profits of the invested company
High-tech	**–**	(1,029,553.31)	The changes in profits of the invested company
Huan Yu	**(104,275,535.62)**	(61,228,247.67)	The changes in profits of the invested company
Natural Resources Investment Fund	**(27,790.93)**	(33,049,846.78)	The changes in profits of the invested company
You Qing	**2,923,706.58**	(1,500,000.00)	The changes in profits of the invested company
Beijing Youhong	**(48,271.57)**	–	The changes in profits of the invested company
Tongxiang Huaang	**(132,418.43)**	–	The changes in profits of the invested company
Walvis Bay	**3,350,758.62**	(1,573,631.88)	The changes in profits of the invested company
Huayue Nickel Cobalt	**(4,546,092.55)**	(107,685.27)	The changes in profits of the invested company
Total	**(11,735,678.34)**	21,744,539.34	The changes in profits of the invested company

There are no significant restrictions on remittance of investment income.

Investment income for both current and prior years is generated from the listed and unlisted entities.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Gains (losses) from changes in fair value

Unit: RMB

	2020	2019
Sources resulting in gains (losses) from changes in fair values:		
(Losses) Gains from changes in fair value of derivative financial instruments	**(2,647,321,593.57)**	2,286,536,445.42
Losses from changes in fair values of gold lease and forward contract measured at fair value *(Note V. 23)*	**(3,958,036.25)**	(12,587,765.71)
(Losses) Gains from changes in fair value of consumable biological assets *(Note V. 8)*	**(9,404,961.04)**	4,029,238.41
Losses on changes in fair value of the contingent consideration for the acquisition of Congo (DRC) copper-cobalt business *(Note V. 23)*	**–**	(38,551,625.73)
Gains from the changes in the fair value of other non-current financial assets at FVTPL	**744,377,606.01**	457,916,159.20
Losses from the changes in the fair value of floating- rate foreign currency loan contract, forward foreign exchange contracts and forward rate swaps contracts measured at fair value *(Note V. 23)*	**–**	(10,879,956.62)
Gains from changes in fair value of structured deposits	**(76,831.34)**	14,194,897.26
Gains from changes in fair value of other held-for-trading financial assets	**448,495.10**	3,200,162.95
Total	**(1,915,935,321.09)**	2,703,857,555.18

55. Gains (losses) from credit impairment

Unit: RMB

Sources of credit impairment	**2020**	2019
Gains (losses) from credit impairment of notes receivable	**1,660,784.68**	(716,086.02)
Gains (losses) from credit impairment of accounts receivable	**10,063,183.80**	(4,612,888.56)
Gains from credit impairment of other receivables	**2,579.55**	747,670.57
Losses from credit impairment of other non-current assets	**–**	(1,729,925.00)
Total	**11,726,548.03**	(6,311,229.01)

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Gains (losses) from assets impairment

Unit: RMB

Item	2020	2019
Losses on decline in value of inventories	**(6,817,008.24)**	(23,105,675.00)
Impairment losses on fixed assets	**(11,823,927.14)**	(15,140,391.61)
Impairment losses on goodwill	**(228,167,835.22)**	–
Total	**(246,808,770.60)**	(38,246,066.61)

57. Non-operating income

(1) Details of non-operating income:

Unit: RMB

Item	2020	2019
Government grants	**50,076.53**	3,608,926.28
Bargain purchase arising from business combination not involving enterprises under common control	**–**	133,096,178.59
Liquidated damages	**–**	20,616,623.88
Others	**14,644,820.97**	13,066,153.58
Total	**14,694,897.50**	170,387,882.33

(2) Details of major government grants

Unit: RMB

Item	2020	2019	Related to assets/ Related to income
Policy rewards for private economy	**–**	2,500,000.00	Related to income
Others	**50,076.53**	1,108,926.28	Related to income
Total	**50,076.53**	3,608,926.28	

58. Non-operating expenses

Unit: RMB

Item	2020	2019
Losses	**61,378,872.64**	–
External donations	**12,200,813.25**	27,034,716.52
Others	**12,173,751.07**	6,507,537.19
Total	**85,753,436.96**	33,542,253.71

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Income tax expenses

Unit: RMB

Item	2020	2019
Current tax expenses calculated according to tax laws and relevant requirements	**1,395,116,370.32**	1,142,310,827.87
Differences arising on settlement of income tax for the previous year	**10,823,794.74**	(6,609,658.92)
Adjustments to deferred income tax	**(1,008,290,917.97)**	(543,101,082.88)
Total	**397,649,247.09**	592,600,086.07

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	2020	2020
Accounting profit	**2,876,289,792.11**	2,358,448,463.92
Income tax expenses calculated at 15% (2019: 15%)	**431,443,468.82**	353,767,269.59
Tax impact of non-deductible expenses	**53,423,213.58**	291,427,986.65
Tax impact of tax free income/extra deductible expense	**(182,176,709.96)**	(159,302,560.88)
Tax impact of using previously unrecognized deductible losses and deductible temporary differences	**(3,419,885.51)**	(1,811,160.89)
Tax impact of unrecognized deductible loss and deductible temporary difference	**10,341,802.01**	7,751,430.48
Exchange rate impact of non-currency monetary items and corporate restructuring for tax purpose (Notes V.20, Note 2 and Note 4)	**83,316,340.02**	(40,610,962.01)
Deductible losses arising from tax return *(Note V.20, Note 2)*	**(78,271,468.74)**	(36,347,770.47)
Impact of different tax rate in subsidiaries in other jurisdictions	**90,386,628.78**	142,645,522.31
Difference arising on settlement of income tax for the previous years	**10,823,794.74**	(6,609,658.92)
Tax for registered capital *(Note)*	**24,814,801.07**	8,051,598.58
Changes in deferred income tax due to changes in tax rate	**(43,032,737.72)**	33,638,391.63
Total	**397,649,247.09**	592,600,086.07

Note: It represents the income tax paid based on the proportion of the registered capital under the tax law in Switzerland by IXM, the Group's subsidiary.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Calculation process of basic earnings per share and diluted earnings per share

For the purpose of calculating basic earnings per share, net profit for the current attributable to ordinary shareholders is as follows:

Unit: RMB

	2020	2019
Net profit attributable to ordinary shareholders for the current year	**2,328,787,511.92**	1,857,014,210.98

In calculating the basic earnings per share, the denominator is the weighted average number of the issued and outstanding ordinary shares and its calculation process is as follows:

	2020	2019
Number of ordinary shares issued at the beginning of year	**21,599,240,583**	21,599,240,583
Less: Weighted average number of ordinary shares repurchased during the year	**8,085,548**	–
Weighted average number of ordinary shares issued at the end of year	**21,591,155,035**	21,599,240,583

Earnings per share:

Unit: RMB

	2020	2019
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	**0.11**	0.09
Diluted earnings per share	**N/A**	N/A

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Notes to the cash flow statements

(1) *Other cash received relating to operating activities*

Unit: RMB

Item	2020	2019
IXM's receipts of settlement on investment income from derivative financial instruments	**385,058,780.70**	3,794,308,689.19
Receipts of interest income	**290,437,381.99**	855,855,351.20
Receipts of compensative assets	**37,005,706.51**	43,443,739.57
Receipts of government grants	**45,459,135.45**	13,167,409.01
Cash receipts from gold streaming transactions	**3,594,843,466.04**	–
Others	**81,164,498.37**	46,482,794.05
Total	**4,433,968,969.06**	4,753,257,983.02

(2) *Other cash payments relating to operating activities*

Unit: RMB

Item	2020	2019
IXM's payments of deposits for derivative financial instruments	**1,525,265,058.15**	1,143,247,916.44
Payments for consulting fee, technology development fee and transportation fee, etc.	**535,208,890.45**	762,691,974.45
Payments of bank charges and consulting fees	**32,295,818.04**	28,807,240.06
Payments of donations and penalty, etc.	**24,374,564.32**	33,542,253.71
Mining production progress fund	**37,137,500.00**	–
Cash payments for gold streaming transactions	**70,860,158.70**	–
Others	**74,433,137.26**	61,623,762.77
Total	**2,299,575,126.92**	2,029,913,147.43

(3) *Cash receipts from disposals and recovery of investments*

Unit: RMB

Item	2020	2019
Cash receipts from withdrawal of bank structured deposits and wealth investment products of other financial institutions	**14,381,294,771.73**	3,826,228,265.13
Cash receipts from repayments of borrowings	**–**	–
Cash receipts from withdrawal of investment in other equity instruments	**–**	456,000,000.00
Cash receipts from withdrawal of other non-current financial assets	**446,773,166.80**	494,480,682.75
Cash receipts from settlement of derivative instruments	**–**	7,467,840.94
Total	**14,828,067,938.53**	4,784,176,788.82

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Notes to the cash flow statements (Continued)

(4) *Other cash receipts relating to investing activities*

Unit: RMB

Item	2020	2019
Cash receipts from repayments of third parties and related parties	**2,491,976,308.57**	3,009,624,827.50

(5) *Cash payments to acquire investments*

Unit: RMB

Item	2020	2019
Cash payments of purchasing bank structured deposits and wealth investment products of other financial institutions	**15,398,574,543.13**	4,590,059,937.11
Cash payments of purchasing non-current financial assets	**368,774,016.35**	397,893,496.38
Cash payments of settlement derivative financial instrument	**160,299,765.18**	105,829,569.96
Cash payments for capital increase in long-term equity investments	**212,279,664.89**	–
Cash payments for investment in You Qing	**–**	1,500,000.00
Total	**16,139,927,989.55**	5,095,283,003.45

(6) *Other cash payments relating to investing activities*

Unit: RMB

Item	2020	2019
Cash payments for loans to third parties	**–**	17,843,254.65
Cash payments for loans to related parties	**414,831,595.86**	255,627,445.55
Cash payments for loans to suppliers	**2,480,172,743.01**	1,973,710,502.33
Deposits of derivative financial instruments	**194,572,518.00**	–
Investments in other equity instruments	**1,000.83**	–
Total	**3,089,577,857.70**	2,247,181,202.53

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Notes to the cash flow statements (Continued)

(7) *Other cash receipts relating to financing activities*

Unit: RMB

Item	2020	2019
Cash receipts from gold lease business	**3,715,446,908.04**	2,903,278,100.00
Total	**3,715,446,908.04**	2,903,278,100.00

(8) *Other cash payments relating to financing activities*

Unit: RMB

Item	2020	2019
Cash paid for gold leasing business	**3,914,440,350.00**	5,280,258,150.00
Commission charge related to gold leasing business and guarantee fees related to loans	**64,339,505.21**	104,893,569.51
Cash payments for the settlement of floating-rate foreign currency loan contracts and forward foreign exchange contracts and forward interest rate swaps contracts	**–**	701,997,422.67
Borrowing guarantee deposit and arrangement fee	**128,718,727.79**	110,673,543.53
Acquisition of minority interests	**–**	3,225,704,000.00
Cash payments of lease liabilities	**280,357,019.59**	90,439,355.75
Fixed remuneration paid to BHR shareholders	**–**	142,003,386.65
Repurchase of treasury shares	**193,840,466.48**	–
Others	**136,573,442.45**	11,071,616.98
Total	**4,718,269,511.52**	9,667,041,045.09

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	2020	2019
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**2,478,640,545.02**	1,765,848,377.85
Add: Provision for impairment on assets	**246,808,770.60**	38,246,066.61
Provision for credit impairment (gains are filled in column with "-")	**(11,726,548.03)**	6,311,229.01
Depreciation of fixed assets	**2,473,238,791.33**	2,247,156,896.65
Amortization of right-of-use assets	**194,815,254.41**	107,137,679.89
Amortization of intangible asset	**1,634,814,788.34**	1,351,400,027.73
Amortization of long-term prepaid expenses	**32,065,353.38**	26,607,815.76
Losses on disposal of fixed assets, intangible assets and other long-term assets	**812,670.82**	64,265,650.01
Losses on changes in fair value	**2,300,994,101.79**	1,090,451,134.01
Financial expenses	**1,581,404,940.17**	2,077,885,913.31
Investment income	**(408,815,417.07)**	(194,629,428.14)
Increase in deferred tax assets	**(2,036,416,622.92)**	(570,297,759.70)
Increase in inventories	**(1,893,846,511.90)**	(2,738,129,651.59)
Decrease in receivables from operating activities (increase is filled in column with "-")	**(3,260,304,355.77)**	(1,110,585,810.00)
Increase in payables from operating activities (decrease is filled in column with "-")	**5,344,752,679.40**	(2,314,488,338.12)
Increase in provisions (decrease is filled in column with "-")	**(238,674,669.33)**	897,645.00
Amortization of deferred income	**(7,417,766.28)**	(7,417,144.34)
Increase in special reserve (decrease is filled in column with "-")	**(71,246.40)**	(2,736,241.48)
Bargain purchase arising from business combination not involving enterprises under common control	**–**	(133,096,178.59)
Losses on retirement of fixed assets	**61,378,872.64**	–
Net cash flow from operating activities	**8,492,453,630.20**	1,704,827,883.87
2. Significant investing and financing activities that do not involving cash:		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**11,448,950,438.25**	12,392,247,511.85
Less: Opening balance of cash	**12,392,247,511.85**	23,240,703,274.03
Add: Closing balance of cash equivalents	**–**	–
Less: Opening balance of cash equivalents	**–**	–
Net decrease in cash and cash equivalents	**(943,297,073.60)**	(10,848,455,762.18)

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Supplementary information to the cash flow statement (Continued)

(2) Constitution of cash and cash equivalents

Unit: RMB

Item	31 December 2020	31 December 2019
1. Cash	**11,448,950,438.25**	12,392,247,511.85
Including: Cash on hand	**756,268.21**	980,374.15
Bank deposits always available for payment	**11,448,194,170.04**	12,391,267,137.70
Other monetary funds always available for payment	**–**	–
2. Cash equivalents	**–**	–
3. Closing balance of cash and cash equivalents	**11,448,950,438.25**	12,392,247,511.85

Cash and cash equivalents exclude restricted cash and cash equivalents of the Company and subsidiaries within the Group and cash and bank balances due over 3 months.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance denominated in foreign currency in 2020	Exchange rate	Closing balance of foreign currency translated into RMB in 2020
Monetary funds			525,310,542.27
Including: RMB	296,674,541.95	1.0000	296,674,541.95
USD	8,404,090.93	6.5249	54,835,852.91
EUR	798,217.66	8.0250	6,405,696.76
HKD	7,347,741.22	0.8416	6,183,859.01
CAD	1,207,139.61	5.1161	6,175,846.98
AUD	9,461,797.57	5.0163	47,463,215.16
BRL	57,632,704.27	1.2537	72,254,121.35
GBP	2,032,986.52	8.8903	18,073,860.05
SGD	186,854.26	4.9314	921,453.10
CDF	747,461,237.52	0.0033	2,474,427.71
ZAR	27,454,979.41	0.4458	12,239,954.92
AED	2,584.50	1.7761	4,590.33
CHF	72,419.02	7.4006	535,944.19
CLP	7,647,041.00	0.0092	70,182.41
MXN	1,287,063.39	0.3278	421,899.38
NAD	128,759.29	0.4444	57,220.63
PEN	115,006.70	1.8127	208,472.64
PLN	18,353.55	1.7520	32,155.42
TRY	313,734.72	0.8837	277,247.37
Short-term borrowings			380,652,992.21
Including: USD	30,000,000.00	6.5249	195,747,000.00
MXN	154,039,924.38	0.3278	50,494,287.21
PEN	74,150,000.00	1.8127	134,411,705.00
Long-term borrowings			707,360,751.80
Including: RMB	700,000,000.00	1.0000	700,000,000.00
PEN	4,060,656.37	1.8127	7,360,751.80
Non-current liabilities due within one year			19,580,016.13
Including: PEN	10,801,575.62	1.8127	19,580,016.13

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Foreign currency monetary items (Continued)

(2) Functional currency for significant overseas operations

Name of subsidiaries	The main operating location abroad	Functional currency	Basis of choice
COMC Brazil	Brazil	USD	According to the primary economic environment
CMOC Mining	Australia	USD	According to the primary economic environment
CMOC Mining Services	Australia	AUD	According to the primary economic environment
TFM	Congo (DRC)	USD	According to the primary economic environment
Purveyors South Africa Mine Services			
CMOC ("CMOC South Africa")	Republic of South Africa	USD	According to the primary economic environment
IXM Holding SA	Switzerland	USD	According to the primary economic environment

64. Hedges

Cash flow hedges

Interest rate swaps contracts

The Group enters into interest rate swaps contracts to mitigate the cash flow risk arising from its floating-rate borrowings, i.e., some of the floating-rate borrowings are converted into fixed-rate borrowings. The Group designated the acquired interest rate swaps contracts as hedging instrument, and the critical terms of these interest rate swaps contracts are similar to those of the borrowings. The Group determines the quantitative proportion between hedging instrument and the items hedged is 1:1 through qualitative analysis, and therefore, considers them to be highly effective.

At the balance sheet date, the loss arising from the changes in fair value of cash flow hedging instruments recognized in the other comprehensive income is RMB204,384,664.17 (2019: RMB182,283,523.58), and is expected to be transferred gradually to the income statement within 35 months after the balance sheet date.

During the year, the Group reclassified from other comprehensive income to profit or loss to cause a loss in the amount of RMB82,152,272.60 (2019: gain of RMB12,122,214.50).

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Hedges (Continued)

Cash flow hedges (Continued)

Forward exchange contracts and exchange rate option contracts

The Group applies forward foreign exchange contracts and exchange rate option contracts to reduce the cash flow risk of exchange rate fluctuations on the capital expenditure of its subsidiaries in Brazil. The Group designates a portion of the BRL forward foreign exchange contracts and option contracts purchased in 2020 as hedging instruments, which expire and are settled in 2020 and 2021, respectively. The Group applies ratio analysis to evaluate the effectiveness of the hedges and considered them to be highly effective. The amount of hedge ineffectiveness recognized during the year was not material.

As at the balance sheet date, the loss arising from the changes in fair value of cash flow hedging instruments recognized in the other comprehensive income amounted to RMB155,862,707.29 (2019: Nil).

During the year, the Group transferred the amount of cash flow hedge reserve recognized from other comprehensive income to the original cost of fixed assets amounted to RMB96,212,838.41 (2019: Nil).

Commodity futures contracts

The Group engages in the business of mining and selling copper products and is exposed to cash flow risk arising from changes in the copper price for the copper products it expects to sell. Therefore, the Group uses copper futures contracts to reduce the cash flow risk arising from changes in the commodity prices of copper products expected to be sold. The refined copper produced and sold by the Group is the same as the refined copper corresponding to the copper futures contracts. The Group determines the quantitative proportion between hedging instrument and the items hedged is 1:1 through qualitative analysis, and therefore, considers them to be highly effective.

As at the balance sheet date, the loss arising from the changes in fair value of cash flow hedging instruments recognized in other comprehensive income amounted to RMB1,144,405,402.19 (2019: Nil).

During the year, the Group had no amounts reclassified from other comprehensive income to profit or loss (2019: Nil).

Fair value hedges

Refined copper futures contracts

The Group applies refined copper futures contracts to hedge its exposure to price fluctuations in refined copper inventories. The Group determines the quantitative proportion between hedging instrument and the items hedged is 1:1 through qualitative analysis, and therefore, considers them to be highly effective. As at the balance sheet date, inventories included RMB229,725,442.85 as hedged items in the fair value hedges.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Hedges (Continued)

Fair value hedges (Continued)

Hedging instruments

Key information on the Group's hedging instruments is as follows:

	31 December 2020 Book value of hedging instrument Liabilities	Items including hedging instruments as presented on the balance sheet
Cash flow hedges		
Interest rate risk – Interest rate swaps contracts	406,801,357.57	Non-current derivative financial liabilities
Exchange risk – Forward foreign exchange contracts and exchange rate option contracts	50,528,509.05	Derivative financial liabilities
Commodity price risk – Commodity futures contracts	1,121,182,277.29	Derivative financial liabilities and non-current derivative financial liabilities
Fair value hedges		
Commodity price risk – Commodity futures contracts	229,725,442.85	Derivative financial liabilities

(VI) CHANGE OF CONSOLIDATION SCOPE

1. Acquisition of subsidiaries

(1) *Acquisition of subsidiaries*

Unit: RMB

Acquiree	Date of equity acquisition	Cost on equity acquisition	Percentage of equity acquired *(%)*	Acquisition method	Acquisition date	Determination basis for the acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit (losses) of the acquiree from the acquisition date to the end of the period
Kisanfu copper-cobalt mine	11 December 2020	3,598,995,938.68	95%	By cash	11 December 2020	Transfer of control	–	(476,330.79)

Note: The Group acquired 100% shares of Jenny East Holdings Ltd. and Kisanfu Holdings Ltd. held indirectly by Freeport-McMoRan Inc. (Delaware) ("FCX") from FCX and the shares have been delivered on 11 December 2020, accordingly acquiring 95% shares of Phelps Dodge Congo S.A.R.L. indirectly and 95% equity in Congo (DRC) Kisanfu copper-cobalt mine. In the opinion of the management, the above transaction did not constitute a business acquisition and accordingly was deemed as an asset acquisition.

(VI) CHANGE OF CONSOLIDATION SCOPE (CONTINUED)

1. Acquisition of subsidiaries (Continued)

(2) Assets, liabilities and acquisition consideration of the acquiree on the acquisition date

Unit: RMB

	Kisanfu copper-cobalt mine
Fair value on the acquisition date	
Cash and bank balances	2,981,883.08
Prepayments	665,917.34
Other receivables	13,054,146.23
Current assets	**16,701,946.65**
Fixed assets	1,856,363.63
Intangible assets	3,779,476,028.48
Non-current assets	**3,781,332,392.11**
Sub-total of assets	**3,798,034,338.76**
Accounts payable	10,279,304.16
Employee benefits payable	16,763.03
Taxes payable	164,233.00
Other payables	–
Current liabilities	10,460,300.19
Sub-total of liabilities	**10,460,300.19**
Net assets	**3,787,574,038.57**
Less: Minority interests	188,523,072.73
Net assets acquired	3,599,050,965.84
Acquisition consideration – cash	3,599,050,965.84

2. Business combinations not involving enterprises under common control

(1) Business combinations not involving enterprises under common control occurred in 2019

Unit: RMB

Acquiree	**Date of equity acquisition**	**Cost on equity acquisition**	**Percentage of equity acquired** *(%)*	**Acquisition method**	**Determination basis for the acquisition date**	**Income of the acquiree from the acquisition date to the end of the period**	**Net profit (losses) of the acquiree from the acquisition date to the end of the period**
IXM Holding *(Note 1)*	24 July 2019	3,416,902,221.72	100.00%	By cash	Transfer of control	49,586,673,430.30	271,875,095.34
High-tech *(Note 2)*	14 May 2019	120,395,000.00	49.75%	By cash	Transfer of control	75,882,923.33	(5,828,254.11)
W-Source Holding Limited *(Note 3)*	18 November 2019	7,885.26	100.00%	By cash	Transfer of control	–	2,025,012.22

(VI) CHANGE OF CONSOLIDATION SCOPE (CONTINUED)

2. Business combinations not involving enterprises under common control (Continued)

(1) Business combinations not involving enterprises under common control occurred in 2019 (Continued)

Note 1: As at 24 July 2019, the Group completed the transfer of 100% equity in IXM Holding acquired from NSR, a wholly-owned subsidiary of Natural Resources Investment Fund. Pursuant to the agreed consideration and price adjustment terms in the acquisition agreements, the actual consideration for the acquisition amounted to USD496,448,700, equivalent to RMB3,416,902,221.72.

Note 2: High-tech is a joint venture of the Company, of which 50.25% equity was previously held by the Company (Note V. 10, Note 1). The Company signed an equity transfer agreement on 27 December 2018 with the other shareholder of High-tech, acquiring the rest of 49.75% equity in its possession at an acquisition price of RMB120,395,000.00. The acquisition was completed in May 2019, thus High-tech became a wholly-owned subsidiary of the Company.

Note 3: In November 2019, a wholly-owned subsidiary of the Group, CMOC Co., Ltd entered the equity transfer agreement with Newstride Limited, to acquire 100% equity in W-Source Holding Limited at a consideration of USD1,125.87. The acquisition was completed on 18 November 2019, thus W-Source Holding Limited became a wholly-owned subsidiary of the Group.

(2) Consolidation cost and goodwill

Unit: RMB

Consolidation cost	IXM Holding	High-tech	W-Source Holding Limited
– Cash	3,416,902,221.72	120,395,000.00	7,885.26
– Fair value of equity held before acquisition at the acquisition date	–	121,605,000.00	–
Total consolidation cost	3,416,902,221.72	242,000,000.00	7,885.26
Less: Portion of the fair value of identifiable net assets acquired	3,549,998,400.31	242,000,000.00	7,885.26
Gap between goodwill/consolidation cost and the portion of the fair value of identifiable net assets acquired	(133,096,178.59)	–	–

(VI) CHANGE OF CONSOLIDATION SCOPE (CONTINUED)

2. Business combinations not involving enterprises under common control (Continued)

(3) Acquiree's identifiable assets, liabilities at the acquisition date

Unit: RMB

	IXM Holding *(Note 1)*		**High-tech** *(Note 2)*		**W-Source Holding Limited** *(Note 3)*	
	Acquisition date carrying amount	**Acquisition date fair value**	**Acquisition date carrying amount**	**Acquisition date fair value**	**Acquisition date carrying amount**	**Acquisition date fair value**
Assets:						
Cash and bank balances	1,463,979,419.17	1,463,979,419.17	4,308,179.25	4,308,179.25	7,885.26	7,885.26
Held-for-trading financial assets	5,643,242,288.76	5,643,242,288.76	6,390,000.00	6,390,000.00	–	–
Derivative financial assets	1,704,853,552.64	1,704,853,552.64	–	–	–	–
Accounts receivable	–	–	14,661,022.10	14,661,022.10	–	–
Financing receivables	–	–	1,846,487.40	1,846,487.40	–	–
Prepayments	1,191,917,709.34	1,191,917,709.34	1,153,096.53	1,153,096.53	–	–
Other receivables	102,412,516.10	102,412,516.10	1,129,575.21	1,129,575.21	–	–
Inventories	11,217,917,997.51	11,217,917,997.51	30,794,146.26	30,593,555.96	–	–
Other current assets	1,975,091,935.23	1,975,091,935.23	699,097.53	699,097.53	–	–
Long-term equity investments	3,526,533.88	3,526,533.88	–	–	73,538,850.00	73,538,850.00
Other investments in equity instruments	425,592.24	425,592.24	–	–	–	–
Fixed assets	70,641,734.48	77,711,911.70	56,354,650.31	92,813,662.25	–	–
Construction in progress	9,615,404.81	9,615,404.81	–	–	–	–
Right-of-use assets	97,322,110.03	97,322,110.03	–	–	–	–
Intangible assets	172,525,998.47	466,967,636.31	37,404,644.81	130,880,340.67	–	–
Deferred tax assets	33,906,194.74	33,906,194.74	–	–	–	–
Other non-current assets	52,410,517.17	52,410,517.17	–	–	151,579,748.40	151,579,748.40
Sub-total of assets	**23,739,789,504.57**	**24,041,301,319.63**	**154,740,899.40**	**284,475,016.90**	**225,126,483.66**	**225,126,483.66**
Liabilities:						
Short-term borrowings	12,424,962,570.03	12,424,962,570.03	–	–	–	–
Held-for-trading financial liabilities	3,365,604,589.22	3,365,604,589.22	–	–	–	–
Accounts payable	–	–	14,877,496.37	14,877,496.37	–	–
Derivative financial liabilities	676,829,198.68	676,829,198.68	–	–	–	–
Contract liabilities	2,299,530,379.85	2,299,530,379.85	80,511.44	80,511.44	–	–
Employee benefits payable	144,921,341.18	144,921,341.18	55,835.66	55,835.66	–	–
Taxes payable	104,378,460.58	104,378,460.58	(732,300.25)	(732,300.25)	–	–
Other payables	130,900,471.92	130,900,471.92	1,543,368.73	1,543,368.73	225,118,598.40	225,118,598.40
Non-current liabilities due within 1 year	9,222,450.82	9,222,450.82	–	–	–	–
Other current liabilities	–	–	887,688.17	887,688.17	–	–
Long-term borrowings	904,636,791.49	904,636,791.49	–	–	–	–
Lease liabilities	97,322,110.03	97,322,110.03	–	–	–	–
Long-term employee benefits payable	112,365,132.42	112,365,132.42	–	–	–	–
Deferred tax liabilities	170,864,387.87	220,613,837.38	–	25,762,416.78	–	–
Sub-total of liabilities	**20,441,537,884.09**	**20,491,287,333.60**	**16,712,600.12**	**42,475,016.90**	**225,118,598.40**	**225,118,598.40**
Net assets	**3,298,251,620.48**	**3,550,013,986.03**	**138,028,299.28**	**242,000,000.00**	**7,885.26**	**7,885.26**
Less: Minority interests	15,585.72	15,585.72	–	–	–	–
Net assets acquired	**3,298,236,034.76**	**3,549,998,400.31**	**138,028,299.28**	**242,000,000.00**	**7,885.26**	**7,885.26**

(VI) CHANGE OF CONSOLIDATION SCOPE (CONTINUED)

2. Business combinations not involving enterprises under common control (Continued)

(3) Acquiree's identifiable assets, liabilities at the acquisition date (Continued)

Note 1: Management of the Group considers that there is no significant difference between the fair value and the carrying amount of identifiable assets and liabilities except for intangible assets of IXM Holding at the acquisition date. The fair value of the intangible assets of the above acquiree at the acquisition date is determined based on the appraisal report issued by China United Asset Appraisal Group (at Level 3 fair value measurement).

The intangible assets mainly comprise supplier relationship and rights to a copper off-take contract. The fair value of supplier relationship is assessed using excess income discount method, which means to determine the present value of the future cash flows generated from existing supplier relationship based on the estimate of revenue expected to be attributable to supplier relationship, taking the annual proportion of the current supplier relationship in the future into consideration. The expected long-term revenue growth rate is 2%, with weighted average cost of capital at 10.6%. An actual long-term revenue growth rate lower than 2% or weighted average cost of capital higher than 10.6% will result in decrease in the fair value of intangible assets. The fair value of rights to a copper off-take contract is assessed using income approach, by calculating the annual net profit receivable from the off-take contract during the estimated period, arriving at the value of such rights to a copper off-take contract by discounting, so as to assess the fair value of the rights to a copper off-take contract. The weighted average cost of capital is 12.6%. A weighted average cost of capital higher than 12.6% will result in decrease in the fair value of intangible assets.

Note 2: Management of the Group considers that there is no significant difference between the fair value and the carrying amount of identifiable assets and liabilities except for fixed assets and intangible assets of High-tech at the acquisition date. The fair value of the fixed assets and intangible assets of the above acquisition at the acquisition date is determined based on the appraisal report issued by Henan Zhongping Asset Appraisal Co., Ltd (at Level 3 fair value measurement).

Fixed assets mainly comprise buildings and machinery equipment. Both the buildings and machinery equipment are assessed using cost method, estimating the fair value on the basis of assessing the replacement cost of underlying assets and integrated depreciation ratio. The replacement cost is determined with reference to the purchase price or by restatement of budget, integrated depreciation ratio is determined based on site inspection.

Intangible assets mainly comprise land use rights, of which the fair value is determined using method of base price of land coefficient modification. The base price of land coefficient modification process principally includes selection of proper base price of land, determination of the modification coefficient based on the coefficient table, and arriving at appraisal stand-alone price of the parcel in the end.

Note 3: Management of the Group believes that there is no significant difference between the fair value and the carrying amount of identifiable assets and liabilities of W-Source Holding Limited at the acquisition date.

(4) Gains or losses arising from re-measurement of equity held before acquisition date at fair value

Unit: RMB

Acquiree	Carrying amount of equity held before acquisition at the acquisition date	Fair value of equity held before acquisition at the acquisition date	Gains or losses arising from re-measurement of equity held before acquisition date at fair value
High-tech	68,999,789.58	121,605,000.00	52,605,210.42

Note: The fair value is determined with reference to share of equity corresponding to the transaction price.

(VII) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Constitution of the Group

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio (%) Direct	Indirect	Acquisition method
China Molybdenum Refining Co., Ltd. ("Ye Lian")	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	–	Investment Establishment
China Molybdenum Tungsten Sales and Trading Co., Ltd. ("Xiao Shou Mao Yi")	China	Luanchuan, Henan	Trading of mineral products	100.00	–	Investment Establishment
Luoyang Mudu International Hotel Co., Ltd. ("International Hotel")	China	Luoyang, Henan	Hotel	100.00	–	Investment Establishment
China Molybdenum Tungsten Co., Ltd ("Wu Ye")	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	–	Investment Establishment
China Molybdenum (Hong Kong) Company Limited ("CMOC HK")	Hong Kong, China	Hong Kong, China	Trading of mineral products	100.00	–	Investment Establishment
China Molybdenum Metal Material Company Limited ("Metal Material")	China	Luoyang, Henan	Processing and sales of mineral products	100.00	–	Investment Establishment
Xinjiang Luomu Mining Co., Ltd ("Xin Jiang Luo Mu")	China	Xinjiang	Production and sales of mineral	65.10	–	Investment Establishment
China Molybdenum Sales Co., Ltd. ("Sales Company")	China	Luanchuan, Henan	Trading of mineral products	100.00	–	Investment Establishment
CMOC Limited	Hong Kong, China	Hong Kong, China	Investment & Holding	100.00	–	Investment Establishment
CMOC Mining Pty Limited ("CMOC Mining")	Australia	Australia	Production, processing and sales of mineral products	–	100.00	Investment Establishment
CMOC Mining Services Pty. Limited ("CMOC Mining Services")	Australia	Australia	Mining services	–	100.00	Investment Establishment
Luochuan Huqi Mining Company Limited ("Hu Qi")	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	–	Investment Establishment
Luanchuan Fu Kai Trading Co., Ltd. ("Fu Kai")	China	Luanchuan, Henan	Trading of Molybdenum products	100.00	–	Investment Establishment
Luochuan Qixing Mining Company Limited ("Qi Xing")	China	Luanchuan, Henan	Refining and sales of mineral products	90.00	–	Investment Establishment
Luanchuan Furun Mining Co., Ltd ("Fu Run")	China	Luanchuan, Henan	Refining and sales of mineral products	100.00	–	Investment Establishment
Luanchuan County Dadongpo Tungsten Molybdenum Co., Ltd. ("Da Dong Po")	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	–	Investment Establishment
Luanchuan County Jiuyang Mining Co., Ltd. ("Jiu Yang")	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	–	Investment Establishment
Luanchuan County Sanqiang Molybdenum Tungsten Co., Ltd. ("San Qiang")	China	Luanchuan, Henan	Refining and sales of mineral products	51.00	–	Investment Establishment
Luoyang Mudulihao Business Co., Ltd. ("Mu Du Li Hao")	China	Luoyang, Henan	Hotel management	–	100.00	Investment Establishment
Schmoke (Shanghai) International Trading Co., Ltd. ("Schmocke")	China	Shanghai	Import and export of goods and technology	100.00	–	Investment Establishment
CMOC Mining USA LTD("CMOC USA")	USA	USA	Consultancy	–	100.00	Investment Establishment
CMOC overseas recruitment Entity–US ("CMOC ORE")	USA	USA	Consultancy	–	100.00	Investment Establishment

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) *Constitution of the Group (Continued)*

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio *(%)* Direct	Indirect	Acquisition method
Shanghai Ruichao Investment Co., Ltd ("Rui Chao")	China	Shanghai	Consulting and enterprise operating and management	–	100.00	Investment Establishment
Tibet Schmocke	China	Tibet	Consulting and asset management and sales	–	100.00	Investment Establishment
Upnorth Investment Limited ("Upnorth")	China	BVI	Investment & holding	–	100.00	Investment Establishment
Beijing Yongbo Resources Investment holding Co., Ltd. ("Beijing Yongbo")	China	Beijing	Consulting and asset management and sales	100.00	–	Investment Establishment
Luoyang Yuehe Properties Co., Ltd ("Luoyang Yuehe")	China	Luoyang, Henan	Consulting, asset management	100.00	–	Investment Establishment
CMOC DRC Limited ("CMOC DRC")	Hong Kong, China	Hong Kong, China	Mining services	–	100.00	Investment Establishment
CMOC UK Limited ("Molybdenm UK")	UK	UK	Mining services and sales	–	100.00	Investment Establishment
CMOC Luxembourg S.A.R.L. ("CMOC LUXEMBOURG")	Luxembourg	Luxembourg	Investment holding	–	100.00	Investment Establishment
CMOC Brasil Mineração, Indústria e Participações Ltda. ("CMOC Brazil") *(Note 3)*	Brazil	Brazil	Production, processing and sales of mineral products	–	100.00	Investment Establishment
Long March No.1 Investment Limited ("Long March")	China	BVI	Investment holding	–	100.00	Investment Establishment
Bandra Investment Limited ("Bandra")	China	BVI	Investment holding	–	100.00	Investment Establishment
CMOC International DRC Holdings Limited ("CIDHL")	Bermuda	Bermuda	Investment holding	–	100.00	Business combinations not involving enterprises under common control
TF Holdings Limited ("TFHL")	Bermuda	Bermuda	Investment holding	–	100.00	Business combinations not involving enterprises under common control
Tenke Fungurume Mining S.A. ("TFM")	Congo (DRC))	Congo (DRC))	Mining and processing	–	80.00	Business combinations not involving enterprises under common control
Purveyors South Africa Mine Services CMOC ("CMOC South Africa")	The Republic of South Africa	The Republic of South Africa	Logistics transportation	–	100.00	Business combinations not involving enterprises under common control
Oriental Red Investment Limited	BVI	BVI	Investment holding	–	100.00	Investment Establishment
Natural Resource Elite Investment Limited ("NREIL")	Hong Kong, China	Hong Kong, China	Investment holding	–	100.00	Investment Establishment

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Constitution of the Group (Continued)

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio *(%)* Direct	Indirect	Acquisition method
New Frontier Elite Investment Limited ("NRFIL")	Hong Kong, China	Hong Kong, China	Investment holding	–	100.00	Investment Establishment
BHR Newwood Investment Management Limited ("BHR")	BVI	BVI	Investment holding	–	100.00	Control according to agreement
BHR Newwood DRC Holding Ltd ("DRC Holding")	BVI	BVI	Investment holding	–	100.00	Control according to agreement
Ningbo Baiya Investment Co., Ltd.	China	Ningbo, Zhejiang	Investment management	–	100.00	Investment Establishment
CMOC Congo	Congo (DRC))	Congo (DRC))	Consulting services	–	100.00	Investment Establishment
Congo Construction Company SARL	Congo (DRC))	Congo (DRC))	Refining and sales of mineral products	–	100.00	Business combinations not involving enterprises under common control
CMOC Capital Limited ("CMOC Capital")	BVI	BVI	Investment holding	–	100.00	Investment Establishment
CMOC BHR Limited	Hong Kong, China	Hong Kong, China	Investment holding	–	100.00	Investment Establishment
Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-tech")	China	Luoyang, Henan	Production, processing and sales of metal products	100.00	–	Business combinations not involving enterprises under common control
Shanghai Aoyide Trading Co., Ltd ("Shanghai Aoyide")	China	Shanghai	Domestic non-ferrous trading	–	100.00	Investment Establishment
Luoyang Dinghong Trading Co., Ltd. ("Dinghong")	China	Luoyang, Henan	Metal Material, Trading of mineral products etc.	–	100.00	Investment Establishment
Ridgeway Commodities S.A.	Switzerland	Switzerland	Metal trading	–	100.00	Investment Establishment
IXM Holding SA	Switzerland	Switzerland	Investment holding	–	100.00	Business combinations not involving enterprises under common control
CMOC Metals Holding Limited	Hong Kong, China	Hong Kong, China	Investment holding	–	100.00	Investment Establishment
IXM B.V. & ITS SUBSIDIARY	Switzerland	Netherland	Metal trading	–	100.00	Business combinations not involving enterprises under common control
W-Source Holding Limited	Hong Kong, China	Hong Kong, China	Investment holding	–	100.00	Business combinations not involving enterprises under common control
Shanghai Donghe Trading Co., Ltd. *(Note 1)*	China	Shanghai	Metal Material, Trading of mineral products	–	100.00	Investment Establishment

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Constitution of the Group (Continued)

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio *(%)* Direct	Indirect	Acquisition method
Jenny East Holding Ltd *(Note 2)*	Bermuda	Bermuda	Investment holding	–	100.00	Business combinations not involving enterprises under common control
Kisanfu Holding Ltd *(Note 2)*	Bermuda	Bermuda	Investment holding	–	100.00	Business combinations not involving enterprises under common control
Phelps Dodge Conge S.A.R.L. *(Note 2)*	Congo (DRC))	Congo (DRC))	Mining and processing	–	95.00	Business combinations not involving enterprises under common control

Note 1: These subsidiaries are newly established by the Group during the year.

Note 2: It is the Group's subsidiary, which was acquired during the year.

Note 3: In December 2020, the Company absorbed and merged with the originally wholly-owned subsidiary Luoyang Dachuan Molybdenum Tungsten Technology Co., Ltd., which was directly held by the Company. In addition, in January 2020, Copebras, Niobras and their holding company CMOC Brasil Servicos Administrativos E Participacoes Ltda. underwent restructuring via merging of three legal entities and the name of the restructured company was changed to CMOC Brasil Mineração, Indústria e Participações Ltda ("CMOC Brazil").

Note 4: The subsidiaries of the Group incorporated in China are all limited liability companies.

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Name of the subsidiary	Minority shareholder's shareholding ratio	Profit or loss attributable to minority interests in the current period	Dividends distributed to minority shareholder in the current period	Closing balance of minority interests
TFM	**20%**	**159,531,147.79**	**(41,759,360.00)**	**5,148,828,866.97**

Unit: RMB

Name of the subsidiary	Minority shareholder's shareholding ratio	Profit or loss attributable to minority interests in the previous period	Dividends distributed to minority shareholder in the previous period	Closing balance of minority interests in the previous period
TFM	20%	(87,477,416.92)	–	5,388,831,689.76

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Financial information of significant non-wholly owned subsidiaries

Unit: RMB

Name of the subsidiary	31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TFM	**6,827,422,443.12**	**33,669,888,767.71**	**40,497,311,210.83**	**1,587,457,897.15**	**13,165,708,978.63**	**14,753,166,875.78**

Unit: RMB

Name of the subsidiary	31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TFM	6,830,390,125.41	35,705,830,506.81	42,536,220,632.22	911,838,387.36	14,680,223,796.04	15,592,062,183.40

Unit: RMB

Name of the subsidiary	2020			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
TFM	**9,728,158,688.76**	**797,655,738.99**	**797,655,738.99**	**3,352,796,649.41**

Unit: RMB

Name of the subsidiary	2019			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
TFM	9,322,080,713.48	(437,387,084.59)	(437,387,084.59)	386,749,174.13

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interest in joint ventures and associates

(1) Significant joint ventures and associates

Name	Main Business site	Place of incorporation	Nature of business	Shareholding ratio *(%)* Direct	Shareholding ratio *(%)* Indirect	Accounting treatments for investments in joint ventures and associates
Huan Yu	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Investment	50%	–	Equity method
Yulu Mining *(Note)*	Luoyang, Henan	Luoyang, Henan	Refining and sales of mineral products	40%	–	Equity method
Huayue Nickel Cobalt	Indonesia	Indonesia	Refining and sales of mineral products	–	30%	Equity method

Note: According to the resolution of shareholders' meeting in 2007 of Yulu Mining Co., Ltd., both investment parties share net profits of the company by ratio of 1 to 1 from 2008. Therefore, the Group actually shares 50% of profits or losses of Yulu Mining under equity method.

(2) Major financial information of key joint ventures

Unit: RMB

Joint ventures	**31 December 2020/2020 Huan Yu *(Note1)***	31 December 2019/2019 Huan Yu *(Note1)*
Current assets	**261,826,141.05**	307,196,737.14
Including: Cash and cash equivalent	**9,495,437.55**	9,150,249.49
Non-current assets	**2,638,904,311.20**	2,695,467,286.55
Total assets	**2,900,730,452.25**	3,002,664,023.69
Current liabilities	**1,024,340,241.40**	767,152,127.12
Non-current liabilities	**458,045,405.11**	610,216,405.11
Total liabilities	**1,482,385,646.51**	1,377,368,532.23
Minority interests	**(59,349,212.52)**	(53,284,775.96)
Equity attributable to equity holders of the Company	**1,477,694,018.26**	1,678,580,267.42
Share of net assets calculated based on shareholding proportion	**738,847,009.13**	839,290,133.71
Adjusting events *(Note 2)*	**4,752,594.36**	8,585,005.40
Carrying amount of equity investments in joint ventures	**743,599,603.49**	847,875,139.11
Fair value of equity investments of joint ventures where there is quoted price	**N/A**	N/A
Operating income	**220,949,382.80**	40,625,421.94
Financial expenses	**69,529,535.66**	66,847,273.74
Income tax expenses	**(19,802,476.51)**	–
Net loss	**(221,862,841.74)**	(107,325,641.90)
Net profit from discontinued operations	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(221,862,841.74)**	(107,325,641.90)
Dividends received from joint ventures in the current period	**–**	–

Note 1: The joint venture, Huan Yu of the Group, has 90% equity interest of Fu Chuan; meanwhile, through its subsidiary Fukai, the Group holds the remaining 10% interests of Fu Chuan.

Note 2: According to the agreement with local government, the local government shares 8% the dividend rights of Fu Chuan. Therefore, the Group actually shares 47% of the profits or losses of Fu Chuan under equity method.

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interest in joint ventures and associates (Continued)

(3) Major financial information of significant associates

Unit: RMB

Associates	**31 December 2020/2020 Yulu Mining *(Note)***	**31 December 2020/2020 Huayue Nickel Cobalt**	31 December 2019/2019 Yulu Mining *(Note)*	31 December 2019/2019 Huayue Nickel Cobalt
Current assets	**155,929,030.34**	**146,957,754.96**	230,641,091.41	799,829,154.23
Including: Cash and cash equivalent	**312,295.86**	**70,230,215.54**	271,784.58	348,636,430.96
Non-current assets	**51,063,721.79**	**2,954,002,024.60**	50,317,797.08	204,386,552.44
Total assets	**206,992,752.13**	**3,100,959,779.56**	280,958,888.49	1,004,215,706.67
Current liabilities	**28,950,764.97**	**1,394,502,488.63**	40,533,022.18	657,943,120.83
Non-current liabilities	**–**	**–**	2,000,000.00	–
Total liabilities	**28,950,764.97**	**1,394,502,488.63**	42,533,022.18	657,943,120.83
Minority interests	**–**	**–**	–	–
Equity attributable to equity holders of the Company	**178,041,987.16**	**1,706,457,290.93**	238,425,866.31	346,272,585.84
Share of net assets calculated based on shareholding proportion	**71,216,794.86**	**511,937,187.30**	95,370,346.52	72,717,243.05
Adjusting events	**7,183,189.59**	**2,895,151.23**	13,248,344.96	424,297.52
Carrying amount of equity investments in associates	**78,399,984.45**	**514,832,338.53**	108,618,691.48	73,141,540.57
Fair value of equity investments of joint ventures where there is quoted price	**N/A**	**N/A**	N/A	N/A
Operating income	**317,477,918.85**	**–**	375,163,350.80	–
Financial expenses	**(13,300.63)**	**19,367,439.87**	(139,998.68)	(1,031,309.11)
Income tax expenses	**(26,258,794.33)**	**–**	(22,842,061.54)	–
Net profit	**179,162,585.85**	**(16,952,576.63)**	240,450,345.33	380,485.52
Net profit from discontinued operations	**–**	**–**	–	–
Other comprehensive income	**–**	**–**	–	–
Total comprehensive income	**179,162,585.85**	**(16,952,576.63)**	240,450,345.33	380,485.52
Dividends received from associate ventures in the current period	**119,800,000.00**	**–**	98,200,000.00	–

Note: Although the Group holds 40% equity interest of Yulu Mining, but shares 50% dividend rights. Details refer to Note V. 10.

(VII) INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Significant joint operation

(1) Significant joint operation

Name of joint operation	Principal operating place	Registration place	Business nature	Shareholding proportion/ shares *(%)* Direct	Indirect
Northparkes Joint Venture ("NJV") *(Note)*	Australia	Australia	Copper gold mining	–	80%

Note: On 1 December 2013, the Company had completed acquiring 80% joint control interests of unincorporated joint venture in Northparkes Copper gold mining and some relevant assets related to Copper gold mining business of NJV held by North Mining Limited. Afterwards, the unincorporated joint venture NJV became a joint operation of the Group.

Northparkes mines held by NJV is a quality Copper and gold mining operation with advanced mining method of block caving in Goonumbla, situated northwest of the town of Parkes in New South Wales, Australia. The Northparkes mines started operating from 1993 and the remaining useful life is more than 20 years. The headquarters of NJV is located in the town of Parkes in New South Wales, Australia. The 80% interest of NJV under joint control is held by CMOC Mining, a subsidiary of the Company. The remaining 20% interest is held by Sumitomo Metal Mining Oceania Pty Ltd ("SMM") and SC Mineral Resources Pty Ltd ("SCM").

Pursuant to the NJV Management Agreement, the Company as the manager arrange the daily operation of the Northparkes mine which hold by the Company, as joint controllers of NJV jointly, both parties of the joint ventures are responsible for the assets and liabilities according to their respective proportion. The joint ventures have agreed to protect the rights of individual party (including their respective shares of the production volume) from the event of default by any other joint venture to ensure the benefits of all parties.

(2) Financial information of significant joint operation

As at 31 December 2020, the assets and liabilities and operation status of NJV are as follows:

Unit: RMB

Item	2020	2019
Net shares of operative costs	**840,039,479.42**	847,844,332.19
	31 December 2020	31 December 2019
Share of total assets	**2,780,368,515.80**	2,287,120,066.01
Share of total liabilities	**569,418,752.89**	543,350,180.79

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, derivative financial assets, accounts receivable, financing receivables, other receivables, other current assets, other investments in equity instruments, other non-current financial assets, non-current derivative financial assets, other non-current assets, held-for-trading financial liabilities, derivative financial liabilities, notes payable, accounts payable, other payables, borrowings, other current liabilities, non-current derivative financial liabilities, non-current liabilities due within one year, bonds payable, and other non-current liabilities, etc. Details of these financial instruments are disclosed in Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored within a certain range.

Unit: RMB'000

	31 December 2020	31 December 2019
Financial assets		
At FVTPL		
Held-for-trading financial assets	**7,435,129**	7,719,450
Derivative financial assets	**2,060,111**	2,178,322
Other non-current assets	**4,678,192**	4,356,783
Non-current derivative financial assets	**–**	7,620
At FVTOCI		
Financing receivables	**405,698**	375,936
Other investments in equity instruments	**86,214**	85,344
At amortized cost		
Cash and bank balances	**16,947,648**	15,647,900
Accounts receivable	**702,194**	1,510,508
Other receivables	**592,403**	466,565
Other current assets	**4,460,260**	2,810,880
Other non-current assets	**1,712,116**	741,139
Financial liabilities		
At FVTPL		
Held-for-trading financial liabilities	**4,291,951**	3,157,952
Derivative financial liabilities	**5,021,780**	2,640,928
Non-current derivative financial liabilities	**417,159**	202,417
At amortized cost		
Short-term borrowings	**20,464,481**	18,589,026
Notes payable	**627,938**	233,224
Accounts payable	**876,915**	1,944,506
Other payables	**1,599,241**	1,584,738
Non-current liabilities due within one year	**5,091,055**	3,663,676
Other current liabilities	**2,000,000**	1,000,000
Long-term borrowings	**15,360,373**	16,278,910
Bonds payable	**3,631,225**	5,092,860
Other non-current liabilities	**33,671**	2,308

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and benefits, and minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk and practice risk management, and monitors these exposures regularly and effectively to ensure the risks are controlled within a certain range.

1.1. Market risk

1.1.1. Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate changes. The Group is subject to foreign exchange risk mainly related to USD, HKD, EUR, CAD, RMB, BRL, GBP, ZAR, SGD, CDF, CHF and AUD. The Group's subsidiaries in the PRC use RMB for settlement of their principal business activities. The Group's subsidiaries in Australia mainly use AUD or USD for settlement, the Group's Niobium and Phosphorus businesses in Brazil are principally settled in USD and BRL and the Group's Copper-Cobalt business in Congo (DRC) is principally settled in USD and CDF. Foreign currency transactions are mainly financing activities of domestic and Hong Kong subsidiaries settled in USD, operating activities of subsidiaries in Australia of which the functional currency is USD settled in AUD, operating activities of subsidiaries in Brazil of which the functional currency is USD settled in BRL, and operating activities of subsidiaries in Congo (DRC) of which the functional currency is USD settled in CDF. The Group pays close attention to the influence of exchange rate on the foreign exchange risk. The Group currently has not taken any measures to avoid foreign exchange risk, referring to Note V. 3, 13 &24.

As at 31 December 2020, except for the financial assets and liabilities balance of each entity mentioned below use USD, HKD, AUD, EUR, CAD, RMB, BRL, GPB, CDF, ZAR, SGD, AED, CHF, CLP, MXN, NAD, VND, PEN, PLN and TRY (converted in RMB) as functional currency, the Group's financial assets and financial liabilities are settled on the basis of the functional currency of each entity. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Group's operating results.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

Unit: RMB'000

Item	**31 December 2020**	31 December 2019
USD		
Cash and bank balances	**14,969**	5,864
Short-term borrowings	**(195,747)**	–
Sub-total	**(180,778)**	5,864
HKD		
Cash and bank balances	**6,183**	3,736
Sub-total	**6,183**	3,736
AUD		
Cash and bank balances	**47,463**	26,257
Sub-total	**47,463**	26,257
EUR		
Cash and bank balances	**6,406**	16,109
Sub-total	**6,406**	16,109
CAD		
Cash and bank balances	**6,176**	6,388
Sub-total	**6,176**	6,388
RMB		
Cash and bank balances	**296,675**	287,475
Long-term borrowings	**(700,000)**	–
Sub-total	**(403,325)**	287,475
BRL		
Cash and bank balances	**72,254**	236,475
Sub-total	**72,254**	236,475

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

Unit: RMB'000

Item	31 December 2020	31 December 2019
GBP		
Cash and bank balances	**18,074**	7,531
Sub-total	**18,074**	7,531
CDF		
Cash and bank balances	**2,474**	403
Sub-total	**2,474**	403
ZAR		
Cash and bank balances	**12,240**	8,212
Sub-total	**12,240**	8,212
SGD		
Cash and bank balances	**921**	4,748
Sub-total	**921**	4,748
AED		
Cash and bank balances	**5**	72
Sub-total	**5**	72
CHF		
Cash and bank balances	**536**	1,135
Sub-total	**536**	1,135
CLP		
Cash and bank balances	**70**	145
Sub-total	**70**	145
MXN		
Cash and bank balances	**422**	740
Short-term borrowings	**(50,494)**	–
Sub-total	**(50,072)**	740

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

Unit: RMB'000

Item	31 December 2020	31 December 2019
NAD		
Cash and bank balances	**57**	64
Sub-total	**57**	64
VND		
Cash and bank balances	**–**	470
Sub-total	**–**	470
PEN		
Cash and bank balances	**208**	1,891
Short-term borrowings	**(134,412)**	–
Long-term borrowings	**(7,361)**	–
Non-current liabilities due within one year	**(19,580)**	–
Sub-total	**(161,145)**	1,891
PLN		
Cash and bank balances	**32**	38
Sub-total	**32**	38
TRY		
Cash and bank balances	**277**	–
Sub-total	**277**	–
Total	**(622,152)**	607,753

The following table sets out in detail the sensitivity of the Group to the 10% rate of change in the exchange rate when exchanging the foreign currencies with the functional currency (including RMB, USD, and HKD) of each entity. 10% ratio is used internally to report foreign exchange risk to the senior management, which represents the management's estimate of possible changes in the foreign exchange rate. Foreign exchange risk sensitivity analysis at the Group's reporting date is based on the changes on the settlement date and throughout the reporting period. A positive number indicates that an increase in profit before tax of a company with RMB as its functional currency is resulted from having assets and liabilities of USD, and RMB increase against those foreign currencies. A negative number indicates that a decrease in profit before tax of companies with HKD as its functional currency is resulted from having USD and RMB cash and bank balances and HKD increase against those foreign currencies, and of companies with USD as their functional currency is resulted from having financial liabilities of AUD, HKD, EUR, CAD, RMB, BRL, GBP, CDF, ZAR, SDG, AED, CHF, CLP, MXN, NAD, VND, PEN, PLN and TRY, USD increase against them. If the relevant functional currency decreases against these foreign currencies, it will have an opposite effect on the pre-tax profit. The Group does not consider the effect of current forward foreign exchange contract in the sensitivity analysis as below.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.1. Foreign exchange risk (Continued)

Unit: RMB'000

Item	Changes in exchange rates	2020 Impact on profit	2020 Impact on shareholders' equity	2019 Impact on profit	2019 Impact on shareholders' equity
Entities which are denominated in RMB Pre-tax profit and equity	Depreciation by 10% of USD against RMB	**19,054**	**19,054**	(226)	(226)
	Depreciation by 10% of EUR against RMB	**–**	**–**	(10)	(10)
Entities which are denominated in HKD Pre-tax profit and equity	Depreciation by 10% of USD against HKD	**(976)**	**(976)**	(360)	(360)
	Depreciation by 10% of RMB against HKD	**(92)**	**(92)**	(100)	(100)
Entities which are denominated in USD Pre-tax profit and equity	Depreciation by 10% of AUD against USD	**(4,746)**	**(4,746)**	(2,626)	(2,626)
	Depreciation by 10% of HKD against USD	**(618)**	**(618)**	(374)	(374)
	Depreciation by 10% of EUR against USD	**(641)**	**(641)**	(1,601)	(1,601)
	Depreciation by 10% of CAD against USD	**(618)**	**(618)**	(639)	(639)
	Depreciation by 10% of RMB against USD	**40,425**	**40,425**	(28,647)	(28,647)
	Depreciation by 10% of BRL against USD	**(7,225)**	**(7,225)**	(23,648)	(23,648)
	Depreciation by 10% of GBP against USD	**(1,807)**	**(1,807)**	(753)	(753)
	Depreciation by 10% of CDF against USD	**(247)**	**(247)**	(40)	(40)
	Depreciation by 10% of ZAR against USD	**(1,224)**	**(1,224)**	(821)	(821)
	Depreciation by 10% of SGD against USD	**(92)**	**(92)**	(475)	(475)
	Depreciation by 10% of AED against USD	**–**	**–**	(7)	(7)
	Depreciation by 10% of CHF against USD	**(54)**	**(54)**	(114)	(114)
	Depreciation by 10% of CLP against USD	**(7)**	**(7)**	(14)	(14)
	Depreciation by 10% of MXN against USD	**5,007**	**5,007**	(74)	(74)
	Depreciation by 10% of NAD against USD	**(6)**	**(6)**	(6)	(6)
	Depreciation by 10% of VND against USD	**–**	**–**	(47)	(47)
	Depreciation by 10% of PEN against USD	**16,114**	**16,114**	(189)	(189)
	Depreciation by 10% of PLN against USD	**(3)**	**(3)**	(4)	(4)
	Depreciation by 10% of TRY against USD	**(28)**	**(28)**	–	–

The management of the Group believes that closing date foreign currency risk cannot reflect the risk of the duration. Sensitivity analysis cannot reflect inherent foreign currency risk.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.2. Interest rate risk

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note V. 33 for details). The Group paid close attention to the impact on cash flow change risks from the changes in interest rate and also hedges part of the interest rate risk assumed by the Group through interest rate swap contracts (see Note V.64 for details).

Interest rate risk sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments;

On the basis of the above assumptions, where all other variables are held constantly, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Unit: RMB'000

		2020		2019	
Item	**Changes in interest rates**	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
Floating interest rate	Increase 50 base points of interest rate	**(139,700)**	**(139,700)**	(141,763)	(149,713)
Floating interest rate	Decrease 50 base points of interest rate	**139,700**	**139,700**	141,763	149,713

1.1.3. Commodity price risk

International Copper prices and Cobalt prices have a significant impact on the operating results of the Group's subsidiaries in Australia and Congo (DRC). Copper and Cobalt prices fluctuated in the past and the factors causing fluctuation were uncontrollable by the Group. The Group does not hedge against the fluctuation risk of Copper and Cobalt prices. In addition, IXM engages in business related to metal trading platform, of which the operating result is significantly affected by the international price fluctuation of metals. IXM hedges the risk of the metal price fluctuation through commodity futures contract and commodity option contract. Details are set out in Note V.3 and 24.

The table below shows the sensitivity analysis of the price of Copper and Cobalt on the balance sheet date, which reflects pre-tax impact of unpricing accounts receivable in the Group's subsidiaries in Australia and Congo (DRC) at the end of the year on the total profit and shareholders' equity when the market price of Copper and Cobalt is changed reasonably and possibly under the assumption that other variables remain unchanged.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.3. Commodity price risk (Continued)

Unit: RMB'000

Item	Increase/(Decrease) percentage	2020 Impact on profit	2020 Impact on shareholders' equity	2019 Impact on profit	2019 Impact on shareholders' equity
Market price of copper	5%	**2,515**	**2,515**	9,176	9,176
Market price of copper	(5%)	**(2,515)**	**(2,515)**	(9,176)	(9,176)

Unit: RMB'000

Item	Increase/(Decrease) percentage	2020 Impact on profit	2020 Impact on shareholders' equity	2019 Impact on profit	2019 Impact on shareholders' equity
Market price of cobalt	5%	**10,438**	**10,438**	15,005	15,005
Market price of cobalt	(5%)	**(10,438)**	**(10,438)**	(15,005)	(15,005)

1.1.4. Other price risk

The equity instrument investments held by the Group, including financial assets classified as other non-current financial assets measured at fair value at each balance sheet date. As at the end of the reporting period, the equity instrument investments held by the Group mainly comprise listed securities and assets management plans, therefore, the Group is directly or indirectly exposed to the risk of the fluctuation of securities market price. If equity price of the equity instrument investments held by the Group increase or decrease by 5% while other variables remain the same, the interests of shareholders of the Group will increase or decrease by RMB139,700 at the end of the year (excluding the impact of income tax).

1.2. Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of other party to fulfill an obligation, including the book value of the financial assets has been recognized in the balance sheet of the Group.

In order to minimize the credit risk, the Group has specific personnel of the credit management department responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate expected credit losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's policies on assessment of significant increase in credit risk since initial recognition, basis for determination of credit impairment on financial assets, classification of financial instruments on expected credit loss on a portfolio basis, and direct written-down of financial instruments are set out in Note III. 10.2.1, Note III 10.2.2, Note III. 10.2.3, and Note III. 10.2.4.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.2. Credit risk (Continued)

The credit risk on cash and bank balances is low because they are deposited with banks with high credit ratings.

The Group holds bank acceptances and commercial acceptances. Of which, most bank acceptances are issued by banks with higher credit rating, therefore, management of the Group considers relevant credit risk on bank acceptances is low; all clients corresponding to commercial acceptances have long-term cooperation with the Group, relevant provision for impairment on credit risk is accounted for based on credit levels of counterparties. Details are set out in Note V. 5.

The Group only trades with recognized, creditworthy third parties. Total amount of top five entities with the largest balances of accounts receivable as at 31 December 2020 takes 29.50% of the amount of total accounts receivable (31 December 2019: 57.05%). Accounts receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is controlled. Products are sold only to companies whose credit information is in an acceptable range. Credit limits have been set for most of the customers and they are monitored systematically. For overseas sales, letters of credit are generally in use. Details of analysis related credit risk is in Note V. 4.

To credit risk arising from the other receivables, other current assets and other non-current assets, the Group's exposure to credit risk arising from default of counterparties is limited as most of the counterparties are entities with good credit standing and the Group does not expect any significant loss for uncollected advances to these entities. Details of analysis related credit risk is in Note V. 7, 9 & 21.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB'000

2020	**Within 1 year**	**1–2 years**	**2–5 years**	**More than 5 years**	**Total**
Non-derivative financial liabilities					
Borrowings	**21,078,416**	**3,262,619**	**13,491,283**	**–**	**37,832,318**
Held-for-trading financial liabilities	**4,291,951**	**–**	**–**	**–**	**4,291,951**
Notes payable	**627,938**	**–**	**–**	**–**	**627,938**
Accounts payable	**876,915**	**–**	**–**	**–**	**876,915**
Other payables	**1,599,241**	**–**	**–**	**–**	**1,599,241**
Non-current liabilities due within one year	**5,422,581**	**–**	**–**	**–**	**5,422,581**
Bonds payable	**2,009,404**	**–**	**–**	**–**	**2,009,404**
Lease liabilities	**–**	**2,812,550**	**1,187,717**	**–**	**4,000,267**
Derivative financial instruments	**–**	**82,918**	**103,426**	**73,840**	**260,184**
Derivative financial liabilities					
Non-current derivative financial liabilities	**5,021,780**	**–**	**–**	**–**	**5,021,780**
Total	**–**	**–**	**417,159**	**–**	**417,159**
Non-derivative financial liabilities	**40,928,226**	**6,158,087**	**15,199,585**	**73,840**	**62,359,738**

Unit: RMB'000

2019	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Non-derivative financial liabilities					
Borrowings	23,027,701	2,603,542	11,004,659	–	36,635,902
Held-for-trading financial liabilities	3,157,952	–	–	–	3,157,952
Notes payable	233,224	–	–	–	233,224
Accounts payable	1,952,876	–	–	–	1,952,876
Other payables	1,584,738	–	–	–	1,584,738
Non-current liabilities due within one year	3,749,104	–	–	–	3,749,104
Bonds payable	241,889	2,241,889	3,250,349	–	5,734,127
Lease liabilities	–	75,550	124,260	85,435	285,245
Derivative financial instruments					
Derivative financial liabilities	2,640,928	–	–	–	2,640,928
Non-current derivative financial liabilities	–	–	202,417	–	202,417
Total	36,588,412	4,920,981	14,581,685	85,435	56,176,513

(IX) DISCLOSURE OF FAIR VALUE

1. The closing fair value of assets and liabilities measured at fair value

Unit: RMB'000

Item	Fair value on 31 December 2020 Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
1. Persistent fair value measurement				
(1) Held-for-trading financial assets:				
– Accounts receivable	–	7,205,800	–	7,205,800
– Others	–	19,877	209,452	229,329
(2) Other equity instrument:				
– Equity instrument investments	–	–	86,214	86,214
(3) Inventories:				
– Trading inventories	–	12,109,909	–	12,109,909
– Consumable biological assets	–	–	35,431	35,431
(4) Financing receivables:	–	–	405,698	405,698
(5) Others non-current financial assets:				
– Other wealth management products by non-banking financial institutions	–	–	450,743	450,743
– Wealth management products by banks	–	–	130,233	130,233
– Share of partnership	–	–	1,475,251	1,475,251
– Share of funds	–	–	790,200	790,200
– Directional capital management plan	–	–	1,448,584	1,448,584
– Equity in unlisted companies	–	–	79,099	79,099
– Equity in listed companies	304,082	–	–	304,082
(6) Derivative financial assets:	1,191,451	863,263	5,397	2,060,111
The total assets measured continuously at fair value	1,495,533	20,198,849	5,116,302	26,810,684
(7) Held-for-trading financial liabilities:				
– Accounts payable	–	3,842,218	–	3,842,218
– Liabilities from forward commodity contract and gold lease measured at fair value	–	449,733	–	449,733
(8) Derivative financial liabilities:	3,868,125	1,443,142	127,672	5,438,939
The total liabilities measured continuously at fair value	3,868,125	5,735,093	127,672	9,730,890

Unit: RMB'000

Item	Fair value on 31 December 2019 Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
1.Persistent fair value measurement				
(1) Held-for-trading financial assets:				
– Accounts receivable	–	6,564,070	–	6,564,070
– Others	19,429	–	1,135,951	1,155,380
(2) Other equity instrument:				
– Equity instrument investments	–	–	85,344	85,344
(3) Inventories:				
– Consumable biological assets	–	–	45,902	45,902
– Trading inventories	–	11,298,753	–	11,298,753
(4) Financing receivables:	–	–	375,936	375,936
(5) Others non-current financial assets:				
– Other wealth management products by non-banking financial institutions	–	–	600,991	600,991
– Wealth management products by banks	–	–	124,950	124,950
– Share of partnership	–	–	1,354,796	1,354,796
– Share of funds	–	–	425,950	425,950
– Directional capital management plan	–	–	1,538,294	1,538,294
– Equity in unlisted companies	–	–	98,540	98,540
– Equity in listed companies	213,262	–	–	213,262
(6) Derivative financial assets and non-current financial assets:	1,465,849	670,161	49,933	2,185,943
The total assets measured continuously at fair value	1,698,540	18,532,984	5,836,587	26,068,111
(7) Held-for-trading financial liabilities:				
– Accounts payable	–	2,512,788	–	2,512,788
– Liabilities from forward commodity contract and gold lease measured at fair value	–	645,164	–	645,164
(8) Derivative financial liabilities and non-current derivative financial liabilities:	1,402,865	1,364,720	75,760	2,843,345
The total liabilities measured continuously at fair value	1,402,865	4,522,672	75,760	6,001,297

2. Determination basis of market price for items that are continuously measured at Level 2 fair value

Items that are continuously measured at the second level of fair value are accounts receivable, trading inventories, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities at FVTPL, and the related fair value is determined with reference to the closing price and long-term offer of similar products and the yield rate of similar debt instruments in open market.

(IX) DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Determination basis of market price for items that are continuously measured at Level 3 fair value

Items that are continuously measured at the third level of fair value are held-for-trading financial assets, financing receivables, consumable biological assets, derivative financial assets, other equity instrument, other non-current financial assets and derivative financial liabilities. The fair value of held-for-trading assets and wealth management products included in other non-current financial assets is measured based on the expected yield rate provided by the third party financial institution and discounting of the future cash flow. The fair value of consumable biological assets is measured based on the prices of same kind wood, the growth period of tree and the discounting of the subsequently input and maintenance fee. The fair value of financing receivables is based on the note discount rate provided by the third party financial institution and discounting of the future cash flow. The fair values of share of partnership, share of funds, directional capital management plan and equity in unlisted company included in other equity instrument and other non-current financial assets are determined based on the comparable company analysis, the agreed price for transfer or the valuation report provided by third-party financial institutions, or the financial statements provided by the investee with appropriate adjustments. The fair values of derivative financial assets and derivative financial liabilities are determined by management's application of option pricing model.

Unit: RMB'000

Assets/liabilities measured at fair value	Fair value on 31 December 2020	Valuation techniques	Parameters	The significant input data that cannot be observed	The relationship between the input data that cannot be observed and the fair value
Held-for-trading financial assets/other non-current financial assets	790,428	Cash flow discount method	The expected cash flows of the products, the yield of similar financial products in private market	The yield of similar financial products in private market	Higher yield of similar financial products in private market, lower fair value
Other equity instrument/other non-current financial assets	3,879,348	Comparable companies analysis/Negotiating transfer price/Net asset adjustment method	Price-to-sales, recent transaction price, DLOM-discount of lack of marketability, lock-up period discount	Liquidity-lacked discount rate/lock-up period discount	The higher the discount rate is, the lower the fair value is.
Consumable biological assets	35,431	Cash flow discount method	Timber price, growth cycle, and follow-up estimated investment	Follow-up estimated investment	Higher follow-up estimated investment and lower fair value
Financing receivables	405,698	Cash flow discount method	Expected cash flow of notes, note discount rate in private	The note discount rate in private market	Higher note discount rate in private market, lower fair value
Derivative financial assets Derivative financial liabilities	5,397 127,672	Option pricing model	Present price of financial products, exercise price of options, effective period, risk-free interest rate, volatility	Volatility	The higher the volatility is, the higher the fair value is.

(IX) DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Reasons for transfers between the levels for items continuously measured at fair value and policies on recognition of timing of such transfers

As at 31 December 2020, included in other non-current financial assets, the equity in Company AI of which fair value amounted to RMB43,896,693.44. As Company AI had its IPO on 6 October 2020, the fair value level of the above equity was measured at level 1 instead of level 3. (31 December 2019: The equity in Company Y amounting to RMB193,307,064.75 was transferred to measurement at level 1 from measurement at level 3.)

5. Financial instruments subsequently not measured at fair value

The management of the Group has assessed cash and bank balances, accounts receivable, other receivables, other current assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within a year, other current liabilities, etc. As the remaining term is not long, fair values are approximate to book values.

The Group's financial assets and financial liabilities which are subsequently not measured at fair value include other non-current assets, and long-term borrowings and other non-current liabilities respectively. The floating interest rate of the Group's long-term borrowings is linked to the market interest rate.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Name of the parent	Place of registration	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent	Proportion of the Company's voting power held by the parent
Cathay Fortune Corporation	Shanghai	Investment management	RMB181,818,200	24.69%	24.69%

On 12 January 2014, the Company received the Notice of Change of Control Rights of Luoyang Luanchuan Molybdenum Group Co., Ltd. from the shareholders Cathay Fortune Corporation ("CFC") and Luoyang Mining Group Co., Ltd. ("LMG"), notifying that CFC increased its shareholding H shares of the Company in the secondary market through its wholly-owned subsidiary, Cathy Fortune Investment, incorporated in Hong Kong. Upon completion, CFC and its persons acting in concert totally hold 1,827,706,322 shares of the Company (approximately 36.01% of the total share capital of the Company), surpassing 1,776,594,475 shares (approximately 35.01% of the total share capital of the Company) held by the original largest shareholder LMG, and become the Company's largest shareholder. CFC and LMG exchanged views on the change of control of the Company. LMG confirmed that it no longer had control over the Company and had no intention to increase its shareholding in the Company. Therefore, the controlling shareholder of the Company changed to CFC.

As at 31 December 2020, CFC actually holds 5,333,220,000.00 shares of the Company accounting for 24.69% of the total share capital of the Company. CFC is the actual controller of the Company.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

2. Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note VII 1.

3. Associates and joint ventures of the Company

For details of associates and joint ventures of the Company, please refer to Note VII 2.

Other associates or joint ventures which have transactions with the Group in the current year or in previous years are as follows:

Associates or joint ventures	Relationship with the Company
Fu Chuan	A subsidiary held by joint venture
Yulu Mining	Associate
Luoyang Shenyu	Associate
Huayue Nickel Cobalt	Associate
You Qing	Associate

4. Other related parties

Other related parties	Relationship with the Company
LMG	Shareholder of the Company
CFC	Shareholder of the Company

Note: Gécamines is an investor holding 20% of the shares of TFM, a subsidiary of the Group. In accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 36 – Related Party Disclosure, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the substance over form principle, the Company does not consider Gécamines to be a related party of the Group. The Group will not disclose any additional transactions with Gécamines from this year onwards.

5. Related party transactions

(1) Sales and purchase of goods, receipt of services

Unit: RMB

Related party	Details of related party transaction	2020	2019
Luoyang Shenyu	Sales of products	**34,060,471.26**	26,721,407.26
Luoyang Shenyu	Rendering of services	**780,708.44**	476,190.48
Yulu Mining	Rendering of services	**11,524,711.12**	11,046,326.10
Fu Chuan	Purchases of products	**216,091,416.58**	25,250,836.79
Fu Chuan	Purchases of services	**30,449.05**	–
Fu Chuan	Sales of products	**16,316,088.44**	175,271.34
Fu Chuan	Rendering of services	**3,296,863.17**	–
You Qing	Rendering of services	**479,750.94**	–
Huayue Nickel Cobalt	Interest income	**13,061,072.16**	–

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Borrowings/loans with related parties

Unit: RMB

Related party	Amount of borrowing/loan	Interest for the year	Interest rate	Inception date	Maturity date	Balance at 31 December 2020
Lent to						
Huayue Nickel Cobalt	414,831,595.86	13,061,072.16	6%	From March 2020 to November 2020	Two years after the withdrawal date	414,831,595.86

(3) Compensation for key management personnel

Unit: RMB'000

Item	2020	2019
Compensation for key management personnel	24,868	18,967

6. Amounts due from/to related parties

Unit: RMB

Item	Related party	31 December 2020		31 December 2019	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other receivables	Luoyang Shenyu	583,333.33	–	291,666.67	–
Other receivables	Fu Chuan	3,755,087.85	–	406,254.22	–
Other receivables	You Qing	508,536.00	–	–	–
Prepayments	Fu Chuan	130,506,458.61	–	9,069,559.58	–
Interest receivable	Huayue Nickel Cobalt	13,061,072.16	–	2,171,354.53	–
Other non-current assets	Huayue Nickel Cobalt	414,831,595.86	–	255,627,445.55	–
Accounts payable	Fu Chuan	17,336,117.62	–	8,703,324.03	–
Other payables	Fu Chuan	11,455,538.22	–	11,384,276.00	–
Interest payable	Fu Chuan	145,841.33	–	–	–

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7. Emoluments of directors and supervisors

Emoluments of each director for the year 2020 are as follows:

	Remuneration of directors *Unit: RMB'000*	Salary and allowances *Unit: RMB'000*	Bonus *Unit: RMB'000*	Pension *Unit: RMB'000*	Social insurance and housing funds other than pension *Unit: RMB'000*	Total *Unit: RMB'000*
Executive directors:						
Li Chaochun *(Note 1)*	–	360.00	5,100.00	3.77	51.85	5,515.62
Li Faben *(Note 1)*	–	360.00	4,300.00	22.01	40.81	4,722.82
Non-executive directors:						
Guo Yimin (Note2)	–	–	–	–	–	–
Yuan Honglin	45.00	45.00	–	–	–	90.00
Cheng Yunlei *(Note 2)*	–	–	–	–	–	–
Independent non-executive directors:						
Wang Yougui *(Note 1)*	300.00	–	–	–	–	300.00
Yan Ye *(Note 1)*	300.00	–	–	–	–	300.00
Li Shuhua *(Note 1)*	300.00	–	–	–	–	300.00
Total	945.00	765.00	9,400.00	25.78	92.66	11,228.44

Emoluments of each director for the year 2019 are as follows:

	Remuneration of directors *Unit: RMB'000*	Salary and allowances *Unit: RMB'000*	Bonus *Unit: RMB'000*	Pension *Unit: RMB'000*	Social insurance and housing funds other than pension *Unit: RMB'000*	Total *Unit: RMB'000*
Executive directors:						
Li Chaochun *(Note 1)*	–	360.00	5,100.00	49.62	71.31	5,580.93
Li Faben *(Note 1)*	–	360.00	3,890.00	28.80	38.49	4,317.29
Non-executive directors:						
Guo Yimin (Note2)	–	–	–	–	–	–
Yuan Honglin	90.00	–	–	–	–	90.00
Cheng Yunlei *(Note 2)*	–	–	–	–	–	–
Independent non-executive directors:						
Wang Yougui *(Note 1)*	300.00	–	–	–	–	300.00
Yan Ye *(Note 1)*	300.00	–	–	–	–	300.00
Li Shuhua *(Note 1)*	300.00	–	–	–	–	300.00
Total	990.00	720.00	8,990.00	78.42	109.80	10,888.22

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7. Emoluments of directors and supervisors (Continued)

Emoluments of each supervisor for the year 2020 are as follows:

	Salary and allowances *Unit: RMB'000*	Bonus *Unit: RMB'000*	Pension *Unit: RMB'000*	Social insurance and housing funds other than pension *Unit: RMB'000*	Total *Unit: RMB'000*
Zhang Zhenhao	90.00	–	–	–	90.00
Kou Youmin *(Note 2)*	–	–	–	–	–
Wang Zhengyan	320.00	2,300.00	22.01	40.81	2,682.82
Total	410.00	2,300.00	22.01	40.81	2,772.82

Emoluments of each supervisor for the year 2019 are as follows:

	Salary and allowances *Unit: RMB'000*	Bonus *Unit: RMB'000*	Pension *Unit: RMB'000*	Social insurance and housing funds other than pension *Unit: RMB'000*	Total *Unit: RMB'000*
Zhang Zhenhao	90.00	–	–	–	90.00
Kou Youmin *(Note 2)*	–	–	–	–	–
Wang Zhengyan	320.00	2,140.00	28.80	38.49	2,527.29
Total	410.00	2,140.00	28.80	38.49	2,617.29

Note 1: In accordance with resolutions in the First Extraordinary General Meetings in 2018 of CMOC, Li Chaochun and Li Faben were elected as executive directors of the Company; Yuan Honglin and Cheng Yunlei were elected as non-executive directors of the Company; Wang Yougui, Yan Ye and Li Shuhua were elected as independent non-executive directors of the Company. The tenure of relevant directors is three years, beginning at 3 August 2018.

Note 2: The agreed remuneration of Guo Yimin, Cheng Yunlei and Kou Youmin as director or supervisor of the Company are RMB90,000.00. As Guo Yimin, Cheng Yunlei and Kou Youmin also are director or supervisor of LMG, Luoyang, shareholder of the Company at the same time, according to Regulations on Clean Leadership in State-owned Enterprise, leaders in the state-owned enterprises shall not "assume leadership positions in enterprise funded by their own state-owned enterprises or in other enterprises, institutions, social organizations and intermediary agencies without approval, or accept remuneration and other income without authorization (for those approved to assume positions)", Guo Yimin, Cheng Yunlei and Kou Youmin gave up position allowances during their staying in the office provided by the Company.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7. Emoluments of directors and supervisors (Continued)

None of the top five of 2020 remunerations are directors or supervisors of the Company (2019: Nil), and the emoluments of the top five staffs are as follows:

Range of emoluments	Number of the current year	Number of the prior year
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,262,000 to RMB1,683,000)	–	1
HK$2,000,001 to HK$2,500,000 (equivalent to RMB1,683,000 to RMB2,104,000)	–	2
HK$2,500,001 to HK$3,000,000 (equivalent to RMB2,104,000 to RMB2,525,000)	–	2
HK$11,000,001 to HK$11,500,000 (equivalent to RMB9,258,000 to RMB9,679,000)	1	–
HK$12,500,001 to HK$13,000,000 (equivalent to RMB10,521,000 to RMB10,941,000)	1	–
HK$14,000,001to HK$14,500,000 (equivalent to RMB11,783,000 to RMB12,204,000)	2	–
HK$43,500,001 to HK$44,000,000 (equivalent to RMB36,611,000 to RMB37,032,000)	1	–

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB'000

	2020	2019
Contracted but not recognized in the financial statements:		
– Commitment for acquisition and construction of long-term assets	**1,512,479**	1,634,566
– Commitment for investment *(Note)*	**164,986**	423,652
Total	**1,677,465**	2,058,218

Note: The above commitment for investment included the Group's investments in two other non-current financial assets.

At the balance sheet date, the Group has no other commitments that need to be disclosed.

(XI) COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies

(1) Pending litigation

Copper-Cobalt business of the Group in Congo (DRC)

The Group's Copper-Cobalt business in Congo (DRC) may have some lawsuits, claims and liability claims in the daily business. The management considers that the results of such contingencies will not have a material adverse effect on the financial position, operating performance or cash flows of the business based on the information currently available.

The Group's Niobium-Phosphorus business in Brazil

The Group's Niobium-Phosphorus business in Brazil may face with various litigations and disputes in its daily business activities. The management determine the possibility of losing and consequent economic benefits outflow in accordance with the information available and the professional advice of external legal experts. If the possibility of economic benefits outflow were low, the management would determine as contingencies. The results of such contingencies will not have a material adverse effect on the financial position, operating performance or cash flows of the business based on the information currently available.

(2) Guarantees

As at 31 December 2020, the Group provides guarantees for the Australian Northparkes copper and gold mine business to Southwest Welsh government agencies of Australia, with guaranteed amount of AUD 47,040,000 (equivalent to RMB235,970,000). The relevant business venture agrees to any liability of the business compulsory executed from this guarantee. As at 31 December 2020, no material guarantee responsibility was undertaken.

In 2020, IXM, subsidiaries of the Group, provided guarantee for a supplier located in China, assisting the supplier to get facility totaling USD50,000,000.00 from the bank. The maximum guarantee undertaken by IXM is limited to 5.0% of the unsettled principal and interest under the credit facility, while bearing no obligations on the remaining principle and interest of the facility. As at 31 December 2020, the Group's guarantee obligation on the utilized facility amounted to USD1,530,000, equivalent to RMB9,980,000.

(XII) EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution plan of 2020

According to the proposal of the board of directors, the Company will distribute a cash dividend of RMB0.33 (2019: RMB0.43 per share) for every ten shares to all shareholders based on the issued 21,550,727,296 shares (net of the number of shares in the Company's dedicated repurchase account) (book value of RMB0.2 per share) for the year of 2020.

(XIII) OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Reporting segment's determination basis and accounting policies

The management divided the Group's business into six (2019: Six) operating segments, namely Molybdenum Tungsten related products, Copper and gold-related products, Niobium and Phosphorus related products,Copper and Cobalt related products, metal business and others on the basis of the Group's internal organization structure, management requirements and internal reporting system. The Group's management evaluates the operating results of these segments regularly, in order to determine the allocation of resources and assess their performance.

These reporting segments are determined on the basis of internal management and reporting system. Information of segment reporting are disclosed according to segment accounting policies and measurement standards, the measurement basis should be corresponding with that of financial statements.

(2) Reporting segment's financial information

Unit: RMB'000

2020	Molybdenum & tungsten related products	Copper & gold related products	Niobium & Phosphorus related products	Copper & cobalt related products	Metal trading	Others	Unallocated item	Intersegment eliminations	Total
Operating income									
External income	3,550,860	1,436,123	5,195,269	8,294,366	94,069,734	434,667	–	–	112,981,019
Inter-segment income	–	–	–	–	–	–	–	–	–
Total segment operating income	3,550,860	1,436,123	5,195,269	8,294,366	94,069,734	434,667	–	–	112,981,019
Total operating income in the financial statements	3,550,860	1,436,123	5,195,269	8,294,366	94,069,734	434,667	–	–	112,981,019
Operating cost	2,225,528	1,015,888	3,697,505	6,642,682	90,613,744	340,660	–	–	104,536,007
Taxes and levies							892,222	–	892,222
Selling expenses							73,457	–	73,457
Administrative expenses							1,330,306	–	1,330,306
Research and development expenses							173,583	–	173,583
Financial expenses							1,323,263	–	1,323,263
Add: Gains (losses) from changes in fair value							(1,915,935)	–	(1,915,935)
Investment income							408,815	–	408,815
Income (losses) from disposal of assets							(813)	–	(813)
Other income							38,182	–	38,182
Gains (losses) from assets impairment							(246,809)	–	(246,809)
Gains (losses) from credit impairment							11,727	–	11,727
Segment operating profit							2,947,348	–	2,947,348
Operating profit in the financial statements							2,947,348	–	2,947,348
Add: Non-operating income							14,695	–	14,695
Less: Non-operating expenses							85,753	–	85,753
Total profit							2,876,290	–	2,876,290
Less: Income tax expenses							397,649	–	397,649
Net profit							2,478,641	–	2,478,641

(XIII) OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Reporting segment's financial information (Continued)

Unit: RMB'000

2019	Molybdenum & tungsten related products	Copper & gold related products	Niobium & Phosphorus related products	Copper & cobalt related products	Metal trading	Others	Unallocated item	Intersegment eliminations	Total
Operating income									
External income	4,505,452	1,322,524	5,099,205	8,331,866	49,176,852	240,666	–	–	68,676,565
Inter-segment income	–	–	–	–	–	–	–	–	–
Total segment operating income	4,505,452	1,322,524	5,099,205	8,331,866	49,176,852	240,666	–	–	68,676,565
Total operating income in the financial statements	4,505,452	1,322,524	5,099,205	8,331,866	49,176,852	240,666	–	–	68,676,565
Operating cost	2,127,805	1,030,953	3,757,134	7,818,074	50,654,934	216,792	–	–	65,605,692
Taxes and levies							812,716	–	812,716
Selling expenses							90,658	–	90,658
Administrative expenses							1,233,697	–	1,233,697
Research and development expenses							268,321	–	268,321
Financial expenses							1,250,838	–	1,250,838
Add: Gains (losses) from changes in fair value							2,703,858	–	2,703,858
Investment income							194,629	–	194,629
Income (losses) from disposal of assets							(64,266)	–	(64,266)
Other income							17,295	–	17,295
Gains (losses) from assets impairment							(38,246)	–	(38,246)
Gains (losses) from credit impairment							(6,311)	–	(6,311)
Segment operating profit							2,221,602	–	2,221,602
Operating profit in the financial statements							2,221,602	–	2,221,602
Add: Non-operating income							170,388	–	170,388
Less: Non-operating expenses							33,542	–	33,542
Total profit							2,358,448	–	2,358,448
Less: Income tax expenses							592,600	–	592,600
Net profit							1,765,848	–	1,765,848

(XIII) OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Reporting segment's financial information (Continued)

(a) The Group mainly operates in China, Australia, Brazil and Congo (DRC) and Switzerland, and sells to the customers in China and other countries. The geographic disclosure of revenue and results of segments are classified by the destination of the products to deliver.

Unit: RMB'000

	2020	2019
Revenue		
China	**64,181,302**	29,779,395
India	**307,389**	125,402
Netherland	**2,534,105**	2,663,042
Korea	**7,470,459**	3,095,868
Taiwan	**276,254**	415,761
Belgium	**2,132,187**	709,097
Bulgaria	**452,662**	10,763
Finland	**1,322,185**	918,630
France	**84,248**	1,366,262
Germany	**3,544,451**	1,124,746
Greece	**224,420**	–
Ireland	**505,923**	19,323
Italy	**957,283**	349,458
Spain	**863,259**	199,827
Sweden	**612,379**	221,740
Switzerland	**3,273,909**	3,625,859
Turkey	**421,072**	72,822
UAE	**2,503,932**	1,110,445
US	**6,043,428**	3,523,189
Canada	**327,896**	108,330
Brazil	**4,855,002**	3,251,468
Mexico	**1,220,780**	556,519
South Africa	**504,265**	1,463,559
Zambia	**127,434**	3,414,195
Australia	**14,225**	17,259
Japan	**2,911,285**	1,295,568
UK	**2,886,052**	2,517,761
Singapore	**1,445,539**	1,214,439
Russia	**147,206**	696,830
Others	**830,488**	4,809,008
Total	**112,981,019**	68,676,565

(XIII) OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(3) External revenue by location of resources and non-current assets by location

Unit: RMB'000

Item	2020	2019
External revenue from Chinese business	**8,085,502**	9,625,294
External revenue from Australian business	**1,027,097**	1,192,297
External revenue from Brazil business	**2,433,549**	3,364,579
External revenue from Congo (DRC) business	**808,442**	7,324,279
External revenue from Switzerland business	**100,626,429**	47,170,116
Sub-total	**112,981,019**	68,676,565

Unit: RMB'000

Item	31 December 2020	31 December 2019
Non-current assets located in China	**10,857,460**	6,078,596
Non-current assets located in Australia	**4,480,241**	4,351,098
Non-current assets located in Brazil	**10,207,092**	10,474,322
Non-current assets located in Congo (DRC)	**33,885,527**	35,979,341
Non-current assets located in Switzerland	**509,712**	450,481
Sub-total	**59,940,032**	57,333,838

Note: The above non-current assets are not including deferred tax assets, other equity instrument, other non-current financial assets, and non-current derivative financial assets.

(4) Reliance on major clients

In 2020 and 2019, there were no major clients of the Group with revenue accounting for over 10% of operating income of the Group.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

	31 December 2020			31 December 2019		
Item	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:			–			2,520.51
RMB	–	–	–	–	–	2,520.51
Bank balances:			4,948,637,106.52			3,233,635,426.55
RMB	–	–	4,948,557,796.36	–	–	3,233,424,847.99
USD	12,155.00	6.5249	79,310.16	30,185.28	6.9762	210,578.56
Other cash and bank balances:			2,096,392,321.93			745,765,954.89
RMB	–	–	2,096,392,321.93	–	–	745,765,954.89
Total			7,045,029,428.45			3,979,403,901.95

Note: At the end of the current year, deposits for mines, pledged certificates of deposit for obtaining short-term borrowings, and deposits for derivative financial instruments, which were restricted, amounted to RMB52,567,110.15, RMB1,625,600,000.00, and RMB418,217,176.91 respectively (at the end of the prior year: RMB45,757,948.05, RMB700,000,000.00 and RMB nil).

2. Held-for-trading financial assets

Unit: RMB

Item	Closing fair value	Opening fair value
Structured deposits *(Note)*	**200,032,876.71**	1,014,194,897.26
Total	**200,032,876.71**	1,014,194,897.26

It represents the Group's purchase of structured deposits denominated in RMB from domestic banking financial institutions in the current year, with yield rate pegged to indicators including interest rate and exchange rate, etc. The Group classified it as financial assets at FVTPL.

3. Accounts receivable

Unit: RMB

Category	31 December 2020	31 December 2019
Accounts receivable	**365,342,418.35**	69,757,554.20
– Measured at amortized cost	**365,342,418.35**	69,757,554.20
Total	**365,342,418.35**	69,757,554.20

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

Credit risk on accounts receivable:

Accounts receivable for which impairment provision is recognized based on the expected credit loss are as follows:

Unit: RMB

	31 December 2020			31 December 2019		
	Gross amount	**Bad debt provision**	**Carrying amount**	Gross amount	Bad debt provision	Carrying amount
Accounts receivable with impairment provision recognized based on the expected credit loss	**367,442,563.98**	**2,100,145.63**	**365,342,418.35**	72,611,193.61	2,853,639.41	69,757,554.20

4. Financing receivables

Unit: RMB

Category	**31 December 2020**	31 December 2019
Notes receivable	**7,966,803.02**	59,095,591.76
Total	**7,966,803.02**	59,095,591.76

(a) Categories of notes receivable

Unit: RMB

Category	**31 December 2020**	31 December 2019
Bank acceptances	**7,966,803.02**	57,942,983.42
Commercial acceptances	**–**	1,152,608.34
Total	**7,966,803.02**	59,095,591.76

(b) Notes receivable endorsed or discounted by the Company as at the end and beginning of the year but not yet due at the balance sheet date:

Unit: RMB

Category	**Amount derecognized as at the end of 2020**	Amount derecognized as at the end of 2019
Bank acceptances	**1,357,363,464.04**	674,972,792.71
Total	**1,357,363,464.04**	674,972,792.71

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments

Aging analysis of prepayments is as follows:

Unit: RMB

Aging	31 December 2020 Amount	31 December 2020 Proportion (%)	31 December 2019 Amount	31 December 2019 Proportion (%)
Within 1 year	**139,142,644.89**	**97.29**	1,682,436.54	23.30
1 to 2 years	**181,977.06**	**0.13**	5,264,505.10	72.90
2 to 3 years	**3,535,480.20**	**2.47**	69,739.15	0.97
Over 3 years	**156,690.05**	**0.11**	204,133.97	2.83
Total	**143,016,792.20**	**100.00**	7,220,814.76	100.00

6. Other receivables

Unit: RMB

Item	31 December 2020	31 December 2019
Interest receivable	**468,074,888.87**	400,713,610.41
Dividends receivable	**44,006,084.08**	44,006,084.08
Other receivables	**3,170,568,218.33**	4,568,606,476.14
Total	**3,682,649,191.28**	5,013,326,170.63

Credit risk on other receivables:

Other receivables of the Company, for which impairment provision is recognized based on the expected credit loss are as follows:

Unit: RMB

	31 December 2020 Gross amount	31 December 2020 Impairment provision	31 December 2020 Carrying amount	31 December 2019 Gross amount	31 December 2019 Impairment provision	31 December 2019 Carrying amount
Other receivables with impairment provision recognized based on the expected credit loss	**3,193,425,691.38**	**22,857,473.05**	**3,170,568,218.33**	4,591,401,850.36	22,795,374.22	4,568,606,476.14

As at 31 December 2020, except for RMB22,857,473.05 (31 December 2019: RMB22,795,374.22) of the above receivables which were credit-impaired with impairment provision for full amount, management of the Group considered there was no significant credit loss on other receivables.

7. Inventories

Categories of inventories:

Unit: RMB

Item	31 December 2020 Gross amount	31 December 2020 Provision for decline in value of inventories	31 December 2020 Carrying amount	31 December 2019 Gross amount	31 December 2019 Provision for decline in value of inventories	31 December 2019 Carrying amount
Raw materials	**82,563,882.03**	**44,725.14**	**82,519,156.89**	70,388,974.87	1,945,548.70	68,443,426.17
Finished goods	**117,328,054.32**	**–**	**117,328,054.32**	72,519,448.32	–	72,519,448.32
Total	**199,891,936.35**	**44,725.14**	**199,847,211.21**	142,908,423.19	1,945,548.70	140,962,874.49

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Long-term equity investments

Details of long-term equity investment as follows:

Unit: RMB

Investee	Initial investment cost	31 December 2020	31 December 2019
Equity Method			
Yulu Mining	20,000,000.00	**78,399,984.45**	108,618,691.48
Huan Yu	973,335,000.00	**530,037,670.29**	628,372,427.71
Luoyang Shenyu	1,500,000.00	**2,454,764.46**	1,016,091.87
Sub-total	994,835,000.00	**610,892,419.20**	738,007,211.06
Cost Method-subsidiaries			
Ye Lian	5,638,250.27	**5,638,250.27**	5,638,250.27
Da Chuan	17,500,000.00	**–**	17,500,000.00
Xiao Shou Mao Yi	2,000,000.00	**2,000,000.00**	2,000,000.00
Da Dong Po	33,483,749.86	**33,483,749.86**	33,483,749.86
Jiu Yang	17,028,900.00	**17,028,900.00**	17,028,900.00
San Qiang	28,294,800.00	**33,397,038.41**	33,397,038.41
International Hotel	210,000,000.00	**210,000,000.00**	210,000,000.00
Wu Ye	100,000,000.00	**100,000,000.00**	100,000,000.00
CMOC HK	1,869,455,300.96	**1,869,455,300.96**	1,869,455,300.96
Metal Material	650,000,000.00	**650,000,000.00**	650,000,000.00
Fu Run	8,803,190.84	**8,803,190.84**	8,803,190.84
Xin Jiang Luo Mu	980,000,000.00	**980,000,000.00**	980,000,000.00
Hu Qi	9,900,000.00	**9,900,000.00**	9,900,000.00
Fu Kai	261,520,000.00	**261,520,000.00**	261,520,000.00
Sales Company *(Note 1)*	50,000,000.00	**50,700,000.00**	50,700,000.00
Qi Xing	46,963,636.00	**46,963,636.00**	46,963,636.00
CMOC Limited *(Note 1)*	575,797,299.48	**25,866,849,209.48**	23,721,409,809.48
Schmocke	500,000,000.00	**660,000,000.00**	660,000,000.00
Beijing Yongbo	10,000,000.00	**267,800,000.00**	267,800,000.00
CMOC Mining *(Note 1)*	–	**39,000,000.00**	39,000,000.00
High-tech	189,394,789.58	**189,394,789.58**	189,394,789.58
Sub-total	60,232,948.26	**60,232,948.26**	–
Total	5,626,012,865.25	**31,362,167,013.66**	29,173,994,665.40
Less: Provision for impairment *(Note 2)*		**31,973,059,432.86**	29,912,001,876.46
Net amount of long-term equity investments		**60,769,322.96**	–
Sub-total		**31,912,290,109.90**	29,912,001,876.46

Note 1: The Company provided guarantees for the USD loans of subsidiaries in the year, and recognized an investment cost according to the fair value of the guarantee.

Note 2: It represents provision for impairment made by the Company's subsidiaries: Fu Run, Jiu Yang, San Qiang, and Da Dong Po.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Other non-current financial assets

Unit: RMB

Item	31 December 2020	31 December 2019
Other wealth management products by non-banking financial institutions	**450,743,063.75**	600,990,751.70
Wealth management products by banks	**130,232,909.60**	124,950,476.72
Others	**4,928.00**	4,928.00
Total	**580,980,901.35**	725,946,156.42

For details of other non-current assets of the Company, please refer to Notes (V). 12.

10. Fixed assets

Unit: RMB

Item	Building and mining engineering	Machinery equipment	Electronic furniture and fixtures	Transportation equipment	Total
I. Total original carrying amount:					
1. Opening balance 1 January 2020	2,790,741,622.38	881,713,481.46	173,225,930.74	138,273,716.74	3,983,954,751.32
2. Increase for the current year	282,598,632.00	199,546,072.28	18,263,207.81	13,974,707.89	514,382,619.98
(1) Purchase	50,737,237.82	6,410,554.59	6,662,364.37	13,058,291.21	76,868,447.99
(2) Transfer from construction in progress	214,032,746.41	175,342,077.07	10,929,213.88	292,035.40	400,596,072.76
(3) Addition from business acquisition by absorption	17,828,647.77	17,793,440.62	671,629.56	624,381.28	36,918,099.23
3. Decrease for the current year	131,364,388.81	83,792,839.00	15,928,612.43	104,758,510.01	335,844,350.25
(1) Disposal or retirement	131,364,388.81	83,792,839.00	15,928,612.43	104,758,510.01	335,844,350.25
4. Closing balance 31 December 2020	2,941,975,865.57	997,466,714.74	175,560,526.12	47,489,914.62	4,162,493,021.05
II. Accumulated depreciation					
1. Opening balance 1 January 2020	1,695,026,105.76	674,128,857.63	135,499,521.82	116,522,536.31	2,621,177,021.52
2. Increase for the current year	118,690,743.85	52,239,448.19	14,090,709.89	5,951,556.64	190,972,458.57
(1) Provision	105,734,222.56	36,541,356.90	13,478,192.11	5,356,990.93	161,110,762.50
(2) Addition from business acquisition by absorption	12,956,521.29	15,698,091.29	612,517.78	594,565.71	29,861,696.07
3. Decrease for the current year	110,177,052.69	77,329,088.89	15,217,386.66	99,802,253.21	302,525,781.45
(1) Disposal or retirement	110,177,052.69	77,329,088.89	15,217,386.66	99,802,253.21	302,525,781.45
4. Closing balance 31 December 2020	1,703,539,796.92	649,039,216.93	134,372,845.05	22,671,839.74	2,509,623,698.64
III. Provision for impairment					
1. Opening balance 1 January 2020	15,140,391.60	3,945,202.39	–	–	19,085,593.99
2. Increase for the current year	11,823,927.14	–	–	–	11,823,927.14
(1) Provision	11,823,927.14	–	–	–	11,823,927.14
3. Decrease for the current year	15,140,391.60	3,459,022.25	–	–	18,599,413.85
(1) Disposal	15,140,391.60	3,459,022.25	–	–	18,599,413.85
4. Closing balance 31 December 2020	11,823,927.14	486,180.14	–	–	12,310,107.28
IV. Carrying amount					
1. Closing carrying amount	1,226,612,141.51	347,941,317.67	41,187,681.07	24,818,074.88	1,640,559,215.13
2. Opening carrying amount	1,080,575,125.02	203,639,421.44	37,726,408.92	21,751,180.43	1,343,692,135.81

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

11. Intangible assets

Unit: RMB

Item	Land use right	Mining right	Trademark right	Non proprietary technology	Others	Total
I. Total original carrying amount:						
1. Opening balance 1 January 2020	327,749,522.82	408,985,700.00	1,286,750.00	84,074,165.18	21,012,144.32	843,108,282.32
2. Increase for the current year	10,340,521.75	–	–	–	1,803,176.87	12,143,698.62
(1) Purchase	–	–	–	–	1,037,735.82	1,037,735.82
(2) Transfer from construction in progress	–	–	–	–	741,509.42	741,509.42
(3) Addition from business acquisition by absorption	10,340,521.75	–	–	–	23,931.63	10,364,453.38
3. Decrease for the current year	2,303,247.34	–	–	–	–	2,303,247.34
(1) Disposal	2,303,247.34	–	–	–	–	2,303,247.34
4. Closing balance 31 December 2020	335,786,797.23	408,985,700.00	1,286,750.00	84,074,165.18	22,815,321.19	852,948,733.60
II. Accumulated amortization						
1. Opening balance 1 January 2020	85,435,060.01	363,433,400.96	1,088,497.05	65,014,268.04	6,947,245.45	521,918,471.51
2. Increase for the current year	10,962,652.60	27,727,844.04	22,028.15	8,392,624.92	2,138,165.07	49,243,314.78
(1) Provision	7,157,657.43	27,727,844.04	22,028.15	8,392,624.92	2,138,165.07	45,438,319.61
(2) Addition from business acquisition by absorption	3,804,995.17	–	–	–	–	3,804,995.17
3. Decrease for the current year	475,394.92	–	–	–	–	475,394.92
(1) Disposal	475,394.92	–	–	–	–	475,394.92
4. Closing balance 31 December 2020	95,922,317.69	391,161,245.00	1,110,525.20	73,406,892.96	9,085,410.52	570,686,391.37
III. Provision for impairment						
1. Opening balance 1 January 2020	–	–	–	–	–	–
2. Increase for the current year	–	–	–	–	–	–
3. Decrease for the current year	–	–	–	–	–	–
4. Closing balance 31 December 2020	–	–	–	–	–	–
IV. Carrying amount						
1. Closing carrying amount	239,864,479.54	17,824,455.00	176,224.80	10,667,272.22	13,729,910.67	282,262,342.23
2. Opening carrying amount	242,314,462.81	45,552,299.04	198,252.95	19,059,897.14	14,064,898.87	321,189,810.81

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

12. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets or liabilities listed in net value after offsetting

Unit: RMB

Item	31 December 2020	31 December 2019
Deferred tax assets:		
Impairment provision on assets	**7,299,367.66**	8,903,532.00
Deferred income from government grants	**2,760,361.55**	2,818,199.42
Outstanding expenses – net	**46,369,362.76**	44,877,414.72
Losses on disposal of fixed assets without filing	**3,241,706.29**	3,241,706.29
Profit or loss arising from fair value changes	**126,827,978.85**	27,342,085.16
Sub-total	**186,498,777.11**	87,182,937.59
Deferred tax liabilities:		
Interest income	**65,758,639.51**	52,168,424.61
Depreciation of fixed assets	**4,701,817.12**	1,362,631.51
Sub-total	**70,460,456.63**	53,531,056.12
Deferred tax assets/liabilities after offsetting	**116,038,320.48**	33,651,881.47

(2) Temporary differences corresponding to the assets/liabilities causing temporary differences

Unit: RMB

Item	Temporary differences	
	31 December 2020	31 December 2019
Impairment provision on assets	**48,662,451.06**	59,356,879.98
Deferred income from government grants	**18,402,410.30**	18,787,996.10
Profit or loss arising from fair value changes	**845,519,859.02**	182,280,567.72
Outstanding expenses – net	**309,129,085.06**	299,182,764.82
Losses on disposal of fixed assets without filing	**21,611,375.27**	21,611,375.27
Interest income	**(438,390,930.07)**	(347,789,497.35)
Depreciation of fixed assets	**(31,345,447.47)**	(9,084,210.07)
Impairment provision on assets	**48,662,451.06**	59,356,879.98
Sub-total	**773,588,803.17**	224,345,876.47

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Breakdown of impairment provision on assets

Unit: RMB

Item	1 January 2020	Increase in current year	Decrease in current year Reversal	Write-off	31 December 2020
I. Impairment provision for inventories	1,945,548.70	–	–	1,900,823.56	**44,725.14**
II. Impairment provision on fixed assets	19,085,593.99	11,823,927.14	–	18,599,413.85	**12,310,107.28**
III. Impairment provision on long-term equity investment	–	60,769,322.96	–	–	**60,769,322.96**
Total	21,031,142.69	72,593,250.10	–	20,500,237.41	**73,124,155.38**

14. Other non-current assets

Unit: RMB

Item	31 December 2020	31 December 2019
Prepaid farmland occupation tax	**8,028,346.01**	8,028,346.01
Amounts for purchase of tailing pond	**69,061,111.10**	–
Total	**77,089,457.11**	8,028,346.01

15. Short-term borrowings

Unit: RMB

Item	31 December 2020	31 December 2019
Credit loan	**2,195,747,000.00**	1,178,000,000.00
Total	**2,195,747,000.00**	1,178,000,000.00

16. Held-for-trading financial liabilities

Details of held-for-trading financial liabilities are as follows:

Unit: RMB

Item	Closing fair value	Opening fair value
1. Liabilities from floating-rate foreign currency loan contract and forward foreign exchange contract measured in fair value and forward rate swap contract	**–**	–
2. Liabilities from forward commodity contract and gold lease measured at fair value	**449,732,550.75**	645,164,164.50
Total	**449,732,550.75**	645,164,164.50

For details of held-for-trading financial liabilities of the Company, please refer to Notes (V).23.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17. Derivative financial liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Derivative financial liabilities – Forward exchange contract	**449,661,924.05**	–
Total	**449,661,924.05**	–

18. Accounts payable

Unit: RMB

Category	31 December 2020	31 December 2019
Accounts payable	**152,707,814.98**	236,918,656.25
Total	**152,707,814.98**	236,918,656.25

19. Taxes payable

Unit: RMB

Item	31 December 2020	31 December 2019
Value added tax	**6,474,979.60**	12,504,323.20
Urban maintenance and construction tax	**–**	417,329.71
Resource tax	**–**	5,251,464.53
Education surcharges	**–**	250,397.83
Other tax	**3,947,453.30**	4,489,973.22
Total	**10,422,432.90**	22,913,488.49

20. Other payables

Unit: RMB

Item	31 December 2020	31 December 2019
Interests payable	**129,344,304.05**	83,541,782.42
Others	**2,032,705,565.53**	829,116,123.14
Total	**2,162,049,869.58**	912,657,905.56

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

21. Non-current liabilities due within one year

Unit: RMB

Item	31 December 2020	31 December 2019
Bonds payable due within one year *(Note V. 31)*	**2,000,000,000.00**	–
Total	**2,000,000,000.00**	–

22. Other current liabilities

Unit: RMB

Item	31 December 2020	31 December 2019
Accrued expenses	**71,340,868.08**	85,702,018.67
Financial guarantee contracts *(Note XIV.8)*	**30,150,775.53**	65,009,272.79
Short-term bonds payable	**2,000,000,000.00**	1,000,000,000.00
Total	**2,101,491,643.61**	1,150,711,291.46

Financial guarantee contracts for subsidiaries under other current liabilities are accounted for based on the expected credit loss model. As at 31 December 2020, management of the Company considered that credit risk on relevant financial guarantee contracts was low in connection with the credit level of the guaranteed enterprises.

23. Long-term borrowings

Unit: RMB

Item	31 December 2020	31 December 2019
Credit loan	**200,000,000.00**	–
Total	**200,000,000.00**	–

24. Provisions

Unit: RMB

Item	31 December 2020	31 December 2019
Land restoration and rehabilitation fee *(Note V.37)*	**47,570,371.67**	47,570,371.67
Total	**47,570,371.67**	47,570,371.67

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

25. Operating income and operating costs

Unit: RMB

Item	31 December 2020	31 December 2019
Main business income	**2,743,178,634.78**	3,427,554,180.14
Other business income	**175,328,528.66**	106,992,722.02
Main business cost	**1,390,652,941.21**	1,347,208,617.31
Other business cost	**140,257,066.80**	106,841,574.17

26. Taxes and levies

Unit: RMB

Item	2020	2019	Calculation and payment standards
Urban maintenance and construction tax	**8,764,707.59**	15,716,651.93	*Note IV*
Education surcharges	**5,258,412.25**	9,429,162.14	*Note IV*
Resource tax	**158,575,970.51**	245,558,885.53	*Note IV*
Others	**11,187,976.63**	13,781,561.68	
Total	**183,787,066.98**	284,486,261.28	

27. Administrative expenses

Unit: RMB

Item	2020	2019
Wages and social security contribution	**62,592,993.86**	98,326,350.31
Depreciation and amortization	**26,798,105.40**	24,769,265.89
Consulting and professional fees	**133,908,626.17**	169,071,805.99
Entertainment expenditures	**6,332,915.05**	9,082,037.46
Insurance costs	**59,875,213.16**	68,314,628.23
Compensation fees for water and soil conservation	**9,000,000.00**	–
Others	**20,021,927.43**	38,276,148.53
Total	**318,529,781.07**	407,840,236.41

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

28. Financial expenses

Unit: RMB

Item	2020	2019
Interest expenses on bond	**213,309,678.86**	123,897,740.86
Discount interest of notes receivable	**5,122,029.37**	15,212,363.48
Interest expenses of bank loans	**152,430,523.14**	93,359,139.32
Expenditures from intra-group loans	**27,159,962.11**	14,115,457.00
Total interest expenses:	**398,022,193.48**	246,584,700.66
Less: Interest income	**370,540,924.83**	560,330,300.98
Exchange differences	**59,481,013.77**	(11,234,357.77)
Gold lease charges	**41,545,555.28**	82,099,619.58
Others	**(65,827,657.04)**	(53,727,701.38)
Total	**62,680,180.66**	(296,608,039.89)

29. Investment income

Unit: RMB

Item	2020	2019
Income from long-term equity investments under equity method	**(7,314,791.87)**	68,939,691.70
Investment income from other non-current financial assets *(Note V. 12)*	**44,102,706.96**	51,240,647.85
Investment income from structured deposits	**75,626,728.22**	–
Investment loss on disposal of held-for-trading financial liabilities	**–**	1,763,037.25
Total	**112,414,643.31**	121,943,376.80

30. Gains (losses) from credit impairment

Unit: RMB

Sources of credit impairment	2020	2019
Gains (losses) on credit impairment of accounts receivable	**2,804,309.37**	(53,908.89)
Gains on credit impairment of notes receivable	**1,326,723.66**	353,818.19
Gains on credit impairment of other receivables	**–**	5,581,243.11
Total	**4,131,033.03**	5,881,152.41

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

31. Gains (losses) from assets impairment

Unit: RMB

Item	2020	2019
Gains (losses) on impairment of fixed assets	**(11,823,927.14)**	(15,140,391.60)
Gains (losses) on impairment of long-term equity investment	**(60,769,322.96)**	–
Total	**(72,593,250.10)**	(15,140,391.60)

32. Non-operating income

Unit: RMB

Item	2020	2019
Government grants	**–**	2,500,000.00
Others	**547,273.11**	7,820,335.42
Total	**547,273.11**	10,320,335.42

33. Non-operating expenses

Unit: RMB

Item	2020	2019
External donations	**10,589,457.18**	24,730,000.00
Losses on retirement of fixed assets	**10,655,894.25**	–
Others	**8,160,396.66**	5,049,566.01
Total	**29,405,748.09**	29,779,566.01

34. Income tax expenses

Unit: RMB

Item	2020	2019
Current tax expenses calculated according to tax laws and relevant requirements	**47,408,515.05**	142,762,151.52
Differences arising on settlement of income tax for the previous year	**(1,174,428.23)**	8,063,738.16
Adjustments to deferred income tax	**(82,386,439.01)**	(4,523,865.30)
Total	**(36,152,352.19)**	146,302,024.38

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED) (Continued)

34. Income tax expenses (Continued)

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

Item	2020	2019
Accounting profit	**51,568,154.11**	1,386,810,131.36
Income tax expenses calculated at 15% (2019: 15%)	**7,735,223.12**	208,021,519.70
Tax impact of non-deductible expenses	**9,943,748.88**	960,024.99
Tax impact of non-taxable income	**(52,656,895.96)**	(70,743,258.47)
Difference arising on settlement of income tax for the previous years	**(1,174,428.23)**	8,063,738.16
Total	**(36,152,352.19)**	146,302,024.38

35. Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	2020	2019
1. Reconciliation of net profit into cash flow from operating activities:		
Net profit	**87,720,506.30**	1,240,508,106.98
Add: Provision for impairment losses of assets	**72,593,250.10**	15,140,391.60
Provision for credit impairment	**(4,131,033.03)**	(5,881,152.41)
Depreciation of fixed assets	**161,110,762.50**	143,673,509.66
Amortization of intangible asset	**45,438,319.61**	44,752,352.54
Amortization of long-term prepaid expenses	**34,023,239.17**	77,174,150.49
Losses (Gains)on disposal of fixed assets, intangible assets and other long-term assets	**10,298,027.59**	(7,097.16)
Losses on changes in fair value (less gains)	**652,937,002.83**	218,236,080.59
Financial expenses (income is filled in column with "-")	**373,740,091.72**	400,808,103.77
Investment losses (income is filled in column with "-")	**(112,414,643.31)**	(121,943,376.80)
Decrease in deferred tax assets (increase is filled in column with "-")	**(82,386,439.02)**	(3,640,554.34)
Decrease in inventories (increase is filled in column with "-")	**(56,950,572.39)**	1,355,274.59
Decrease in operating accounts receivable items (increase is filled in column with "-")	**(307,759,420.57)**	1,260,414,246.27
Increase in operating payables (decrease is filled in column with "-")	**(121,424,834.18)**	(78,339,373.92)
Amortization of deferred income	**(385,585.80)**	(387,501.74)
Increase in special reserve (decrease is filled in column with "-")	**130,270.80**	(2,493,954.36)
Net cash flow from operating activities	**752,538,942.32**	3,189,369,205.76
2. Net changes in cash and cash equivalents:		
Closing balance of cash	**4,948,637,106.52**	3,233,637,947.06
Less: Opening balance of cash	**3,233,637,947.06**	12,329,538,991.95
Add: Closing balance of cash equivalents	**–**	–
Less: Opening balance of cash equivalents	**–**	–
Net increase (decrease) in cash and cash equivalents	**1,714,999,159.46**	(9,095,901,044.89)

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

36. Related party relationships and transactions

Please refer to Note VII. 1 for the subsidiaries of the Company and Note V. 10 for associates and joint ventures of the Company.

(1) Details on related party transactions

(1.1) Sales and purchase of goods, provision and receipt of services

Unit: RMB

Related party	Related transaction type	Content of related party transactions	Related transaction pricing Methods and decision-making process	2020 Amount	2019 Amount
Sales Company	Goods	Sales	Contract price	**300,803,580.16**	470,782,662.81
Ye Lian	Goods	Sales	Contract price	**1,089,800,722.29**	1,346,032,718.67
Xiao Shou Mao Yi	Goods	Sales	Contract price	**–**	49,366,822.54
Da Dong Po	Goods	Sales/Provision of services related to tailing processing	Contract price	**75,801,128.35**	48,624,048.49
Jiu Yang	Goods	Sales	Contract price	**14,155.51**	–
San Qiang	Goods	Sales	Contract price	**41,918,097.61**	69,070,216.75
Wu Ye	Goods	Sales	Contract price	**850,888,449.26**	733,289,320.85
Metal Material	Goods	Sales	Contract price	**304,784,417.19**	500,930,879.16
Xin Jiang Luo Mu	Service	Receipt of service	Contract price	**3,221.20**	–
San Qiang	Service	Receipt of service	Contract price	**30,442,498.01**	–
High-tech	Goods	Sales	Contract price	**45,294.46**	–
Total				**2,694,501,564.04**	3,218,096,669.27

Related party	Related transaction type	Content of related party transactions	Related transaction pricing Methods and decision-making process	2020 Amount	2019 Amount
Da Chuan	Service	Receipt of service	Contract price	**–**	3,622,641.52
Jiu Yang	Goods	Purchase of goods and materials	Contract price	**56,432.48**	1,991,565.04
Metal Material	Service/Goods	Receipt of service/Purchase of goods and materials	Contract price	**326,051.86**	0.09
Xiao Shou Mao Yi	Goods	Purchase of goods and materials	Contract price	**172,803.69**	12,333,347.91
Ye Lian	Service	Receipt of service	Contract price	**799,250.44**	–
Schmocke	Service	Receipt of service	Contract price	**15,050,515.89**	19,708,153.06
Beijing Yongbo	Service	Receipt of service	Contract price	**–**	34,081,522.13
International Hotel	Service	Receipt of service	Contract price	**1,303,658.65**	11,550,169.34
Da Dong Po	Service/Goods	Receipt of service/Purchase of goods and materials	Contract price	**62,161,782.22**	40,148,750.94
Mudu Trading	Goods	Purchase of goods and materials	Contract price	**–**	–
San Qiang	Goods	Purchase of goods and materials	Contract price	**102,543.36**	–
San Qiang	Goods	Purchase of goods and materials	Contract price	**1,509,173.30**	–
High-tech	Goods	Purchase of goods and materials	Contract price	**82,143.17**	–
CMOC Limited	Service	Receipt of service	Contract price	**24,374,352.65**	–
Total				**105,938,707.71**	123,436,150.03

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

36. Related party relationships and transactions (Continued)

(1) Details on related party transactions (Continued)

(1.2) Loans and borrowings of the related party

Except the related party financing disclosures in Note X.6, the financing transactions between the Company and other related parties are as follows:

Unit: RMB

	Lent to during the current year	Received during the current year	Closing balance of current year	Lent to during the previous year	Received during the previous year	Closing balance of previous year
Lent to						
Sales Company	3,525,431,850.00	4,162,194,447.95	915,407,850.00	3,268,604,580.00	1,716,434,132.05	1,552,170,447.95
Ye Lian	2,747,865,072.12	2,648,372,800.00	99,492,272.12	–	1,024,614,544.22	–
International Hotel	–	–	82,489,065.18	72,800,210.93	77,887,058.43	82,489,065.18
Jiu Yang	–	–	–	553,783,926.56	641,081,412.23	–
Metal Material	350,000,000.00	350,000,000.00	–	–	–	–
CMOC HK	–	45,130,000.00	652,490,000.00	1,052,375,137.00	1,063,792,329.00	697,620,000.00
CMOC Limited	707,100,000.00	1,625,591,699.00	287,917,351.00	9,229,820.00	–	1,206,409,050.00
Qi Xing	677,285.08	58,501.34	67,727,447.04	381,569.86	15,134.15	67,108,663.30
Schmocke	1,220,824,365.38	1,348,780,000.00	486,044,365.38	380,935,064.41	746,999,436.24	614,000,000.00
Fu Run	–	–	11,577,366.88	–	25,102.35	11,577,366.88
Yuehe Properties	430,040.58	60,232,948.26	75,683.42	170,285.81	703.36	59,878,591.10
Wu Ye	150,000,000.00	150,000,000.00	–	–	–	–
Beijing Yongbo	637,229,439.21	446,456,809.20	190,772,630.01	–	–	–
Dinghong	1,444,000,000.00	1,193,999,949.60	250,000,050.40	–	–	–
IXM Holding S.A.	300,545,416.67	300,545,416.67	–	–	–	–
Total	11,084,103,469.04	12,331,362,572.02	3,043,994,081.43	5,338,280,594.57	5,270,849,852.03	4,291,253,184.41

Unit: RMB

	Borrowed from during the current year	Repaid during current year	Closing balance of current year	Borrowed from during the previous year	Repaid during previous year	Closing balance of previous year Borrowed from
Sales Company	–	164,234,982.55	–	5,453,875,020.21	5,732,413,755.05	164,234,982.55
Xiao Shou Mao Yi	–	–	19,387,522.04	58,347,791.43	64,558,942.66	19,387,522.04
Wu Ye	–	–	306,187.25	–	962,573,213.68	306,187.25
Metal Material	–	–	323,489.75	1,801,282,696.72	1,803,402,630.97	323,489.75
San Qiang	–	–	396,790.70	154,190,825.65	154,424,899.29	396,790.70
Da Dong Po	–	–	660,726.24	143,176,819.83	145,646,510.97	660,726.24
Da Chuan	–	14,820,992.46	–	22,510,218.97	18,167,214.99	14,820,992.46
Xin Jiang Luo Mu	–	–	179,304,822.89	3,232,879.67	4,262,565.83	179,304,822.89
Fu Kai	–	–	11,295,366.25	–	–	11,295,366.25
Hu Qi	–	–	9,895,366.25	–	–	9,895,366.25
Ye Lian	–	507,727.88	–	1,048,534,843.46	1,048,027,115.58	507,727.88
Schmocke	263,691,598.58	264,585,741.04	117,640,270.53	118,534,412.99	–	118,534,412.99
Beijing Yongbo	608,169,028.69	583,975,312.26	58,525,953.26	1,014,693,728.20	1,132,667,763.17	34,332,236.83
CMOC Limited	1,016,994,956.13	11,932,602.74	1,005,062,353.39	–	–	–
Dinghong	468,524,462.23	163,221,867.53	305,302,594.70	–	–	–
IXM Holding S.A.	50,248,918.32	8,355.90	50,240,562.42	–	–	–
Total	2,407,628,963.95	1,203,287,582.36	1,758,342,005.67	9,818,379,237.13	11,066,144,612.19	554,000,624.08

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

36. Related party relationships and transactions (Continued)

(1) Details on related party transactions (Continued)

(1.3) Interest of related parties

The borrowings/loans with other related parties are as follows:

	2020 ***Unit: RMB***	2019 *Unit: RMB*
Net interests paid to (charged from) related parties	**(94,425,828.43)**	(109,066,589.31)

(1.4) Guarantees with related party

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
China Molybdenum Co., Ltd.	CMOC Mining	AUD 37,000,000	18 December 2013	21 November 2023	No
China Molybdenum Co., Ltd.	CMOC Brazil and CMOC LUXEMBOURG	USD900,000,000	29 September 2016	14 September 2023	No
China Molybdenum Co., Ltd.	CMOC DRC	USD1,590,000,000	15 November 2016	15 November 2023	No
China Molybdenum Co., Ltd.	CMOC Capital	USD300,000,000	1 February 2019	1 February 2022	No
China Molybdenum Co., Ltd.	CMOC Limited	USD600,000,000	5 February 2020	3 February 2025	No
China Molybdenum Co., Ltd.	CMOC Limited	RMB700,000,000	2 June 2020	2 June 2025	No
China Molybdenum Co., Ltd.	CMOC Limited	USD10,000,000	17 August 2020	3 August 2023	No
China Molybdenum Co., Ltd.	Shanghai Aoyide	USD4,200,000	14 July 2020	14 July 2025	No
China Molybdenum Co., Ltd.	Shanghai Aoyide	USD250,000,000	13 July 2020	11 June 2021	No
China Molybdenum Co., Ltd.	Shanghai Aoyide	RMB30,000,000	8 June 2020	8 June 2024	No
China Molybdenum Co., Ltd.	Shanghai Aoyide	USD250,000,000	12 June 2020	13 June 2021	No
China Molybdenum Co., Ltd.	Shanghai Aoyide	USD10,000,000	25 November 2020	25 November 2021	No
China Molybdenum Co., Ltd.	Metal Material	RMB700,000,000	30 November 2020	30 December 2021	No
China Molybdenum Co., Ltd.	Fu Chuan	RMB400,000,000	18 December 2020	17 December 2021	No
China Molybdenum Co., Ltd.	Fu Chuan	RMB400,000,000	17 December 2020	17 December 2021	No
China Molybdenum Co., Ltd.*(Note)*	BHR Newwood Investment Management Limited	USD690,000,000	5 April 2017	5 April 2024	No

Note: On 11 July 2017, as decided by the resolution of the Investment Committee of the Company, the Company increased investment of RMB1,872,972,510.00 in the form of conversion of capital by debt in its wholly-owned subsidiary, CMOC Limited; in the meanwhile, the Company provided guarantee for the borrowings denominated in USD of BHR, subsidiary of CMOC Limited in 2020 and recognized relevant cost of investment based on the fair value of the guarantee.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

36. Related party relationships and transactions (Continued)

(2) Amount due from and amount due to related parties

Unit: RMB

Item	Related party	31 December 2020	31 December 2019
Accounts receivable	Ye Lian	**145,636,557.40**	–
	Da Dong Po	**104,472,353.22**	–
	San Qiang	**66,145,105.66**	33,296,039.53
	Wu Ye	**14,659,789.31**	–
	High-tech	**51,182.75**	–
	Xiao Shou Mao Yi	**–**	5,932,031.66
Dividends receivable	Jiu Yang	**26,993,751.76**	26,993,751.76
	San Qiang	**10,118,892.09**	10,118,892.09
	Da Dong Po	**6,893,440.23**	6,893,440.23
Other receivables	Sales Company	**915,407,850.00**	1,552,170,447.95
	CMOC HK	**652,490,000.00**	697,620,000.00
	Schmoke	**486,044,365.38**	614,000,000.00
	CMOC Limited	**287,917,351.00**	1,206,409,050.00
	Beijing Yongbo	**190,772,630.01**	–
	Qi Xing	**67,727,447.04**	67,108,663.30
	International Hotel	**82,489,065.18**	82,489,065.18
	Ye Lian	**99,492,272.12**	–
	Fu Run	**11,577,366.88**	11,577,366.88
	Yuehe Properties	**75,683.42**	59,878,591.10
	Da Chuan	**–**	67,000,000.00
	Dinghong	**250,000,050.40**	–
Interest receivable	CMOC Limited	**26,427,959.07**	56,131,366.83
	Sales Company	**21,691,095.75**	32,615,166.93
	Beijing Yongbo	**9,404,680.25**	–
	Jiu Yang	**–**	4,949,621.25
	Ye Lian	**5,371,096.32**	–
	San Qiang	**1,610,572.68**	–
	Dinghong	**1,533,981.39**	–
	Wu Ye	**1,192,034.82**	–
	IXM Holding S.A.	**237,842.09**	–
	CMOC HK	**202,239,331.16**	180,111,775.01
	Schmoke	**7,577,083.54**	5,996,068.56

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

36. Related party relationships and transactions (Continued)

(2) Amount due from and amount due to related parties (Continued)

Unit: RMB

Item	Related party	31 December 2020	31 December 2019
Interest payable	Sales Company	**660,356.13**	–
	Wu Ye	**552,969.13**	17,672.57
	Xin Jiang Luo Mu	**507,614.60**	523,590.03
	International Hotel	**79,812.82**	392,361.29
	Beijing Yongbo	**56,248.75**	2,955,763.50
	Jiu Yang	**52,467.08**	–
	Xiao Shou Mao Yi	**25,150.69**	52,641.41
	San Qiang	**17,293.48**	20,357.41
	San Qiang	**2,024.11**	990.8
	Da Dong Po	**786.16**	14,675.07
	Da Chuan	**–**	41,614.78
	Ye Lian	**–**	40,543.17
Other payables	CMOC Limited	**1,005,062,353.39**	–
	Xin Jiang Luo Mu	**179,304,822.89**	179,304,822.89
	Schmoke	**117,640,270.53**	118,534,412.99
	IXM Holding S.A.	**50,240,562.42**	–
	Wu Ye	**306,187.25**	306,187.25
	CMOC HK	**–**	17,752,791.19
	Xiao Shou Mao Yi	**19,387,522.04**	19,316,840.04
	Fu Kai	**11,295,366.25**	11,295,366.25
	Hu Qi	**9,895,366.25**	9,895,366.25
	Dinghong	**305,302,594.70**	–
	San Qiang	**396,790.70**	396,790.70
	Da Dong Po	**660,726.24**	660,726.24
	Metal Material	**323,489.75**	323,489.75
	Sales Company	**–**	164,234,982.55
	Ye Lian	**–**	507,727.88
	Da Chuan	**–**	14,820,992.46
	Beijing Yongbo	**58,525,953.26**	34,332,236.83
Accounts payable	Da Dong Po	**5,658,471.57**	56,707,429.51
	Mudu Trading	**1,992,480.00**	1,992,480.00
	San Qiang	**902,902.19**	–
	Ye Lian	**689,928.00**	–
	Jiu Yang	**633,564.00**	–
	Metal Material	**58,365.64**	–
	High-tech	**30,102.75**	–
	Da Chuan	**–**	3,840,000.00
	Schmoke	**–**	20,890,642.18
Contract liabilities	Metal Material	**17,685,087.73**	171,733,028.62
	Wu Ye	**–**	62,892,975.03
	Sales Company	**150,922,501.79**	–
Prepayments	Beijing Yongbo	**73,586.68**	–

(XVI) SUPPLEMENTARY INFORMATION

1. Breakdown of Non-Recurring Profit or Loss

Unit: RMB

Item	2020
Net profit	**2,478,640,545.02**
Add (less): Non-recurring profit or loss items	
– Loss on disposal of non-current assets	**812,670.82**
– Government grants	**(38,232,080.76)**
– Donation expenses	**12,200,813.25**
– Fair value changes arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other non-current financial assets besides the transactions under effective hedging relationship relating to the Company's normal course of operation, as well as investment income from disposal of the above financial assets/liabilities	**1,934,640,418.79**
– Other losses on changes in the fair value	**9,404,961.04**
– Gains or losses from fair value changes in assets and liabilities including inventories measured at fair value of IXM's metal trading business	**(3,621,955,093.95)**
– Other net non-operating income or expenses other than the above	**58,907,802.74**
– Other profit or loss that meets the definition of non-recurring profit or loss *(Note)*	**187,269,402.18**
Sub-total	**(1,456,951,105.89)**
Income tax effects from non-recurring profit or loss items	**241,903,714.24**
Net profit after deducting non-recurring profit or loss items	**1,263,593,153.37**
Including: Net profit attributable to shareholders of the parent company	**1,090,576,448.35**
Net profit attributable to minority interests	**173,016,705.02**

Note: Other profit or loss that meets the definition of non-recurring profit or loss mainly represents the one-off settlement compensation paid by the Group to SNEL and abolishment expenses for overseas offices.

2. Return on Net Assets and Earnings Per Share ("EPS")

The calculation of net assets and EPS prepared by China Molybdenum Co., Ltd. are in accordance with Information Disclosure and Presentation Rules for Entities with Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Amended in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting period	Weighted average return on net assets *(%)*	EPS Basic EPS	EPS Diluted EPS
Net profit attributable to ordinary shareholders of the Company	5.83	0.11	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	2.78	0.05	N/A

洛阳钼业

洛陽欒川鉬業集團股份有限公司
China Molybdenum Co., Ltd.*

* For identification purposes only