CMOC

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: 03993)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

INTERIM RESULTS

The board of directors (the "**Board**") of China Molybdenum Co., Ltd.* (the "**Company**") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018. This announcement contains the full text of the interim report of the Group for the six months ended 30 June 2018 and the contents were prepared in accordance with the relevant disclosure requirements pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The unaudited consolidated financial results of the Group have been reviewed by the audit and risk committee of the Company. This results announcement is also published on the websites of the Company (www.chinamoly.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2018 will be despatched to shareholders and will also be available at the abovementioned websites in due course.

SUMMARY OF 2018 INTERIM REPORT

- Operating revenue amounted to RMB14,060 million, an increase of 20.63% year on year; net profit amounted to RMB3,601 million, an increase of 162.95% year on year, among which: net profit attributable to the parent company amounted to RMB3,123 million, an increase of 273.89% year on year. As the global economy recovers, price of metal rises steadily. While the Company's relevant business is in stable operation and improvement, the profitability of the Company achieved a significant promotion.

- Net cash flow from operating activities amounted to RMB5,412 million, an increase of 55.45% year on year. Total EBITDA amounted to RMB7,303 million, an increase of 41.15% year on year; the balance of cash and cash equivalents amounted to RMB26,600 million; gearing ratio was 52.55%, total net interest-bearing liabilities amounted to RMB10,751 million, net interest-bearing debt ratio was 10.65%; the cash flow generation ability was continuously enhancing while the asset liability structure was stable.

- Cobalt production of TFM Copper/Cobalt Mine in the DRC reached a historical high in the first half of 2018 with volume of 9,029 tonnes; mainly attributable to the long-lasting rise in cobalt price, C1 cash cost of TFM copper was US$-1.04 per pound.

- Introduction of excellent management talents, and establishment of an international management team; optimization and improvement of business management and control system to promote management integration and continuous improvement; tighter cost control through innovative concepts of technology, techniques and management, etc., and enhancement of industrial competitiveness.

MAJOR FINANCIAL INDICATORS

(I) Financial Data

Unit: '000 Yuan Currency: RMB

Major accounting data	**During the reporting period (January – June)**	Same period last year	**Increase/decrease for the reporting period as compared with the same period last year** *(%)*
Operating revenue	**14,059,796**	11,654,941	20.63
Net profit attributable to shareholders of the company	**3,122,510**	835,139	273.89
Net profit after deduction of non-recurring profits or losses attributable to shareholders of the company	**3,174,531**	1,159,120	173.87
Net cash flow from operating activities	**5,411,708**	3,481,411	55.45

	At the end of the reporting period	At the end of last year	**Increase/decrease at the end of the reporting period as compared with the end of last year** *(%)*
Net assets attributable to shareholders of the company	**39,555,352**	38,157,184	3.66
Total assets	**100,916,206**	97,837,246	3.15

(II) Financial Indicators

Major financial indicators	**During the reporting period (January – June)**	Same period last year	**Increase/decrease for the reporting period as compared with the same period last year** *(%)*
Basic earnings per share *(RMB/share)*	**0.14**	0.05	180.00
Diluted earnings per share *(RMB/share)*	**N/A**	N/A	–
Basic earnings per share excluded non-recurring profits or losses *(RMB/share)*	**0.15**	0.07	114.29
The Weighted Average Rate of Return on net assets *(%)*	**7.91**	4.43	Increased by 3.48 percentage points
The Weighted Average Rate of Return on net assets excluded non-recurring profits or losses *(%)*	**8.04**	6.09	Increased by 1.95 percentage points

COMPANY PROFILE

The Company was listed on the Stock Exchange of Hong Kong Limited (stock code: 03993) in April 2007 and the Shanghai Stock Exchange (stock code: 603993) in October 2012. In July 2017, the Company's share capital totaled 21,599,240,000 shares after completion of the registration of non-public issuance of A shares, including 17,665,770,000 A shares and 3.933.470.000 H shares with par value of RMB0.2. As at the reporting date, the Company's share capital totaled RMB4,319.85 million.

The Company which is in the non-ferrous metal mining and processing industry primarily engages in the mining and processing, smelting, deep processing, etc. of copper, cobalt, molybdenum, tungsten, niobium, and phosphorus, with a relatively complete and integrated industry chain. It represents one of the top five molybdenum producers and one of the largest tungsten producers in the world. It is also the second largest cobalt and niobium producer and the leading copper producer in the world as well as the second largest phosphate fertilizer producer in Brazil.

VISION AND DEVELOPMENT STRATEGY

The vision of the Company is to become a respected international resources company. While solidifying and entrenching the highly competitive cost structure in the industry, the Company is dedicated to investing in and integrating high-quality resources projects on a global scale based on its advanced management philosophy and team advantages by leveraging on its sound reputation and multi-channel financing platforms. The aim is to become an international resources company equipped with global vision and in-depth industrial consolidation capability.

The Company's development strategy focuses on:

- strengthening and maintaining the most competitive cost advantage of the existing business, striving for continuous cost reduction, improvement of management, enhancement of efficiency, and exploitation of internal potentials;

- managing and optimizing balance sheet and constructing multi-channel platforms for investment and financing persistently; and

- focusing on transformation of structure and growth pattern, actively promoting the resources acquisition and prioritizing mergers and acquisitions and investment of qualified and mature resource projects with healthy cash flows which are located in politically stable regions based on scale, industry chains, technology, funds, market, management advantages and financing platform.

MARKET REVIEW AND OUTLOOK

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

(I) Market Review

Prices comparison of relevant products of the Company for the corresponding period

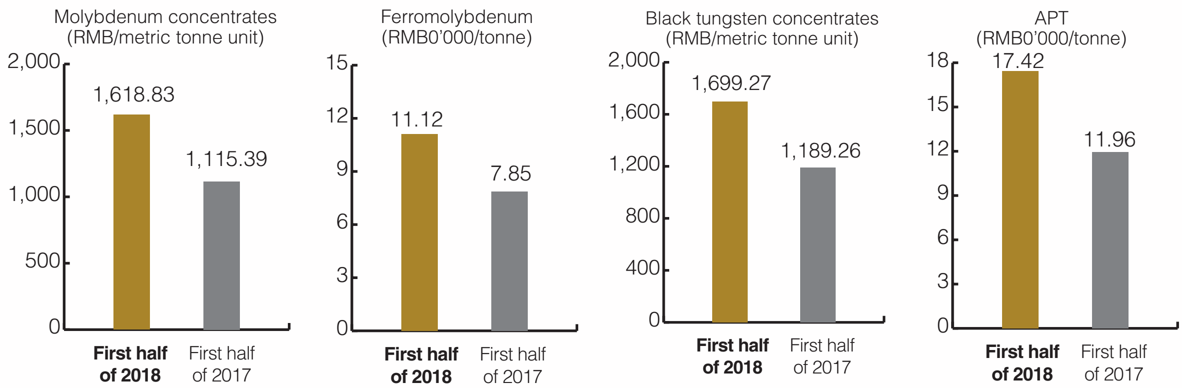
Domestic market prices for relevant products of the Company				
	Products	**First half of 2018**	First half of 2017	**Increase/ decrease on a year-on-year basis** *(%)*
Molybdenum	Molybdenum concentrates *(RMB/metric tonne unit)*	**1,618.83**	1,115.39	45.14
	Ferromolybdenum *(RMB0'000/tonne)*	**11.12**	7.85	41.66
Tungsten	Black tungsten concentrates *(RMB/metric tonne unit)*	**1,699.27**	1,189.26	42.88
	APT *(RMB0'000/tonne)*	**17.42**	11.96	45.65

Note: *The prices in the above table are extracted from relevant domestic websites.*

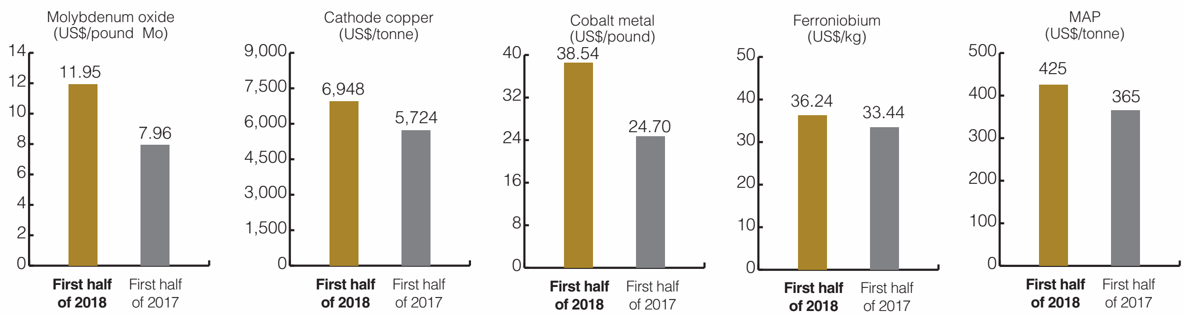
International market prices for relevant products of the Company				
	Products	**First half of 2018**	First half of 2017	**Increase/ decrease on a year-on-year basis** *(%)*
Molybdenum	Molybdenum oxide *(US$/pound Mo)*	**11.95**	7.96	50.13
Copper	Copper cathode *(US$/tonne)*	**6,948**	5,724	21.38
Cobalt	Cobalt metal *(US$/pound)*	**38.54**	24.70	56.03
Niobium	Ferroniobium *(US$/kg)*	**36.24**	33.44	8.37
Phosphate	MAP *(US$/tonne)*	**425**	365	16.44

Note: The price of molybdenum oxide is extracted from the relevant international websites. The price of copper represented the average price quoted by the London Metal Exchange ("**LME**"). The price of cobalt is extracted from the LME. The price of phosphate fertilizer represented the average price of MAP in Brazil quoted by the Commodity Research Unit ("**CRU**"). The price of ferroniobium is from the website of Asia Metal.

Domestic Market



International Market



(1) Copper market

The Company's major copper product is copper cathode, which are sold in the international markets. In the first half of 2018, several events positively impacted copper pricing before prices retreaded near the end of June. A new 4-year high was reached on 7 June despite a strengthening dollar. The positive sentiment driven in part by US tax reform, better than expected demand in China and still lingering doubts of labor settlement at several Chilean copper mines was eventually overcome by the negative sentiment of trade wars and the impact of this on overall economic growth. The benchmark LME cash settlement price ended the first half of 2018 at US$6,635/tonne (US$3.01/lb.), 7% lower than the start of the year. Stock levels on the combined LME, Comex and SHFE exchanges continued to experience periods of heavy inflows and outflows and the flow strengthened through the first half of the year, with an increase of nearly 32% when compared to the level recorded at the end of 2017. TCRCs treaded higher in the first half supported by the lack of concentrate supply disruptions and the unexpected closure of Sterlite's Tuticorin Indian smelter in late May.

(2) Cobalt market

The Company has cobalt product of cobalt hydroxide, which is sold in the international markets. Over the first half of 2018, the United Kingdom Metal Bulletin's price reference for low-grade cobalt increased 9.46%, beginning the year at US$32.24/lb. and exceeding US$40/lb. since March. Although there was a slight rebound of price in mid-May, the average price in June remained at above US$37/pound. The higher cobalt price remains supported by expectations of sustained demand in the battery segment, mostly related to the automotive industry's aggressive forecasts for electric vehicle production. During the latter part of the second quarter, prices began to soften after almost 1.5 years of steady increases. This short-term correction can be attributed to a slowdown in buying activity heading into the European summer holiday season as well as changes to automotive subsidy policies in China.

(3) Molybdenum market

The major molybdenum product of the Company is ferromolybdenum, which is sold mainly in the domestic market with a small portion exported. During the first half of 2018, the overall domestic molybdenum market presented an upward trend followed by a decline. In the first quarter, with the boost of the increasing trend in the international market and the better demand before and after the Chinese New Year, the domestic and foreign sales of ferromolybdenum both increased and the inventory pressure was alleviated. In the same period, some molybdenum mines were affected in winter, resulting in limited production and supply. The price of molybdenum remained stable, and that of molybdenum downstream products continued to rise. In the second quarter, affected by the continuous weakness in the stainless steel market, demand for molybdenum market shrank before mid-April, resulting in periodic price declines. Molybdenum smelting enterprises postponed procurement as the price of ferromolybdenum was lower than that of molybdenum concentrates, and the price of molybdenum concentrate inventory was lowered upon suffering such pressure. Subsequently, seasonal production of some small and medium size molybdenum mines was resumed, while the price of molybdenum concentrate continued to be under pressure. Although the iron and steel enterprises continued to increase the bidding for ferromolybdenum, the molybdenum production enterprises were under pressure from inventory, leading to failure of stopping the decline of the ferromolybdenum price. At the end of June, due to the support of raw material costs and effective removal of inventory pressure after the iron and steel enterprises increased the number of bidding, the molybdenum price gradually became stable, and a significant increase was recorded in the market in July.

In the first half of 2018, the average price of molybdenum concentrate was RMB1,618.83/metric tonne unit, representing an increase of 45.14% as compared with the same period last year. The lowest price was RMB1,472.50/metric tonne unit, and the highest price was RMB1,725.00/metric tonne unit. In the first half of the year, the average price of ferromolybdenum was RMB111,200/tonne, representing an increase of 41.66% as compared with the same period last year. The lowest price was RMB101,800/tonne, and the highest price was RMB117,800/tonne.

The average MW price of molybdenum oxide in the first half of 2018 was US$11.95/pound Mo, with a year-on-year increase of 50.13%. The lowest price was US$10.60/pound Mo, and the highest price was US$13.00/pound Mo.

(4) Tungsten market

Tungsten products of the Company are tungsten concentrate and ammonium paratungstate (APT), which are sold mainly in the domestic market of China. During the first half of 2018, domestic tungsten supply was greatly affected by environmental protection factors, especially for the special rectification of hazardous by the national environmental protection department in the second quarter, which directly resulted in large-scale and long-term shutdown of APT plants. Although the downstream demand only had trivial changes, the staged supply pressure brought by the operation rate of mines and smelting enterprises, which were affected by environmental protection and safety factors, contributed to the fluctuation and rebounding of the domestic tungsten market.

In the first quarter, affected by the weather and the Chinese New Year holiday, the operation rate and capacity release of the overall tungsten industry chain decreased amid the less inactive market. The market remained stable, while the inventory of enterprises and intermediate traders was low, resulting in tightened supply of tungsten after the Chinese New Year. Companies hoarding the spot tungsten provided firm quotes, while the market rose with fluctuations. At the beginning of the second quarter, although there was only limited additional supply, the weakening end demand led to prudent downstream procurement. Buyers put greater efforts to force down the prices, while the price of raw material was under pressure, and companies hoarding the spot tungsten offered discounts to sell the goods, resulting in weakened raw materials market. However, a new round of environmental inspections started in May, causing suspension of production from a large number of ineligible tungsten smelting enterprises. The APT market experienced shortages of spot goods and rise of prices. However, subsequently, the demand for tungsten continued to slump, and the rise was unsustainable. The price trend remained weak and fluctuating.

In the first half of 2018, the average price of domestic black tungsten concentrates 65% was RMB110,500/tonne, with a year-on-year increase of 42.88%. The lowest price was RMB106,000/tonne, and the highest price was RMB113,000/tonne. The average price of APT was RMB174,200/tonne, with a year-on-year increase of 45.65%. The lowest price was RMB168,000/tonne, and the highest price was RMB182,000/tonne.

According to the data of Metal Bulletin ("MB"), the average price of APT in the European market in the first half of 2018 was US$329/metric tonne unit, representing a year-on-year increase of 56.77%. The lowest price was US$307/metric tonne unit, and the highest price was US$354/metric tonne unit.

(5) Niobium market

The Company has niobium product of ferroniobium, which is mainly sold in the international market and also has certain niobium products sold in the domestic market. The steel industry is the largest consumer of niobium, with ferroniobium accounting for 90% of the total demand. During the first half of 2018, demand was robust, evidenced by a 19% increase in export volumes from Brazil compared to the same period last year. World steel production also grew strongly led by a 5.4% increase in China. Some of this strong demand could have been a result of restrictions import tariffs and the upcoming quota policy. Prices have remained stable through the first half of 2018. In addition to good market demand, the impact of multiyear high prices for vanadium, a competing alloying element, may have lent support to the market.

(6) Phosphates market in Brazil

The Company mainly produces various types of phosphate fertilizers, which is sold in Brazil. During the first half of 2018, Brazilian fertilizer demand was out performing 2017, when an exogenous shock from truck drivers' strike hit Brazilian economy as a whole. Fertilizer deliveries (NPK) to farmers were severely impacted in May and, although signs of recovery were reported in June, they were not enough to offset previous losses. According to the data of the National Fertilizer Association of Brazil, fertilizer deliveries in the first half of 2018 were slightly lower than the first half of 2017, reaching 12.8Mt versus 13.1Mt in same period last year. Phosphate demand was in-line with 2017 figures, reaching 4.6 million tonnes. Phosphate fertilizer imports of main phosphate products were in-line with the first half of 2017, reaching 2.7 million tonnes. Benchmark Phosphate prices (reference price of MAP CFR in Brazil) reached US$438/tonne in June (from US$410/tonne in the beginning of the year) due to tight international product availability, as the main producing countries were sold out or under production restrictions. Average MAP CFR for the six-month period in 2018 was US$425/tonne.

(II) Market Outlook

(1) Copper market

Demand for copper is expected to rise modestly through 2018, in line with global gross domestic product estimates and underpinned by better demand from China. Commodities analysis institution Wood Mackenzie estimates that total global refined consumption is set to increase by 2.4% in 2018 to 23.6mt. The main driver behind their forecast estimate has been an upward adjustment to Chinese refined copper demand. Chinese refined growth has been estimated to revise higher to 3.2% from a previous first quarter of 2.3%. This revision was driven by stronger than expected air conditioner production supported by an upward revision to housing sales. Lower scrap supply due to government regulation on imported scrap is also expected to underpin a higher refined copper demand estimation.

(2) Cobalt market

Cobalt demand is expected to reach approximately 122,000 tonnes in 2018, resulting in a small market surplus of nearly 8,000 tonnes. Supply-side additions in the near-term, including the restart of Katanga Mining in the first quarter, the commissioning of ERG's Metalkol RTR project in the fourth quarter of 2018 and the increased focus on cobalt extraction by existing producers all point to expectations that the market should be well supplied. According to the CRU, demand is expected to grow at an annualized rate near 8% through 2023, which continues to be driven primarily by the battery segment but also steady demand for cobalt containing alloys used in the aerospace industry. Strong market demand, including an increasing desire to source cobalt responsibly, is anticipated to keep prices supported through 2018.

(3) Molybdenum market

In the second half of 2018, the operation of the domestic steel industry remains as the key to the trend of domestic molybdenum market. The normalization of production limitation in winter will further boost the industrial structure upgrading of and adjustment to iron and steel enterprises. The procurement volume of ferromolybdenum in iron and steel enterprises continued to increase, and the productivity of stainless steel and high-end steel will still have large room for improvement, which will further promote a more active molybdenum demand market. In terms of the operation in the molybdenum industry, the environmental protection and safety pressure encountered by domestic molybdenum production enterprises will still cause greater impact on the market supply. The impact of such factor has directly led to a relatively strong rise in ferromolybdenum prices from July to a historical high since 2012. It is expected that in the second half of the year, under the premise of increasing demand caused by consumption upgrading and industrial structure adjustment of iron and steel enterprises, coupled with strengthened environmental protection in winter and safety policies, the molybdenum market is expected to remain at a high level with fluctuation.

(4) Tungsten market

In the second half of 2018, affected by the status of tungsten resources, environmental and safety inspections, with higher mining costs and standardized operating costs, it will be difficult for suspended mines to resume production in a short term, and there are still great uncertainties in the supply side. In terms of the demand side, with the constant consolidation of steady and positive trend of the economy, the investment growth rate is generally stable, while the investment structure continues to improve, and the manufacturing industry continues to maintain the development trend with steady growth, which will promote the sustained growth of tungsten consumption. The demand for tungsten may experience periodic improvement, and the trend of domestic tungsten market may still witness periodic rebounding.

(5) Niobium market

According to the outlook by the World Steel Association, China's steel demand is expected to remain flat in 2018, while demand in the developed economies is expected to increase about 1%. According to the data of year-to-date through May, steel production in the EU is up nearly 2% while output in the US is almost 3% higher. In addition, steel production in China is strongly beating expectations, up 5% year-to-date. Of the sectors comprising the main consumers of ferroniobium-bearing steel, automotive demand remains strong in China and the EU while demand in the US is stabilizing after years of robust growth. The construction sector, which structural steel consumes about half of ferroniobium globally, demand remains solid in North America and Europe. The oil and gas sector, the third largest consumption sector accounting for approximately 20% of ferroniobium consumption globally, remains robust with recent high oil prices driving drilling and exploration activity.

(6) Phosphates market

Global phosphates demand is expected to remain robust for 2018 and in the future despite the recent drop in agricultural commodity prices, mainly corn and soybeans. In Brazil, despite impacts caused by a truck drivers' strike and lower grain prices, fertilizer demand is expected to be strong as farmers begin the application season in the third quarter, with farmers maintaining their profitability at healthy levels due to the devaluation of the Brazilian Real (BRL). For the second half of 2018, major phosphate producers are not expected to notably increase product availability, keeping the market supply in a tight position. The above factors may support international benchmark prices at current levels of around US$440/tonne CFR Brazil.

INDUSTRY POLICIES

1. Within the PRC

Indicators for control over the aggregate mining volume of tungsten mines

On 23 July 2018, the Ministry of Natural Resources and the Ministry of Industry and Information Technology jointly issued the "Notice on Indicators for Controlling the Aggregate Mining Volume of Rare Earth Mines and Tungsten Mines for the Year 2018" (《關於下達2018年度稀土礦鎢礦開採總量控制指標的通知》) (hereinafter referred to as the "**Notice**"). In order to protect and reasonably develop the advantageous mining resources, pursuant to the relevant requirements regarding mining activities of certain protective minerals, the aggregate mining volume of rare earth mines and tungsten mines continued to be under control in 2018. Pursuant to the Notice, the indicator for controlling the aggregate mining volume of tungsten concentrates (containing 65% tungsten trioxide) was 100,000 tonnes, among which the main mining indicator was 76,150 tonnes and comprehensive utilization indicator was 23,850 tonnes.

Environmental tax

On 25 December 2016, the NPC Standing Committee voted on and adopted the Environmental Protection Tax Law (《環境保護稅法》), which required that the existing pollutant discharge fees shall be changed to environmental protection tax in equal amounts. The environmental tax has been levied from 1 January 2018.

Tax items of environmental protection tax: mainly include four major categories of air pollutants, water pollutants, solid wastes and excessive noise.

Tax calculation and charging methods: The current Schedule of Pollutant Equivalent Values and current calculation methods are followed for air pollutants and water pollutants, meaning that the tax bases would be pollution equivalent amount converted from discharge volume. Local governments are encouraged to increase the taxes with regards to the actual local situations, and upper limits are set on the basis of the lower limit prevailing for pollutant discharge fees, which shall not be more than ten times of the lower limit.

Tax reduction and exemption levels for emission reductions of the enterprises are further divided through environmental protection tax. The prevailing measures for levying pollutant discharge fees stipulate that where the concentration value of the taxable atmospheric or water pollutants emitted by taxpayers is lower than the nationally and locally stipulated pollutant emission standard by 50%, only 50% of the environmental protection tax will be levied. Another level of tax reduction and exemption was added for environmental protection tax, namely where the concentration value of the taxable atmospheric or water pollutants emitted by taxpayers is lower than the nationally and locally stipulated pollutant emission standard by 30%, only 75% of the environmental protection tax will be levied.

Value-added tax

Since 1 May 2018, pursuant to the requirements of Circular on Adjusting Value-added Tax Rates Docket No. 32 [2018] Cai-Shui (《財政部稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)):

I. The tax rate of 17% and 11% originally applicable to taxpayer's value-added tax taxable sale or import of goods shall be adjusted to 16% and 10%, respectively.

II. The deduction rate of 11% originally applicable to taxpayer's purchase of agricultural products shall be adjusted to 10%.

2. Overseas

Niobium and phosphates in Brazil

In Brazil, the operations (mines and plants) are regulated by the National Mining Agency ("Agência Nacional de Mineração"/"ANM") together with labor, environmental and heritage agencies. All regulations are under the responsibility of the municipal, state and federal governments and the public prosecutor's office, together with the environmental agencies, mandate pollution control improvements across the industry to reduce and eliminate SO_2, NH_3, Fluoride, dust and other emissions that may affect the environment and surrounding communities. The existence of radioactivity elements in the ore mined at phosphates and niobium mines involves a series of requirements to control the exposure of such materials to the public.

All relevant controls are in place and the operations are fully compliant with the relevant limits and regulations.

Copper & gold related products in Australia

Mining in the State of New South Wales ("**NSW**") is mainly regulated by the Mining Act of 1992, and administered by the Department of Trade and Investment. The NSW Government owns mineral resources in NSW and all exploration and mining activity for minerals in NSW require a valid authorization and a mining lease. Under the Mining Act of 1992, royalties are payable to the State of NSW on all publicly and privately owned minerals recovered by the holder of a mining lease.

The NSW Work Health and Safety (Mines and Petroleum Sites) Act of 2013 and NSW Work Health and Safety (Mines and Petroleum Sites) Regulation of 2014 align specific mine safety laws with general work health and safety laws. They also provide a single legislative framework for the regulation of safety in mines.

Copper and cobalt related products (Democratic Republic of the Congo (DRC))

The Democratic Republic of the Congo (DRC) promulgated the Law n° 18/001 (hereinafter referred to as the "**New Mining Code**") on 28 March 2018 after multiple major modifications on the prior Mining Code n° 007/2002 (hereinafter referred to as the "**Mining Code**") issued on 11 July 2002. Application 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, marking the official implementation of the New Mining Code since 8 June 2018.

The New Mining Code requires a higher proportion of royalties which have been levied at the rate of 3.5% from 1 July 2018; other tax categories and policy changes related to the New Mining Code remain pending for implementation due to complex realities.

Since the New Mining Code and Mining Regulations were evidently in conflict with the existing valid 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 for 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 host government and meanwhile try to build a mutually beneficial and win-win harmonious relationship with host government.

BUSINESS REVIEW

1. Copper and cobalt sector

During the reporting period, TFM Copper/Cobalt Mine achieved a production volume of 84,230 tonnes of copper metal and C1 cash cost of US$-1.04 per pound, and it realized a production volume of 9,029 tonnes of cobalt metal.

2. Molybdenum and tungsten sector

During the reporting period, the Company realized a production volume of molybdenum of 7,957 tonnes and the unit cash production cost was RMB59,687/tonne; and achieved a production volume of tungsten of 5,691 tonnes (excluding Yulu Mining) and the unit cash production cost was RMB21,585/tonne.

3. Niobium and phosphate sector

During the reporting period, Brazil achieved a production volume of phosphate fertilizer (high concentration fertilizer and low concentration fertilizer) of 541,825 tonnes and niobium metal of 4,501 tonnes.

4. Copper and gold sector

During the reporting period, where calculated based on 80% of equity interests, NPM achieved a production volume of available-for-sale copper metal of 16,649 tonnes, with C1 cash cost of US$1.06 per pound, and it achieved a production volume of 13,899 ounces for gold available for sale.

OPERATION REVIEW

As the global economy recovers, prices of commodities, led by copper, showed obvious rise. With regard to minor metals, explosive growth in new energy vehicles industry spiked up the cobalt price, while consumption upgrading and industrial reconstructing brought about a continuous increase in molybdenum consumption. The operation for various business sectors currently operated by the Company continue to improve.

1. Optimization and improvement of business management and control system to continuously improve management

2018 is the year of management improvement of the Company. After completion of mergers and acquisitions of major overseas assets, the establishment, optimization and efficient synergy of global business management and control system became the basis of ensuring the industrial competitiveness of the Company. In April 2018, the global business management conference of the Company put forward a goal of "hand-in-hand to move forward for management innovation". The discussion and demonstration of optimizing the Company's organizational structure, the way to carry out the work efficiently, the clear division of labor, and efficiency improvement initiated a layout for management improvement.

2. Introduction of excellent management talents and establishment of an international management team

On August 2018, the Company considered and determined the constitution of the fifth session of the Board and Supervisory Committee at the 2018 first extraordinary general meeting; on August 2018, the first meetings of the fifth session of the Board and Supervisory Committee were convened respectively, electing the Company's Chairman, Vice Chairman, Chairperson of the Supervisory Committee and General Manager, and appointing the new senior management personnel team of the Company. The new Board, Supervisory Committee and senior management personnel team introduced a group of excellent talents with extensive industrial and international management experience, highly fitting the development and strategic layout of the Company. The fifth session of the Board, Supervisory Committee and senior management personnel team will continue adhering to the Company's rigorous, pragmatic and efficient management style, and realize management optimization and sustainable and healthy development.

3. Tighter cost control through innovative concepts of technology, techniques and management, etc., consolidating the industrial competitiveness

During the reporting period, in order to consolidate and enhance the competitive advantage in cost structure, the Company achieved a series of innovations of technology, techniques and management to continuously improve the operation, and consolidate the industrial competitiveness. Projects and measures currently in promotion and implementation include: grinding system optimization project in the PRC, to improve grinding efficiency, and offset the impact of grade decrease; cobalt dryer system project for the TFM copper and cobalt mine to reduce transportation cost. The optimization of ore blending increased the production volume of cobalt under the most economical production plan; the business in Brazil took advantage of technical means to improve the recovery rate of niobium and promote the feasibility study of polymetallic recovery; NPM in Australia demonstrated and implemented expansion plans, effectively suppressing grade decrease to reduce production costs. With the establishment of domestic and overseas unified management and control structure, the synergistic effect of all business sectors was fully unleashed. The synergistic effect achieved efficient development through referencing and integration of techniques and technology, and the targeted removal of production bottlenecks was realized through the management improvement.

4. Reinforcement of safety environmental protection management and implementation of "Zero" concept of safety environmental protection

During the reporting period, in order to achieve the management goals of "zero injury and zero incident" to ensure a safe environment, the Company never stopped in maintaining high standard on safety and environmental protection, creating a favourable environment for the production and operation. In terms of safety management, the Company strictly implemented the safe production accountability system to rigorously define responsibility at each level. The Company kept implementing the "Ten Principal Standards for Safety" and "Danger Source Identification, Prevention and Control", intensified safety trainings, developed the checklist management pilot construction of risk investigation and governance and enhanced safety inspection and risk rectification. In terms of environmental protection, the Company organized the internal review of an environmental management system to promote the orderly implementation of the environmental management system. The Company revised the Pollutants Control Management System, and issued the new Environmental Protection Work Rewards and Punishment to intensify investigation and assessment on environmental protection responsibility; started point-source governance and established the Implementation Plan of Green Production. In terms of occupational health, the Company further detailed and optimized the prevention and control system of dust and noise related position based on the original management, organized and identified key positions, established a supervision and inspection mechanism, and contributing supporting facilities to improve labor insurance products allotment and promote wet operation.

5. Continuous enhancement of Communist Party building and anti-corruption work, resulting in remarkable achievement in assisting production operation

The Company initiated publicity and education of "Two Studies, One Action" on Party building, promoting in-depth development of the activity results. The Company strictly executed participation and supervision system of major sensitive issues, implemented the inspection responsibility of grass-roots disciplinary organization, and carried out "work by heart, serve the grass-roots units" promotion annual activity to further raise awareness and concepts of working by heart and serving the grass-roots units and improve the delicacy management level.

FINANCIAL HIGHLIGHTS

Consolidated Balance Sheet

Unit: '000 Yuan   Currency: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	**26,628,692**	26,508,760
Notes receivable	**1,651,771**	1,750,692
Accounts receivable	**2,293,198**	2,144,631
Prepayments	**190,807**	110,584
Interests receivable	**467,760**	656,703
Other receivables	**982,869**	789,924
Inventories	**6,148,478**	5,705,500
Other current assets	**493,377**	1,382,004
Total current assets	**38,856,952**	39,048,798
Non-current assets:		
Non-current derivative financial assets	**40,974**	0
Other investment in equity instruments	**718,334**	520,869
Other non-current financial assets	**2,436,915**	2,726,031
Long-term equity investments	**2,522,200**	1,136,373
Fixed assets	**23,416,773**	24,234,932
Construction in progress	**1,472,952**	950,111
Intangible assets	**21,399,743**	21,536,182
Goodwill	**844,104**	833,594
Long-term inventories	**4,621,225**	4,352,010
Long-term deferred expenses	**116,692**	116,189
Deferred tax assets	**466,576**	304,703
Other non-current assets	**4,002,766**	2,077,454
Total non-current assets	**62,059,254**	58,788,448
Total assets	**100,916,206**	97,837,246

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	**2,066,812**	1,478,132
Financial liabilities at fair value through profit or loss	**4,310,350**	3,592,187
Notes payable	**30,000**	23,955
Accounts payable	**1,080,189**	976,481
Receipts in advance	**390,116**	127,796
Employee benefits payable	**300,123**	445,406
Taxes payable	**1,250,755**	1,137,796
Interests payable	**165,693**	219,806
Dividends payable	**324,145**	27,886
Other payables	**638,292**	604,774
Non-current liabilities due within one year	**6,093,825**	4,797,816
Other current liabilities	**110,204**	71,073
Total current liabilities	**16,760,504**	13,503,108
Non-current liabilities:		
Long-term borrowings	**20,460,473**	22,033,889
Bonds payables	**2,000,000**	2,000,000
Long-term employee benefits payable	**176,741**	64,382
Provisions	**2,008,170**	2,049,904
Deferred income	**69,195**	72,890
Deferred tax liabilities	**8,301,307**	8,603,594
Other non-current liabilities	**3,257,568**	3,600,344
Total non-current liabilities	**36,273,454**	38,425,003
Total liabilities	**53,033,958**	51,928,111
Owners' equity:		
Share capital	**4,319,848**	4,319,848
Capital reserve	**27,582,795**	27,582,795
Other comprehensive income	**-688,046**	-607,484
Special reserve	**5,488**	7,726
Surplus reserve	**968,191**	968,191
Retained profits	**7,367,076**	5,886,108
Total equity attributable to owners of parent company	**39,555,352**	38,157,184
Minority interests	**8,326,896**	7,751,951
Total owners' equity	**47,882,248**	45,909,135
Total liabilities and owners' equity	**100,916,206**	97,837,246

Consolidated Income Statement

Unit: '000 Yuan Currency: RMB

Item	Amount of Current Period	Amount of Prior Period
I. Total operating income	**14,059,796**	11,654,941
Including: Operating income	**14,059,796**	11,654,941
II. Total operating costs	**9,427,216**	9,260,619
Including: Operating costs	**7,950,105**	7,521,590
Taxes and levies	**417,265**	142,619
Selling expenses	**86,580**	101,193
Administrative expenses	**529,931**	463,399
Financial expenses	**435,390**	1,026,135
Impairment loss of assets	**7,945**	5,683
Add: Gains from changes in fair value (total losses are indicated by "-")	**-79,297**	-326,013
Investment income (total losses are indicated by "-")	**118,218**	45,588
Including: Income from investments in associates and joint ventures	**51,074**	21,768
Gains on the disposal of assets (total losses are indicated by "-")	**-5,064**	-4,619
Other incomes	**4,369**	
III. Operating profit (total losses are indicated by "-")	**4,670,806**	2,109,278
Add: Non-operating incomes	**427**	5,703
Less: Non-operating expenses	**46,859**	24,937
IV. Total profit (total losses are indicated by "-")	**4,624,374**	2,090,044
Less: Income tax expenses	**1,023,448**	720,597
V. Net profit (net losses are indicated by "-")	**3,600,926**	1,369,447
(1) Classified by business continuity		
1. Net profit from continuing operations (net losses are indicated by "-")	**3,600,926**	1,369,447
2. Net profit from discontinued operations (net losses are indicated by "-")		
(2) Classified by ownership		
1. Net profit attributable to owners of the company	**3,122,510**	835,139
2. Non-controlling interest	**478,416**	534,308

Item	Amount of Current Period	Amount of Prior Period
VI. Other comprehensive income	**15,138**	-637,036
Other comprehensive income (net of tax) attributable to owners of the parent company	**-80,562**	-279,305
(I) Other comprehensive income that will be reclassified subsequently into the profit or loss	**-80,562**	-279,305
1. Fair value gain (loss) on available-for-sale financial assets	**0**	-1,586
2. Effective portion of profit or loss on cash flow hedge	**40,974**	
3. Exchange difference on translation of financial statements in foreign currency	**-121,536**	-277,719
Other comprehensive income (net of tax) attributable to the minority interests	**95,700**	-357,731
VII. Total comprehensive income	**3,616,064**	732,411
Attributable to owners of the parent Company	**3,041,948**	555,834
Attributable to Minority interests	**574,116**	176,577
VIII. Earnings per share		
(I) Basic earnings per share *(Yuan/Share)*	**0.14**	0.05
(II) Diluted earnings per share *(Yuan/Share)*	**N/A**	N/A

Consolidated Statement of Cash Flow

Unit: '000 Yuan Currency: RMB

Item	Amount of Current Period	Amount of Prior Period
I. Cash flow from operating activities:		
Cash receipts from sales of goods and rendering of services	**15,218,580**	12,174,125
Receipts of tax refunds	**46**	0
Other cash receipts relating to operating activities	**768,616**	136,956
Subtotal of cash inflows from operating activities	**15,987,242**	12,311,081
Cash payments for goods purchased and services received	**6,437,613**	5,949,832
Cash payments to and behalf of employees	**1,154,939**	1,088,752
Payments of various types of taxes	**2,686,959**	1,266,497
Other cash payments relating to operating activities	**296,023**	524,589
Subtotal of cash outflows from operating activities	**10,575,534**	8,829,670
Net cash flows from operating activities	**5,411,708**	3,481,411
II. Cash flow from investing activities:		
Cash receipts from disposal or withdrawal of Investments	**13,573,226**	1,190,371
Cash receipts from investment income	**82,830**	209,216
Net cash receipts from the disposal of fixed attests, intangible attests, and other long-term assets	**452**	334
Other cash receipts relating to investing activities	**63,134**	26,315
Subtotal of cash inflows from investing activities	**13,719,642**	1,426,236
Cash payments to acquire or construction of fixed assets, intangible assets, and other long-term assets	**908,666**	401,964
Cash payments for investments	**15,462,884**	353,966
Net cash payments for acquisition of subsidiaries and other business units	**261,926**	0
Other cash payments relating to investment activities	**1,021,789**	82,867
Subtotal of cash outflows from investment activities	**17,655,265**	838,797
Net cash flows from investment activities	**-3,935,623**	587,439

Item	Amount of Current Period	Amount of Prior Period
III. Cash flows from financing activities:		
Cash receipts from borrowings	**1,718,778**	2,751,786
Other cash receipts relating to financing activities	**2,321,076**	1,545,526
Subtotal of cash inflows from financing activities	**4,039,854**	4,297,312
Cash repayments of borrowings	**1,962,264**	3,258,558
Cash payments for distribution of dividends, profits or payment of interest expenses	**2,006,446**	1,515,942
Including: Dividends and profit payments to minority shareholders by subsidiaries		
Other cash payments relating to financing activities	**1,821,852**	498,486
Subtotal of cash outflows from financing activities	**5,790,562**	5,272,986
Net cash flows from financing activities	**-1,750,708**	-975,674
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**35,716**	-223,223
V. Net increase in cash and cash equivalents	**-238,907**	2,869,953
Add: Opening balance of cash and cash equivalents	**19,781,418**	8,420,208
VI. Closing balance of cash and cash equivalents	**19,542,511**	11,290,161

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2018, the net profit of the Group increased by RMB2,231.48 million or 162.95% from RMB1,369.45 million for the six months ended 30 June 2017 to RMB3,600.93 million. For the six months ended 30 June 2018, net profit of the Group attributable to owners of the parent company was RMB3,122.51 million, representing an increase of RMB2,287.37 million or 273.89% from RMB835.14 million for the six months ended 30 June 2017.

Operating Results

For the six months end 30 June 2018, the operating revenue of the Group increased by RMB2,404.86 million or 20.63% from RMB11,654.94 million for the six months ended 30 June 2017 to RMB14,059.80 million. For the six months ended 30 June 2018, the gross profit of the Group was RMB6,109.69 million, representing an increase of RMB1,976.34 million or 47.81% from RMB4,133.35 million for the same period last year.

The operating revenue, operating cost, gross profit and gross profit margin in the first half of 2018 and the same period last year are set out as below:

Principal businesses by product and by region:

Unit: '000 Yuan Currency: RMB

Principal businesses by product						
Product	**Operating revenue**	**Operating cost**	**Gross profit margin** (%)	**Increase/ decrease of operating revenue as compared with the same period last year** (%)	**Increase/ decrease of operating cost as compared with the same period last year** (%)	**Increase/ decrease of gross profit margin as compared with the same period last year** (%)
Molybdenum and tungsten-related products	2,337,329	966,371	58.65	35.03	7.48	10.59
Niobium and phosphate-related products	2,303,965	1,828,264	20.65	7.14	5.38	1.32
Copper and cobalt-related products	8,466,308	4,505,396	46.78	25.22	7.37	8.85
Copper and gold-related products	841,699	507,842	39.66	0.36	-11.58	8.15
Others	24,788	66,009	-166.30	-70.78	41.92	-211.46
Total	13,974,089	7,873,882	43.65	20.82	5.67	8.08

Principal businesses by region						
Region	**Operating revenue**	**Operating cost**	**Gross profit margin** *(%)*	**Increase/ decrease of operating revenue as compared with the same period last year** *(%)*	**Increase/ decrease of operating cost as compared with the same period last year** *(%)*	**Increase/ decrease of gross profit margin as compared with the same period last year** *(%)*
PRC	2,363,116	1,032,380	56.29	30.08	9.17	8.37
Australia	841,699	507,842	39.66	0.36	-11.58	8.15
Brazil	2,303,965	1,828,264	20.65	7.14	5.38	1.32
DRC	8,466,309	4,505,396	46.78	25.22	7.37	8.85
Total	13,974,089	7,873,882	43.65	20.82	5.67	8.08

Administrative Expenses

For the six months ended 30 June 2018, the administrative expenses of the Group amounted to RMB529.93 million, representing an increase of RMB66.53 million or 14.36% from RMB463.40 million for the same period in 2017. Such increase was mainly due to the increase in research and development expenses of the Group as compared with the figure of the same period of last year.

Financial Expenses

For the six months ended 30 June 2018, the financial expenses of the Group amounted to RMB435.39 million, representing a decrease of RMB590.75 million or 57.57% from RMB1,026.14 million for the same period in 2017. Such decrease was mainly due to the increase in interest income and the decrease in exchange losses during the period.

Investment Income

For the six months ended 30 June 2018, the investment income of the Group amounted to RMB118.22 million, representing an increase of RMB72.63 million or 159.32% from RMB45.59 million for the same period in 2017, which was mainly due to the increase in gains on associate under equity method and the increase in investment income from the disposal of financial assets measured at fair value through profit or loss by the Group during the period.

Changes in Fair Values

For the six months ended 30 June 2018, changes in fair values of the Group amounted to RMB-79.30 million, representing an increase of RMB246.71 million or 75.68% from RMB-326.01 million for the same period in 2017, which was due to the significant losses on changes in fair values recognised as compared with the figure of the period of last year caused by rising cobalt price in 2017.

Income Tax Expenses

For the six months ended 30 June 2018, the income tax expenses of the Group amounted to RMB1,023.45 million, representing an increase of RMB302.85 million or 42.03% from RMB720.60 million for the same period of 2017. Such increase was mainly due to the overall increase in profit for the period.

Net Profit Attributable to Owners of the Parent Company

Net profit of the Group attributable to owners of the parent company increased by RMB2,287.37 million or 273.89% from RMB835.14 million for the six months ended 30 June 2017 to RMB3,122.51 million for the six months ended 30 June 2018. Such significant increase was mainly due to the increase in net profit for the six months ended 30 June 2018. The increase in net profit was primarily attributable to:

(1) the relatively significant increase in the average market price of major metal products of the Company, namely cobalt, copper, molybdenum and tungsten, for the first half of 2018 as compared with that of the same period of last year;

(2) the decrease in financial expenses and the increase in investment income as compared with that of the same period of last year upon the completion of the non-public issuance of A shares by the Group in July 2017 with raised proceeds of RMB18 billion;

(3) the consolidation of the exclusive project of 24% minority interests of the DRC Copper/Cobalt Mine secured by the Group in the combined statements of the Group upon the completion of settlement on 20 April 2017 and the extended period of time for the entitlement to return on the 24% minority interests by the Company as compared with that of the same period of last year.

Financial Position

For the six months ended 30 June 2018, the total assets of the Group amounted to RMB100,916.20 million, comprising non-current assets of RMB62,059.25 million and current assets of RMB38,856.95 million.

Long-Term Equity Investments

For the six months ended 30 June 2018, the long-term equity investment of the Group amounted to RMB2,522.20 million, representing an increase of RMB1,385.83 million or 121.95% from RMB1,136.37 million for the year ended 31 December 2017. Such increase was mainly due to the increase in investment in natural funds during the period.

Construction in Progress

For the six months ended 30 June 2018, the construction in progress of the Group amounted to RMB1,472.95 million, representing an increase of RMB522.84 million or 55.03% from RMB950.11 million for the year ended 31 December 2017, which was mainly due to the increase in buildings and production process improvement projects during the period.

Deferred Tax Assets

For the six months ended 30 June 2018, the deferred tax assets of the Group amounted to RMB466.58 million, representing an increase of RMB161.87 million or 53.12% from RMB304.70 million for the year ended 31 December 2017, which was mainly due to the influence on overseas business from changes in foreign exchange during the period.

Other Non-current Assets

For the six months ended 30 June 2018, other non-current assets of the Group amounted to RMB4,002.77 million, representing an increase of RMB1,925.31 million or 92.68% from RMB2,077.45 million for the year ended 31 December 2017, which was mainly due to the increase in wealth management products and loans from external units during the period.

Short-term Borrowings

For the six months ended 30 June 2018, short-term borrowings of the Group amounted to RMB2,066.81 million, representing an increase of RMB588.68 million or 39.83% from RMB1,478.13 million for the year ended 31 December 2017, which was attributable to the increase in credit loans due to business needs.

The short-term borrowings mainly in China amounted to RMB1,704 million, with weighted average of the interest rates of 4.36%. The average maturity was approximately 5.3 months, and the Company did not have overdue borrowings.

Receipts in Advance

For the six months ended 30 June 2018, receipts in advance of the Group amounted to RMB390.12 million, representing an increase of RMB262.32 million or 205.26% from RMB127.80 million for the year ended 31 December 2017, which was primarily due to the increase in payment in advance for goods from customers for the phosphorus business of the Company.

Dividends Payable

For the six months ended 30 June 2018, dividends payable of the Group amounted to RMB324.15 million, representing an increase of RMB296.26 million or 1,062.39% from RMB27.89 million for the year ended 31 December 2017, which was primarily due to the increase in undistributed dividends declared during the period as compared with those of the beginning of the year.

Other Current Liabilities

For the six months ended 30 June 2018, other current liabilities of the Group amounted to RMB110.20 million, representing an increase of RMB39.13 million or 55.06% from RMB71.07 million for the year ended 31 December 2017, which was primarily due to the increase in accrued expenses during the period.

Long-term Employee Benefits Payable

For the six months ended 30 June 2018, the long-term employee benefits payable of the Group amounted to RMB176.74 million, representing an increase of RMB112.36 million or 174.52% from RMB64.38 million for the year ended 31 December 2017, which was primarily due to the long-term bonus provided during the period.

Gearing Ratio

The gearing ratio (total liabilities divided by total assets) of the Group decreased to 52.55% for the six months ended 30 June 2018 from 53.08% for the year ended 31 December 2017. Such decrease was mainly due to the increase in retained profits during the period.

Details of the Company's Overseas Assets

1. In 2016, the Company has acquired and completed the transfer of 56% equity in the TFM Copper and Cobalt Mine of the Democratic Republic of Congo (DRC) from Freeport-McMoran Inc. ("**Freeport**"). With an exclusive agreement entered into in 2017, the Company exercised an exclusive option to buy the 24% interest in TFM indirectly owned by BHR and owned 80% of the total variable revenue of TFM. The Company maintained its control over the copper and cobalt business in the DRC through CMOC DRC Limited, a wholly-owned subsidiary located in Hong Kong indirectly controlled by the Company. As at 30 June 2018, the total assets of CMOC DRC Limited and BHR amounted to RMB45.880655 billion, accounting for 45.46% in total assets of the Company as of the end of the reporting period. During the reporting period, the above-mentioned business achieved net profit attributable to shareholders of the parent company amounted to RMB1,775.231 million, accounting for 56.85% of the net profit attributable to shareholders of the parent company during the reporting period.

2. In 2016, the Company has completed the 100% acquisition of Anglo American plc's niobium and phosphates business in Brazil. The Company maintained its control over the niobium and phosphates business in Brazil through Luxembourg SPV, a wholly-owned subsidiary located in Luxembourg indirectly controlled by the Company. As at 30 June 2018, the total assets of Luxembourg SPV amounted to RMB15.181728 billion, accounting for 15.04% of the total assets of the Company as of the end of the reporting period. During the reporting period, the above-mentioned business achieved net profit attributable to shareholders of the parent company amounted to RMB252.937 million, accounting for 8.10% of the net profit attributable to shareholders of the parent company during the reporting period.

Cash Flow

For the six months ended 30 June 2018, the Group had cash and cash equivalents of RMB19,542.51 million, representing a decrease of RMB238.91 million or 1.21% from RMB19,781.42 million for the year ended 31 December 2017.

For the six months ended 30 June 2018, the Group had net cash inflow of RMB5,411.71 million from operating activities; net cash inflow of RMB-3,935.62 million from investing activities; and net cash inflow of RMB-1,750.71 million from financing activities.

Material Acquisition and Disposal of Subsidiaries, Affiliates and Associates

As of six months ended 30 June 2018, the Group had no material acquisition and disposal of subsidiaries, affiliates and associates.

Pledge of the Group

As of six months ended 30 June 2018, saved for Note V, 1 to the notes of the financial statements, the Group had no pledge of assets.

Contingent Liabilities

For details, please refer to Note XI, 2 to the notes of the financial statements.

Litigations

1. The copper and cobalt business of the Company located in Congo (DRC) may encounter certain legal litigations, claims and liabilities in the ordinary course of business. The management is of the view that, based on the current available information, the consequence of such contingencies will not impose any material and adverse impact on the financial condition, operating results or cash flow of the relevant business;

2. The niobium and phosphate business of the Company located in Brazil may encounter various litigations in the ordinary course of business. The management had conducted assessment on each case based on the opinion from legal advisors on a single case of litigation or dispute. For litigation that will probably result in outflow of economic benefits with an amount which can be reliably measured, liabilities will be provided for accordingly. For litigation that may or will not likely to result in outflow of economic benefits, no liabilities will be provided for. For litigation that may result in outflow of economic benefits, disclosure will be made in the notes to the financial report.

3. On 30 December 2008, Luanchuan Chengling Molybdenum Co., Ltd. (hereinafter referred to as "Chengling Molybdenum") filed a lawsuit with the Higher People's Court of Henan Province. Chengling Molybdenum claimed that the construction by the Company of an ore processing plant of 10,000 tonnes on the main mining areas of Chengling Molybdenum had directly overlaid the production volume of the molybdenum project (Phase I only) of 2,083 tonnes at the mining areas of Chengling Molybdenum, resulting in a decrease in potential profit of RMB0.13 billion for Chengling Molybdenum. Meanwhile, Chengling Molybdenum claimed that the Company directly disposed of tailings at the laneways of Chengling Molybdenum during trial operation in the construction of such ore processing plant, landfilling all laneways of Chengling Molybdenum and the operation of relevant facilities for mining projects, which led to direct economic loss of RMB5.1723 million suffering by Chengling Molybdenum. As such, Chengling Molybdenum filed a petition to request the Company to assume the tort liability arising therefrom and make a compensation payment of RMB135.1723 million. Subsequently, the Higher People's Court of Henan Province transferred the case to Luoyang Municipal Intermediate People's Court for further trial.

   On 8 October 2011, Luoyang Municipal Intermediate People's Court issued the Civil Judgment ((2009) Luo Min Yi Chu Zi No. 17) and dismissed the case filed by Chengling Molybdenum.

On 17 October 2011, Chengling Molybdenum filed a litigation with the Higher People's Court of Henan Province. On 26 March 2012, the Higher People's Court of Henan Province issued the Civil Judgment ((2011) Yu Fa Min Zhong Zi No. 24) and dismissed the appeal filed by Chengling Molybdenum. Such civil judgment made by the Higher People's Court of Henan Province shall be final.

Please refer to the prospectus of A share offering of the Company for details.

In October 2017, Chengling Molybdenum filed a case with the court of second instance of the Higher People's Court and requested to withdraw the Civil Judgment ((2011) Yu Fa Min Zhong Zi No. 24) and the Civil Judgment ((2009) Luo Min Yi Chu Zi No. 17), as well as changing the judgment to order the Company to compensate a loss of RMB5.1723 million for landfills of mining laneways and a loss of RMB0.13 billion for coverage of mining resources, as well as relevant legal fees for the retrial.

On 23 March 2018, the Higher People's Court issued the Civil Judgment ((2017) Zui Gao Fa Min Shen No. 4775), pursuant to which, the Higher People's Court will file a petition for this case. The case is yet to be handled up to today. The Company considers that, such lawsuit will not have a material impact on the production, operation and financial condition nor constitute substantive legal impediments for the Company. The Company will observe the law to respond to the summons by the court in order to safeguard the legitimate rights of the Company.

Core Competitiveness

1. The Company possesses unique and scarce resource portfolio which effectively resist and reduce the impact of periodic fluctuation

Currently, the Company boasts a unique and scarce product portfolio including copper, molybdenum, tungsten, cobalt, niobium and phosphate and gold, and has industry-leading advantages for each resource variety. The resource varieties cover the basic, rare and precious metals, and enters into the market of agricultural applications with phosphorus resources. Copper represents an important metal for consumption purpose, enjoying a broad prospect of application. Cobalt represents a highly scarce metal resource and a strategically significant resource, with small reserves on land. The price of niobium has smaller periodical fluctuations than other non-ferrous metals and is therefore relatively stable, so niobium is capable of effectively reducing the risks arising from volatilities in the industry for the Company. 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 phosphates worldwide. Even if it is short in resources of phosphates ores, Brazil has its own geographical advantages and its phosphates business develops steadily, which is conductive to the diversification and decentralization of the Company's business. 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.

2. The Company has a vast reserve of distinctive resources

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. As at 31 December 2017, the mining area contains 831.5 million of proven ore resources, with an average copper grade of 2.94%; an average cobalt grade of 0.28%. The Company operated a NPM copper and gold mine in Australia, which is the fourth largest operating copper/gold mine in Australia. As at 31 December 2017, proven ore resources reached 471.81 million, with an average copper grade of 0.56%; and an average gold grade of 0.19 (g/t).

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. As at 31 December 2017, there were 459.2 million tonnes of proven phosphate ore resources, with an average grade of 11.29%; and 559.3 million tonnes of niobium ore resources with an average grade of 0.4%.

The Company is the largest tungsten producer and one of the top-five molybdenum producers in the world. The Company's domestic resources in China include: the Luanchuan Sandaozhuang molybdenum/tungsten mine currently in operation, 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. Reserve resources include: 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, and the mining rights of the molybdenum mine located in East Gobi, Hami, Xinjiang, which is possessed by a subsidiary of the Company. As at 31 December 2017, domestic molybdenum ore resources owned by the Company aggregated to an amount of 1,401.36 million tonnes, with an average grade of 0.115%; and tungsten ore resources amounted to 497.36 million tonnes, with an average grade of 0.092%. Whereas the Sandaozhuang molybdenum mine associated at the same time with substantial volume of copper, rhenium and fluorspar resources. Meanwhile, Shangfanggou molybdenum mine associated with substantial amount of iron ore resources.

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

3. *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 nation's largest tungsten producers. The successful industrialized recovery of by-products copper and rhenium has created a new profit growth point for the Company. The comprehensive recovery of by-products fluorite upon small scale industrialized production is being steadily promoted. 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. Besides, partial niobium output of the niobium business (with the second-largest niobium output in the world) operated by the Company in Brazil is from the comprehensive recovery of the tailings of processed phosphorus ore, with high-efficient recovery and comprehensive utilization technology of advanced low-grade niobium resources, phosphate resource processing and utilization and high value-added product development and production technology advantages. 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.

All of the mines (except for NPM) exploited and 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's mine processing operation adopted advanced technology and equipment, and implemented automated control over the entire procedures, resulting in lower processing cost. In addition, 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. 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%. The Company has first used its SY electric mining trucks domestically in the Sandaozhuang Open-pit Mine, and achieved initial results in the construction of smart mines. 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.

4. *Continue to build a healthy balance sheet and value shareholder returns*

Current operations of the Company are all mature projects in production with stable and strong profitability, and each business segment has strong cash generation capability. The Company adopts sound financial policies and is committed to continuing to build a healthy balance sheet. As at the end of the reporting period, gearing ratio of the Company was 52.55%, net interest-bearing debt ratio was 10.65%, assets and liabilities structure has been improved steadily; with higher than 50% of cash dividends over the last five years, which was among the forefront in the industry, the Company proactively recompensed shareholders. Shares of the Company was included in the MSCI Component Index and the FTSE China A50 Index, and a constituent stock including CSI 300, SSE 50, CSI 100, etc.

5. *The Company has a relatively complete and innovative technical research and development capacity*

The Company has a strong technological research and development team, and established provincial technology centers in China. The Company owns a post-doctoral scientific research station, with industry-leading research and development capability. The Company successfully implemented industrialization of its various scientific research results, leading industrial technology improvement. The Company successfully passed the re-examination of high-tech enterprises in 2017 for the second time. The Company also took the lead in the national molybdenum industry to full recover sulfur dioxide, generated from the process of roasting, into sulfuric acid. The Company worked with the Central South University, and collaboratively research and developed a technology to produce ammonium paratungstale from low-grade scheelite, significantly reducing the emission of wastewater and solving the difficult problem of "three wastes" in the smelting process of tungsten. In 2006, the Company was awarded the title of "Advanced Mining Enterprise Rationally Exploring and Utilizing the National Mining Resources" by the Ministry of Land and Resources. In September 2011, the Company was collectively assigned by the Ministry of Land and Resources and the Ministry of Finance as one of the demonstration sites of the first batch of mines comprehensively utilizing mining resources. The Company won the "Second Prize for Science and Technology Achievement in China's Non-Ferrous Metal Industry" with its 21 standards such as "Measures for Quality Assessment of Molybdenum", granted by the Non-ferrous Metals Society of China and China Non-Ferrous Metals Industry Association. In January 2018, "Research and Development of Intelligent Production Equipment and Key Technologies of Sandaozhuang Open-pit Mine" of the Company won the First Prize for Science and Technology Advancement granted by Non-ferrous Metals Society of China and China Non-ferrous Metals Industry Association, it has also been ranked as one of the annual major events of China's mining technological equipment in 2017 (2017年度中國礦業技術裝備大事*). "The integrated digital mining production management system in open pit mine" and "Technology and industrialization of recycling of low graded scheelite from molybdenum flotation tailings" obtained the award nomination in the "4th China Grand Award for Industry". In April 2018, the Company won the 2017 Mining Company Award (2017年度礦業公司獎*) from the Brazilian Mining (《巴西礦業》*). In May 2018, the Company was ranked 43rd among Forbes' 100 most innovative companies in the world in 2018.

6. *The Company has an excellent and stable shareholder structure as well as a forward-looking industrial research team*

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 private holding, state holding and the investment allocation from large scale investment institutions, strategic and industrial investors. 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. 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 a distinguished and forward-looking industrial research team. While committed to resources development in the upper stream, the Company utilized the market information advantage of China in resources consuming (as being the largest market in the world), deeply integrated into the cutting-edge of resources consuming end and precisely analyzed the development opportunity of the industry in order to foster the implementation of the international strategies of the Company based on industrial analysis.

7. *Establishment and promotion of globalized management system and team, catering for long-term development of the Company*

Focusing on the Company's development strategy and actual needs, the Company actively pushed forward the internationlisation of talents. In August 2018, members of the new sessions of the Board of Directors, Board of Supervisors, special committees of the Board of Directors and senior management were elected and appointed. The directors, supervisors and senior management possessed global vision and had extensive theoretical and practical experience in various aspects including operations management, mergers and acquisitions, mining technology, finance, information technology, legal work and logistics. Their respective profiles and experience were highly compatible with the current and future development of the Company, leading the Company to further progress. At the same time, the Company has initially established a multi-level introduction and training system for talents in order to meet the needs for long-term development.

Possible Risks

1. *Exposure To Risks Related To Price Fluctuations Of Principal Products*

The revenue of the Company primarily comes from the sales of non-ferrous metals and phosphate products, mainly including copper concentrates, electrolytic copper, cobalt hydroxide, ferromolybdenum, tungsten concentrates, ferroniobium, phosphate fertilizer and other related products, and its operating results are largely subject to fluctuations in the market prices thereof. At the same time, the NPM Copper and Gold Mine of the Company has sales of gold as by-product. Accordingly, the price fluctuations in gold will also have an impact on the Company. Since the fluctuations in the costs of mining and smelting relevant resources are relatively insignificant, the Company's profit and profit margin in the reporting period are closely related to the price trend of commodities. If there is a significant fluctuation in the prices of related resource products and gold in the future, the operating results of the Company will become unstable. In particular, if the prices of related resource products record sharp decreases, the operating results of the Company will fluctuate significantly.

Given the relatively significant fluctuations in the prices of copper products and the existence of products in delivery, rolling settlement and other factors, the 2016 Annual General Meeting of the Company authorized the Board of Directors to take actions in a timely manner on the hedging of copper and gold products in line with market conditions, production plans and pursuant to the required procedures of "Hedging Management System" of the Company, capped at the total annual production volume planned on the basis of equity interests. The Company will deepen market research and adopt appropriate hedging plans to guard against risks related to price fluctuations.

2. *Exposure To Risks Related To Reliance On Mineral Resources*

As the primary operation of the Company is mineral resources exploitation, the Company is highly dependent on mineral resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of resource products, drop in the recovery rate, inflation or other factors, or due to restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. In this scenario, full utilization of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

Technical staff of the Company will regularly review and update the reserves and grade according to the exploitation of resources, and optimize mining schemes and plans, thereby verifying 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. The Company invested substantial resources to form a relatively complete system of production safety management, risk prevention and supervision, established a well trained workforce and a management body for safe production and continuously pushed forward the safety standardization management. However, safety incidents cannot be totally avoided. As a mineral resource exploiter, large amounts of reduced rocks and tailings are produced in the production process. Inefficient management of slag discharge fields and tailing storage facilities may result in small scale disaster. The Company uses explosives in the mining process. If there are defects in the storage and use of such materials, there may be possible risk 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 related to production by formulating and improving safety systems, intensifying accountability and assessment in relation to safety and environmental protection, investing more in production safety and environmental protection and promoting standardized safety management. It will improve the prevention and control of natural disaster risk through “rainy season” emergency plans and drills.

4. *Exposure To Risks Related To Interest Rates*

The interest rate risk related to fair value comes from changes in bank loan rates. The risk of changes in cash flows of financial instruments arising from fluctuations in interest rates is mainly related to bank borrowings with floating rates.

The Company has adopted interest rate swaps to hedge against interest rate fluctuations on certain US$-denominated loans, therefore minimizing the impact of interest rate hikes resulting from higher United States interest rates. In the future, the Company will pay close attention to the changes of interest rate so as to deal with interest rate risks by measures including interest rate swaps.

5. *Exposure To Risks Related To Exchange Rate*

The exchange rate risk exposure of the Company is primarily arising from assets and liabilities held in foreign currencies other than the function currency, and is mainly associated with US$, HK$, EUR, CAD, RMB, BRL, GBP, CDF and AUD. All principal business operations of domestic subsidiaries are denominated and settled in RMB; the principal business operations of subsidiaries of the Company in Australia are mainly denominated and settled in AUD or US$; the niobium and phosphates operations of the Company in Brazil are mainly denominated and settled in US$ and BRL; and the copper and cobalt business of the Company in the DRC is mainly denominated and settled in US$ and CDF. Therefore, the exposure of the Company to changes in exchange rates is not significant, as its foreign currency transactions mainly comprise the financing activities of subsidiaries in mainland China and Hong Kong which are denominated and settled in US$, the operational activities of subsidiaries (whose functional currency is US$) in Australia are settled in AUD, the operational activities of subsidiaries (whose functional currency is US$) in Brazil are settled in BRL (Brazilian real) and the operating activities of subsidiaries (whose functional currency is US$) in the DRC are settled in CDF.

The exchange rate risks arising from assets and liabilities with balances denominated in foreign currencies may affect the operating results of the Group. The Company has paid close attention to the effect of the changes in exchange rates, and made use of financial instruments, such as forward foreign exchange contracts to hedge foreign exchange rate risk in due course. The Company currently has had certain hedging arrangements for the exchange rate risk of 35 million of BRL and 160 million of EUR relating to daily operation.

6. Exposure To Risks Related To Policies

TFM Copper and Cobalt Mine operated by the Company is located in the DRC, which is one of the underdeveloped countries in the world with social problems that cause public concerns. 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 foreign assets operational philosophy of the Company underlies positive relations with local government, communities and social organizations. As the political ties between China and the DRC stabilize and draw ever closer, the government of China has been encouraging outbound investments into the DRC. In order to further reduce potential economic losses of the Company incurred by relevant risks in operations, the Company is picking up pace in covering DRC projects by overseas investment insurance.

7. Exposure To Risks Related To Operations Of Overseas Assets

Through operating the NPM Copper and Gold Mine in Australia, the Company has accumulated certain experience in operation and management of overseas mineral resources, which serves as the reference for successful mining operations in Brazil and the DRC; however, significant differences of operational environments and business attributes in different countries are likely to pose material challenges to asset operation and management in Brazil and the DRC. In addition, as the Company quickens its pace of internationalization, the expansion of its scale also increases the difficulty in corporate management and operations, including higher requirements of organizational structure, competence of the management team and professionalism of the staff. As such, the Company may be affected to a certain degree by the shortage of talents.

The Company actively introduces a talent team with extensive industry operation experience and international management capabilities, reconstructs a new team of senior management personnel with rich industry experience and international management level, reform domestic and overseas business structure of management and control in order to achieve efficient governance of the Company's global business and reduce operational risks.

Analysis on Major Subsidiaries

(1) Basic information of major subsidiaries

Unit: '000 Yuan Currency: RMB

Company name	Principal products	Registered capital	Total assets	Net assets	Operating revenue	Net profit attributable to the parent company
CMOC Mining Pty Limited	Copper and gold related products	USD346,000,000	5,938,286	2,776,335	841,699	183,750
CMOC DRC Limited	Copper and cobalt related products	HKD1	45,880,655	11,983,058	8,466,308	1,775,231
Luxembourg SPV	Niobium and phosphates related products	USD20,000	15,181,728	4,335,936	2,209,589	252,937

Exploration, Development and Mining Activities

(1) Exploration

NPM Copper and Gold Mine:

In the first half of the year, the surface drilling programs were undertaken on EL5800, EL5801, EL5323, ML1247 and ML1367. A total of 13,512m of surface drilling was undertaken during the reporting period, comprising diamond core, reverse circulation percussion and aircore drilling, against a planned total of 19,760m. Drilling completed was a mix of both regional drilling programs (EL5800 & EL5323 Aircore, Cormorant, Yarrimbah, Pearce 1), near-mine (E20, River Phoenix, Stinger, MET 112, Rocklands) and evaluation targets (E31N, Nerrad) on the Northparkes Mining Leases. Following completion of the E31N RC program one rig demobilised from site in late May.

Mines in Brazil:

Brownfield activities: to support Long Term mine planning and for mineral resources classification conversion in the Chapadão Mine, were performed 41 diamond drill holes totalizing 2,998.60 meters using 2 drill rigs in the bottom pít, Old waste dump and FFG-04 areas. The 2018 geophysics exploration in the Chapadão Mine are planned to start on the second half and will include density measurements using gamma-gamma well logging methods. It will also be applied electro-resistivity in the FFG-04 area to identify rock/soil contacts, main fractures and hard material bodies signature. The 2018 drilling campaign in the Boa Vista Mine is planned to start on the second half.

Greenfield activities: was delivered by the end of June to National Mining Association of Brazil one Partial Exploration Report of the area DNPM 860.205/2015 (DGF-007). Once approved the idea is to ask 3 more years for exploration activities in this area. Assessed opportunities: 2 areas were visited in the Rio Grande do Norte state by the Company's Exploration team and were collected 15 samples to check vanadium and titanium grades.

Tenke Copper and Cobalt Mine:

Exploration drilling during the first half of 2018 was 71,634 meters in 295 core holes and completed using 15 rigs.

Drilling was concentrated on the Kwatebala area (30,631m), the Fungurume deposits (30,994m) and the Dipeta Syncline (2,739m).Minor infill drilling programs includes Pumpi deposit (3,616m) and Mwadinkomba (3,653m).

(2) Development

Sandaozhuang Mine: During the reporting period, there is no significant development;

Shangfanggou Mine: During the reporting period, there is no significant development;

Xinjiang Mine: During the reporting period, there is no significant development;

NPM Copper/Gold Mine:

Underground development is above plan YTD, development was completed on the third level (9,700mRL) of the E26 Sub Level Cave in May. Development is continuing on the fourth level, 9,670mRL with 697.9m completed verse a plan of 473.9m. Capital expenditure approval was received by Australian Company for execution of the fourth level of the SLC and an updated pre-feasibility study for the E22 block cave was released during half one. Study work is continuing on a number of other projects, including the E26 L1N block cave feasibility study, and E31 North open cut feasibility analysis while final evaluation is being completed on the fifth and sixth level of the E26 SLC timing for the five year production plan.

Mine in Brazil:

Chapadão Mine: There is an action plan for continuous improvement on sampling quality control (based on Francis Pitard 2016 Report.)

Boa Vista Mine: were performed 333 drill holes with Reverse Circulation (RC), totalizing 10,410 meters drilled.

Tenke Copper/Cobalt Mine:

Mining field involving clearing work covered an area of 160 Ha, which took place at Kansalawele and Mambalima Waste Dumps and hilltops. 4.5km of 9km of roadway to Pumpi has started construction. Dewatering activity focused on Fungurume, Mwadinkomba, and Mofya. K2 TSF is currently under construction and is ramping up production.

(3) Mining

	First Half of 2018
Domestic mining activities	
Production volume of Sandaozhuang Molybdenum and Tungsten Mine *(kilotonnes)*	9,714
Overseas mining activities	
Production volume of NPM Copper Mine *(kilotonnes)*	3,141
Production volume of Brazil Niobium Mine *(kilotonnes)*	1,468
Production volume of Brazil Phosphates Mine *(kilotonnes)*	2,727
Production volume of TFM Copper and Cobalt Mine *(kilotonnes)*	4,247

Remarks: 1. The data above was calculated on basis of the statistics prepared by the Company and had been confirmed by internal experts;

2. During the reporting period, no mining activities were conducted in Xinjiang Mine and Shangfanggou Mine.

(4) Exploration, Development And Mining Expenses

In the PRC:

The mining expenses of Sandaozhuang Mine amounted to RMB231.93 million; (Note: The above expenses exclude ore processing, similarly hereinafter)

Overseas:

Unit: US$ million

Item	Exploration	Development	Mining
Niobium Mine	0	0.67	10.09
Phosphates Mine	0.55	0	6.19
Tenke Copper/Cobalt Mine	16.30	13.90	134.60
NPM	1.93	4.73	9.47
Total	18.78	19.30	160.35

Directors and Supervisors

As at the date of this report, the Board of the Company consisted of the following 8 directors of the Company ("**Directors**"), and the Supervisory Committee consisted of the following 3 supervisors ("**Supervisors**") of the Company. Pursuant to the Company's articles of association, all Directors and Supervisors have a term of three years and are subject to re-election.

Executive Directors	:	Li Chaochun, Li Faben
Non-executive Directors	:	Ma Hui, Yuan Honglin, Cheng Yunlei
Independent non-executive Directors	:	Wang Gerry Yougui, Yan Ye, Li Shuhua
Supervisors	:	Kou Youmin, Zhang Zhenhao, Wang Zhengyan

Note: On 3 August 2018, the Company convened the 2018 first extraordinary general meeting and completed the re-election of the Board and the Supervisory Committee. The fifth session of Board comprised Mr. Li Chaochun, Mr. Li Faben, Mr. Ma Hui, Mr. Yuan Honglin, Mr. Cheng Yunlei, Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua. The fifth session of the Supervisory Committee of the Company comprised Ms. Kou Youmin, Mr. Zhang Zhenhao, together with Ms. Wang Zhengyan, the employee representative Supervisor.

Employees

As of 30 June 2018, the Group had approximately 11,044 full-time employees, classified by functions and departments as follows:

Departments	Employees	Proportion
Management and administration	1,555	14.08%
Quality control, research and development	1,690	15.30%
Production	6,762	61.23%
Finance, sales and others	1,037	9.39%
Total	11,044	100%

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 remuneration is assessed in connection with the performance of the Company and the individual performance, which provides a consistent, fair and impartial remuneration system for all the employees. The domestic companies of Group have participated in the social insurance contribution plans introduced by the provincial local governments in the PRC. In compliance with the laws and regulations regarding to the national and local labor and social welfare in the PRC, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. Pursuant to the current applicable PRC local regulations, the percentages of certain insurance policies are as follows: the pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and the contribution to housing reserve fund of our PRC employees represent 19%, 7%, 0.7%, 0.5%, 0.4% to 1.9% and 12% of his or her total basic monthly salary respectively. Pursuant to the applicable PRC laws, the Company is currently participating in a series of pension plans organized by the government authorities. The overseas employees are enrolled in the requisite pension or healthcare plans under the requirements of the laws in the countries where they reside.

Share Capital

	As at 30 June 2018	
	Number of shares	Amount *RMB*
A Shares at a nominal value of RMB0.20 per share	17,665,772,583	3,533,154,516.60
H Shares at a nominal value of RMB0.20 per share	3,933,468,000	786,693,600.00
Total	21,599,240,583	4,319,848,116.60

Substantial Shareholders' interests in Shares and Underlying Shares and Short Positions

To the best knowledge of the Directors, as at 30 June 2018, 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 ("**SFO**") 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 are 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%
Guohong Group	5,329,780,425	Interest in controlled corporation	A Share	30.17%
CFC	5,030,220,000 303,000,000(L)	Beneficial owner Interest in controlled corporation	A Share H Share	28.47% 7.70%
Cathay Hong Kong(1)	303,000,000(L)	Beneficial owner	H Share	7.70%
Yu Yong(2)	5,030,220,000	Interest in controlled corporation	A Share	28.47%
	303,000,000(L)	Interest in controlled corporation	H Share	7.70%
Bank of America Corporation (3)	306,707,189(L) 304,793,776(S)	Interest in controlled corporation	H Share	7.80% (L) 7.75% (S)
BlackRock, Inc.(4)	289,510,516(L) 24,234,000(S)	Interest in controlled corporation	H Share	7.36% (L) 0.62% (S)
The Capital Group Companies, Inc.(5)	238,573,000(L)	Interest in controlled corporation	H Share	6.07% (L)

Notes: (L) – Long position
(S) – Short position

(1) Cathay Hong Kong is a wholly-owned subsidiary of CFC in Hong Kong.

(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 Fortune Investment Limited are directly or indirectly hold the Company's shares as controlled corporations.

(3) Bank of America Corporation was deemed to hold a total of 306,707,189 H Shares (long position) and 304,793,776 H Shares (short position) of the Company, by virtue of its control over numerous corporations. NB Holdings Corporation, BAC North America Holding Company, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BofAML Jersey Holdings Limited, BofAML EMEA Holdings 2 Limited, ML UK Capital Holdings and Merrill Lynch International, being the controlled corporations, directly or indirectly hold the shares of the Company.

(4) BlackRock, Inc. was deemed to hold a total of 289,510,516 H Shares (long position) and 24,234,000 H Shares (short position) of the Company, by virtue of its control over numerous corporations. 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.à r.l., BlackRock Trident Holding Company Limited, BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., 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 Group Limited, BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock International Limited, BlackRock Luxembourg Holdco S.à r.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 UK Holdco Limited and BlackRock Asset Management (Schweiz) AG, being the controlled corporations, directly or indirectly hold the shares of the Company.

(5) The Capital Group Companies, Inc. held shares of the Company through its subsidiary, namely Capital Research and Management Company, and was therefore deemed to hold a total of 238,573,000 H Shares (long position) of the Company.

Save for disclosed above, as at 30 June 2018, the Directors were not aware of any other person (other than Directors, chief executives or Supervisors 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 under section 336 of the SFO.

Directors', Chief Executives' and Supervisors' interests and Short Positions in Securities

As at 27 August 2018, details of the shareholdings of A Shares by certain Directors, Supervisors and management of the Company are as follows:

Name	**Number of shares held** *(shares)*	**Percentage of shareholding in total issued share capital** *(%)*
Li Chaochun	1,587,692	0.0074
Li Faben	1,064,400	0.0049
Yuan Honglin	1,050,600	0.0049
Zhang Zhenhao	1,063,500	0.0049
Gu Meifeng	531,600	0.0025
Jiang Zhongqiang	532,500	0.0025
Peng Jinsong	59,500	0.0003
Total	5,889,792	0.0273

Save for disclosed above, so far as was known to the Directors, as at 27 August 2018, none of the Directors, chief executives, senior management and Supervisors or their respective associates had interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (defined in 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 under Section 352 of the SFO or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") Hong Kong Listing Rules.

Dividends

At the second meeting of the fifth session of the Board held on 27 August 2018, the Board resolved not to declare any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the six months ended 30 June 2018.

Corporate Governance

The Group has strived to uphold high standard of corporate governance to safeguard the interests of shareholders, and to enhance corporate value and accountability for the Group. During the six months ended 30 June 2018, save as disclosed below, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules ("**Code Provisions**").

Pursuant to the Code Provision E.1.2, the Chairman of the Board should invite the chairmen of its Board committees to attend the annual general meeting. In their absence, the Chairman of the Board should invite another committee member (or his/her duly appointed delegate) to attend. All members of the Audit Committee and the Remuneration Committee were unable to attend the annual general meeting of the Company held on 25 May 2018 due to other business commitments. Vice chairman of the Nomination Committee, chairmen of the Strategic and Supervisory Committee and part of the senior management have attended the general meeting. The Company believed that their attendance was sufficient for (i) answering the questions raised by the shareholders who attended the annual general meeting and (ii) communicating effectively with shareholders who attended the annual general meeting. The Company will optimize the planning and procedures of annual general meetings, give adequate time to all Directors to accommodate their work arrangement and provide necessary support for their presence and participation at general meetings such that all Directors will be able to attend future annual general meetings of the Company.

Board of Directors

The Board of the Company consists of 8 Directors, including 2 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. For the six months ended 30 June 2018, the fourth session of the Board convened a total of four meetings (with an attendance rate of 100%).

On 3 August 2018, the Company convened the 2018 first extraordinary general meeting and completed the re-election of the Board. The fifth session of the Board comprises Mr. Li Chaochun, Mr. Li Faben, Mr. Ma Hui, Mr. Yuan Honglin, Mr. Cheng Yunlei, Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.

From 3 August 2018 to the disclosure date of this report, the fifth session of the Board of the Company convened a total of two meetings (with an attendance rate of 100%).

Supervisory Committee

The Supervisory Committee of the Company comprises 3 Supervisors to exercise supervision over the Board and its members as well as members of the senior management; and to prevent them from abusing their powers and authorities and jeopardizing the legal interests of shareholders, the Company and its employees. The fourth session of Supervisory Committee convened a total of two meetings for the six months ended 30 June 2018 (with an attendance rate of 100%).

On 3 August 2018, the Company convened the 2018 first extraordinary general meeting and completed the re-election of the Supervisory Committee. The fifth session of the Supervisory Committee comprises Ms. Kou Youmin, Mr. Zhang Zhenhao, together with Ms. Wang Zhengyan, the employee representative Supervisor.

From 3 August 2018 to the date of this report, the fifth session of the Supervisory Committee of the Company convened a total of two meetings (with an attendance rate of 100%).

Securities Transactions Conducted by Directors, Supervisors and Employees

The Company has adopted the Model Code as set out in Appendix 10 of the Hong Kong Listing Rules as the code of conduct for trading in securities of the Company by the Directors. After specific enquiry made on all Directors and Supervisors of the Company, with confirmation by the Directors and Supervisors, the Board has confirmed that they have been complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018. The Company has formulated written guidelines equally stringent as the Model Code (the "**Employees Written Guidelines**") for securities transactions. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

Disclosures of Directors and Supervisors Pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules

Positions of the Board/Board committees

From 3 August 2018:

- Mr. Bai Yanchun, Mr. Xu Shan and Mr. Cheng Gordon retired as independent non-executive Directors of the Company
- Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua were appointed as independent non-executive Directors of the Company

From 4 August 2018:

- Mr. Li Shuhua was appointed as the chairman of Audit and Risk Committee and a member of Nomination and Governance Committee and Remuneration Committee of the Company
- Ms. Yan Ye was appointed as a member of Audit and Risk Committee as well as Nomination and Governance Committee of the Company
- Mr. Wang Gerry Yougui was appointed as the chairmen of Nomination and Governance Committee and Remuneration Committee, as well as a member of Strategic and Sustainability Committee of the Company

Save for disclose above, as of the date of this report, there is no change in any other information relating to the Directors and Supervisors which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Audit and Risk Committee

The Audit Committee was renamed as the Audit and Risk Committee from 4 August 2018 as to more adequately reflect its functions and responsibilities, and constantly oversee the risk management function of the Company.

The Terms of Reference of the Audit Committee based on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The Audit and Risk Committee provides an important connection between the Board and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. The Audit and Risk Committee will review the effectiveness of the external audit as well as the internal control, evaluate risks and provide advice and guidance to the Board. The current Audit and Risk Committee comprises two independent non-executive Directors and one non-executive Director, namely, Mr. Li Shuhua (chairman of the committee), Ms. Yan Ye and Mr. Yuan Honglin. The Audit and Risk Committee has reviewed the unaudited financial statements of the Company for the six months ended 30 June 2018 and considered that the statements complied with relevant accounting standards and that the Company has made appropriate and relevant disclosures.

Utilization of Proceeds Raised

As noted from the “Approval in Relation to the Non-Public Issuance of Shares by China Molybdenum Co., Ltd.” (No. 918 [2017] of CSRC) issued by the CSRC, the Company was approved to issue non-publicly 4,712,041,884 ordinary A shares with issue price of RMB3.82 per share. The total proceeds raised from issuance of shares amounted to RMB18 billion. The actual net proceeds raised after deducting issuance fees of RMB141.37 million was RMB17,858.63 million. The Company has received the entire fund above by 19 July 2017.

The proceeds raised and the yields of the Company were used for replacement of the internal financed funds initially contributed at the asset acquisition projects of niobium and phosphates in Brazil and copper and cobalt in the DRC. As at 31 December 2017, the Company has utilized a total of RMB17,865.23 million (including yields generated from the proceeds raised of RMB6.60 million) of proceeds raised from the non-public issuance of RMB ordinary shares. The proceeds raised have been utilized in full.

I. FINANCIAL HIGHLIGHTS

Consolidated Balance Sheet

30 June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	*Notes*	Closing balance	Opening balance
Current assets:			
Cash and bank balances	(V), 1	**26,628,692**	26,508,760
Notes receivable	(V), 2	**1,651,771**	1,750,692
Accounts receivable	(V), 3	**2,293,198**	2,144,631
Prepayments	(V), 4	**190,807**	110,584
Interests receivable	(V), 5	**467,760**	656,703
Other receivables	(V), 6	**982,869**	789,924
Inventories	(V), 7	**6,148,478**	5,705,500
Other current assets	(V), 8	**493,377**	1,382,004
Total current assets		**38,856,952**	39,048,798
Non-current assets:			
Non-current derivative financial assets	(V), 59	**40,974**	
Other investment in equity instruments	(V), 9	**718,334**	520,869
Other non-current financial assets	(V), 10	**2,436,915**	2,726,031
Long-term equity investments	(V), 11	**2,522,200**	1,136,373
Fixed assets	(V), 12	**23,416,773**	24,234,932
Construction in progress	(V), 13	**1,472,952**	950,111
Intangible assets	(V), 14	**21,399,743**	21,536,182
Goodwill	(V), 15	**844,104**	833,594
Long-term inventories	(V), 7	**4,621,225**	4,352,010
Long-term deferred expenses	(V), 16	**116,692**	116,189
Deferred tax assets	(V), 17	**466,576**	304,703
Other non-current assets	(V), 18	**4,002,766**	2,077,454
Total non-current assets		**62,059,254**	58,788,448
Total assets		**100,916,206**	97,837,246

Item	*Notes*	**Closing balance**	Opening balance
Current liabilities:			
Short-term borrowings	(V), 19	**2,066,812**	1,478,132
Financial liabilities at fair value through profit or loss	(V), 20	**4,310,350**	3,592,187
Derivative financial liabilities			
Notes payable	(V), 21	**30,000**	23,955
Accounts payable	(V), 22	**1,080,189**	976,481
Receipts in advance	(V),23	**390,116**	127,796
Employee benefits payable	(V),24	**300,123**	445,406
Taxes payable	(V), 25	**1,250,755**	1,137,796
Interests payable	(V), 26	**165,693**	219,806
Dividends payable	(V), 27	**324,145**	27,886
Other payables	(V), 28	**638,292**	604,774
Non-current liabilities due within one year	(V), 29	**6,093,825**	4,797,816
Other current liabilities	(V), 30	**110,204**	71,073
Total current liabilities		**16,760,504**	13,503,108
Non-current liabilities:			
Long-term borrowings	(V), 31	**20,460,473**	22,033,889
Bonds payable	(V), 32	**2,000,000**	2,000,000
Long-term employee benefits payable	(V), 33	**176,741**	64,382
Provisions	(V), 34	**2,008,170**	2,049,904
Deferred income	(V), 35	**69,195**	72,890
Deferred tax liabilities	(V), 17	**8,301,307**	8,603,594
Other non-current liabilities	(V), 36	**3,257,568**	3,600,344
Total non-current liabilities		**36,273,454**	38,425,003
Total liabilities		**53,033,958**	51,928,111
Owners' equity:			
Share capital	(V), 37	**4,319,848**	4,319,848
Capital reserve	(V), 38	**27,582,795**	27,582,795
Other comprehensive income	(V), 39	**-688,046**	-607,484
Special reserve	(V), 40	**5,488**	7,726
Surplus reserve	(V), 41	**968,191**	968,191
Retained profits	(V), 42	**7,367,076**	5,886,108
Total equity attributable to owners of parent Company		**39,555,352**	38,157,184
Minority interests		**8,326,896**	7,751,951
Total owners' equity		**47,882,248**	45,909,135
Total liabilities and owners' equity		**100,916,206**	97,837,246

Balance Sheet of the Company

30 June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	*Notes*	**Closing balance**	Opening balance
Current assets:			
Cash and bank balances		**16,457,358**	17,487,231
Financial assets measured at fair value through profit or loss		**40,974**	0
Notes receivable		**1,640,996**	1,752,051
Accounts receivable	(XIV), 1	**28,930**	300,925
Prepayments		**67,862**	38,726
Interests receivable		**592,931**	866,214
Dividends receivable		**44,006**	44,006
Other receivables	(XIV), 2	**3,914,923**	2,002,816
Inventories		**134,527**	140,107
Other current assets		**51,991**	853,374
Total current assets		**22,974,498**	23,485,450
Non-current assets:			
Other equity instrument investments		**200,005**	200,005
Long-term equity investments	(XIV), 3	**21,188,146**	20,954,027
Fixed assets		**1,341,875**	1,394,455
Construction in progress		**130,401**	68,858
Intangible assets		**377,376**	398,962
Long-term deferred expenses		**135,575**	137,619
Other non-current assets		**981,709**	29,709
Total non-current assets		**24,355,087**	23,183,635
Total assets		**47,329,585**	46,669,085

Item	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		**1,657,015**	560,000
Financial liabilities at fair value through profits and losses		**3,711,462**	3,000,757
Notes payable		**30,000**	0
Accounts payable		**164,300**	149,731
Receipts in advance		**195**	11,566
Employee benefits payable		**39,001**	59,821
Taxes payable		**63,646**	41,389
Interests payable		**28,702**	105,984
Dividends payable		**296,259**	0
Other payables		**475,643**	1,012,766
Non-current liabilities due within one year		**1,782,622**	946,795
Other current liabilities		**128,835**	235,113
Total current liabilities		**8,377,680**	6,123,922
Non-current liabilities:			
Long-term borrowings		**1,190,000**	2,136,500
Bonds payable		**2,000,000**	2,000,000
Provisions		**47,570**	47,570
Deferred income		**17,781**	17,974
Deferred income tax liabilities		**18,352**	45,584
Other non-current liabilities		**381,956**	381,956
Total non-current liabilities		**3,655,659**	4,629,584
Total liabilities		**12,033,339**	10,753,506
Equity:			
Share capital		**4,319,848**	4,319,848
Capital reserve		**27,636,531**	27,636,531
Special reserve		**3,906**	7,008
Surplus reserve		**968,191**	968,191
Retained profits		**2,367,770**	2,984,001
Total equity		**35,296,246**	35,915,579
Total liabilities and equity		**47,329,585**	46,669,085

Legal representative:
Li Chaochun

Person in charge of accounting:
Wu Yiming

Person in charge of accounting department:
Li Chen

Consolidated Income Statement

January–June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	*Notes*	**Amount in the period**	Amount in prior period
I. Total operating revenue		**14,059,796**	11,654,941
Including: Operating revenue	(V), 43	**14,059,796**	11,654,941
II. Total operating costs		**9,427,216**	9,260,619
Including: Operating costs	(V), 43	**7,950,105**	7,521,590
Taxes and levies	(V), 44	**417,265**	142,619
Selling expenses	(V), 45	**86,580**	101,193
Administrative expenses	(V), 46	**529,931**	463,399
Financial expenses	(V), 47	**435,390**	1,026,135
Impairment loss of assets	(V), 48	**7,945**	5,683
Add: Gains on changes of fair value (losses are indicated by "-")	(V), 49	**-79,297**	-326,013
Investment incomes (losses are indicated by "-")	(V), 50	**118,218**	45,588
Including: Investment income in associates and joint ventures		**51,074**	21,768
Disposal of assets incomes (losses are indicated by "-")	(V), 51	**-5,064**	-4,619
Other incomes	(V), 52	**4,369**	
III. Operating profit (losses are indicated by "-")		**4,670,806**	2,109,278
Add: Non-operating incomes	(V), 53	**427**	5,703
Less: Non-operating expenses	(V), 54	**46,859**	24,937
IV. Total profit before tax (losses are indicated by "-")		**4,624,374**	2,090,044
Less: Income tax expenses	(V), 55	**1,023,448**	720,597
V. Net profit (net losses are indicated by "-")		**3,600,926**	1,369,447
(1) Classified by business continuity:			
1. Net profit from continuing operations (net losses are indicated by "-")		**3,600,926**	1,369,447
2. Net profit from discontinued operations (net losses are indicated by "-")			
(2) Classified by ownership:			
1. Net profit attributable to owners of the parent company		**3,122,510**	835,139
2. Profits and losses attributable to minority shareholders		**478,416**	534,308

Item	Notes	Amount in the period	Amount in prior period
VI. Other comprehensive income, net of tax		**15,138**	-637,036
Other comprehensive income attributable to owners of the Company, net of tax	(V), 39	**-80,562**	-279,305
(I) Other comprehensive income that will be reclassified subsequently into the profit or loss	(V), 39	**-80,562**	-279,305
1. Fair value gain (loss) on available-for-sale financial assets			-1,586
2. Effective portion of profit or loss on cash flow hedge	(V), 39	**40,974**	
3. Exchange difference on translation of financial statements in foreign currency	(V), 39	**-121,536**	-277,719
Other comprehensive income (net of tax) attributable to the minority interests		**95,700**	-357,731
VII. Total comprehensive income		**3,616,064**	732,411
Attributable to owners of the parent company		**3,041,948**	555,834
Attributable to minority shareholders		**574,116**	176,577
VIII. Earnings per share			
(I) Basic *(yuan per share)*		**0.14**	0.05
(II) Diluted *(yuan per share)*		**N/A**	N/A

Legal representative:
Li Chaochun

Person in charge of accounting:
Wu Yiming

Person in charge of accounting department:
Li Chen

Income Statement of the Company

January–June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	Notes	Amount in the period	Amount in prior period
I. Operating revenue	(XIV), 4	**1,824,075**	1,363,252
Less: Operating costs	(XIV), 4	**604,814**	610,031
Taxes and levies		**164,311**	107,574
Selling expenses		**7**	609
Administrative expenses		**157,500**	140,847
Financial expenses		**-267,065**	116,414
Impairment loss of assets		**-2,770**	0
Add: Gains on change in fair values (losses are indicated by "-")		**834**	6,243
Investment incomes (losses are indicated by "-")	(XIV), 5	**57,149**	47,526
Including: Investment income in associates and joint ventures		**33,819**	21,768
Disposal of assets income (losses are indicated by "-")		**-10**	0
Other incomes		**867**	0
II. Operating profit (losses are indicated by "-")		**1,226,118**	441,546
Add: Non-operating incomes		**24**	1,902
Less: Non-operating expenses		**38,338**	20,118
III. Total profit (losses are indicated by "-")		**1,187,804**	423,330
Less: Income tax expenses		**162,493**	45,032
IV. Net profit (net losses are indicated by "-")		**1,025,311**	378,298
1. Net profit from continuing operations (net losses are indicated by "-")		**1,025,311**	378,298
2. Net profit from discontinued operations (net losses are indicated by "-")			
V. Other comprehensive income, net of tax			
VI. Total comprehensive income		**1,025,311**	378,298

Legal representative:	Person in charge of accounting:	Person in charge of accounting department:
Li Chaochun	**Wu Yiming**	**Li Chen**

Consolidated Cash Flow Statement

January–June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	Notes	Amount in the period	Amount in prior period
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		**15,218,580**	12,174,125
Receipts of tax refunds		**46**	0
Cash received relating to other operating activities	(V), 56	**768,616**	136,956
Sub-total of cash inflows from operating activities		**15,987,242**	12,311,081
Cash paid for goods and services		**6,437,613**	5,949,832
Cash paid to and on behalf of employees		**1,154,939**	1,088,752
Cash paid for various types of taxes		**2,686,959**	1,266,497
Cash paid relating to other operating activities	(V), 56	**296,023**	524,589
Sub-total of cash outflows from operating activities		**10,575,534**	8,829,670
Net cash flow from operating activities		**5,411,708**	3,481,411
II. Cash flows from investing activities:			
Cash received from recovery of investments		**13,573,226**	1,190,371
Cash received from investment income		**82,830**	209,216
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**452**	334
Cash received relating to other investing activities	(V), 56	**63,134**	26,315
Sub-total of cash inflows from investing activities		**13,719,642**	1,426,236
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		**908,666**	401,964
Cash paid to acquire investments		**15,462,884**	353,966
Net cash paid by subsidiaries and other business units		**261,926**	0
Cash paid relating to other investing activities	(V), 56	**1,021,789**	82,867
Sub-total of cash outflows from investing activities		**17,655,265**	838,797
Net cash flow from investing activities		**-3,935,623**	587,439

Item	Notes	Amount in the period	Amount in prior period
III. Cash flows from financing activities:			
Cash receipts from borrowings		**1,718,778**	2,751,786
Cash received relating to other financing activities	(V), 56	**2,321,076**	1,545,526
Sub-total of cash inflows from financing activities		**4,039,854**	4,297,312
Repayments of borrowings		**1,962,264**	3,258,558
Cash paid for distribution of dividends or profits and settlement of interests		**2,006,446**	1,515,942
Cash paid relating to other financing activities	(V), 56	**1,821,852**	498,486
Sub-total of cash outflows from financing activities		**5,790,562**	5,272,986
Net cash flow from financing activities		**-1,750,708**	-975,674
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**35,716**	-223,223
V. Net increase in cash and cash equivalents	(V), 57	**-238,907**	2,869,953
Add: Opening balance of cash and cash equivalents	(V), 57	**19,781,418**	8,420,208
VI. Closing balance of cash and cash equivalents	(V), 57	**19,542,511**	11,290,161

Legal representative:	Person in charge of accounting:	Person in charge of accounting department:
Li Chaochun	**Wu Yiming**	**Li Chen**

Cash Flow Statement of Parent Company

From January to June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	Amount of Current Period	Amount of Prior Period
I. Cash flow from operating activities:		
Cash receipts from sales of goods or the rendering of services	**2,873,790**	1,465,157
Other cash receipts related to operating activities	**4,586,089**	68,186
Subtotal of cash inflows from operating activities	**7,459,879**	1,533,343
Cash payments for goods purchased and services received	**815,636**	223,707
Cash payments to and on behalf of employees	**177,868**	136,930
Payments of various types of taxes	**569,862**	303,667
Other cash payments relating to operating activities	**5,327,069**	552,791
Subtotal of cash outflows from operating activities	**6,890,435**	1,217,095
Net cash flows from operating activities	**569,444**	316,248
II. Cash flow in investing activities:		
Cash receipts from disposal or withdrawal of Investments	**13,728,040**	1,580,000
Cash receipts from investment income	**71,834**	117,609
Other cash receipts relating to investing activities	**916,261**	883,512
Subtotal of cash inflows from investing activities	**14,716,135**	2,581,121
Cash payments from the acquire or construct fixed assets, intangible assets, and other long-term assets	**47,039**	23,799
Cash payments from acquire investments	**13,672,854**	685,300
Other cash payments relating to investing activities	**2,789,880**	880,000
Subtotal of cash outflows from investing activities	**16,509,773**	1,589,099
Net cash flows from investing activities	**-1,793,638**	992,022

Item	Amount of Current Period	Amount of Prior Period
III. Cash flows from financing activities:		
Cash receipts from borrowings	**1,642,415**	2,310,891
Other cash receipts relating to financing activities	**2,192,857**	1,523,687
Subtotal of cash inflows from financing activities	**3,835,272**	3,834,578
Cash repayment of borrowings	**758,079**	2,882,322
Cash payments for distribution of dividends or profits or payment of interest expenses	**1,542,587**	987,406
Other cash payments relating to financing activities	**1,556,328**	452,847
Subtotal of cash outflows from financing activities	**3,856,994**	4,322,575
Net cash flow from financing activities	**-21,722**	-487,997
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**1,042**	-1,890
V. Net increase in cash and cash equivalents	**-1,244,874**	818,383
Add: Opening balance of cash and cash equivalents	**11,364,848**	4,535,862
VI. Closing balance of cash and cash equivalents	**10,119,974**	5,354,245

Legal representative:
Li Chaochun

Person in charge of accounting:
Wu Yiming

Person in charge of accounting department:
Li Chen

Consolidated Statement of Changes in Owners' Equity

January–June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	The period Attributable to owners of the parent company Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	Total owners' equity
I. Balance at the end of last year	**4,319,848**	**27,582,795**	**-238,817**	**7,726**	**968,191**	**5,517,441**	**7,751,951**	**45,909,135**
Add: changes in accounting policies			**-368,667**			**368,667**		
II. Opening balance for the year	**4,319,848**	**27,582,795**	**-607,484**	**7,726**	**968,191**	**5,886,108**	**7,751,951**	**45,909,135**
III. Changes for the period (decrease is indicated by "-")			**-80,562**	**-2,238**		**1,480,968**	**574,945**	**1,973,113**
(I) Total comprehensive income			**-80,562**			**3,122,510**	**574,116**	**3,616,064**
(II) Profit distribution						**-1,641,542**		**-1,641,542**
1. Distribution to owners (or shareholders)						**-1,641,542**		**-1,641,542**
(III) Special reserve				**-2,238**			**829**	**-1,409**
1. Provision in the period				**71,280**			**1,277**	**72,557**
2. Amount utilized in the period				**73,518**			**448**	**73,966**
IV. Balance at the end of the period	**4,319,848**	**27,582,795**	**-688,046**	**5,488**	**968,191**	**7,367,076**	**8,326,896**	**47,882,248**

Item	The prior period Attributable to owners of the parent company Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Minority interests	Total owners' equity
I. Balance at the end of last year	3,377,440	10,720,307	282,854	8,570	840,099	3,508,789	15,598,869	34,336,928
II. Opening balance for the year	3,377,440	10,720,307	282,854	8,570	840,099	3,508,789	15,598,869	34,336,928
III. Changes for the period (decrease is indicated by "-")		8,177	-279,305	-2,097		244,087	-7,906,981	-7,936,119
(I) Total comprehensive income			-279,305			835,139	176,577	732,411
(II) Capital invested and reduced by owners		8,177					-7,749,379	-7,741,202
1. Other		8,177					-7,749,379	-7,741,202
(III) Profit distribution						-591,052	-334,113	-925,165
1. Distribution to owners (or shareholders)						-591,052	-334,113	-925,165
(IV) Special reserve				-2,097			-66	-2,163
1. Provision in the period				49,898			703	50,601
2. Amount utilized in the period				51,995			769	52,764
IV. Balance at the end of the period	3,377,440	10,728,484	3,549	6,473	840,099	3,752,876	7,691,888	26,400,809

Legal representative:
Li Chaochun

Person in charge of accounting:
Wu Yiming

Person in charge of accounting department:
Li Chen

Parent Company Statement Of Changes In Owners' Equity

From January to June 2018

Presented by: China Molybdenum Co., Ltd.

Unit: '000 Yuan Currency: RMB

Item	The Period					
	Share capital	**Capital Reserve**	**Special Reserve**	**Surplus Reserve**	**Retained profits**	**Total owners' equity**
I. Balance at the end of last year	**4,319,848**	**27,636,531**	**7,008**	**968,191**	**2,984,001**	**35,915,579**
II. Balance at the beginning of the year	**4,319,848**	**27,636,531**	**7,008**	**968,191**	**2,984,001**	**35,915,579**
III. Increase/decreased in the period (decrease is represented by "-")			**-3,102**		**-616,231**	**-619,333**
(I) Total comprehensive income					**1,025,311**	**1,025,311**
(II) Profit contribution					**-1,641,542**	**-1,641,542**
1. Distribution to owners (or shareholders)					**-1,641,542**	**-1,641,542**
(III) Specific reserve			**-3,102**			**-3,102**
1. Appropriation in the period			**60,672**			**60,672**
2. Usage in the period			**63,774**			**63,774**
IV. Balance at the end of the period	**4,319,848**	**27,636,531**	**3,906**	**968,191**	**2,367,770**	**35,296,246**

Item	The Prior period					
	Share capital	Capital Reserve	Special Reserve	Surplus reserve	Retained profits	Total owners' equity
I. Balance at the end of last year	3,377,440	10,720,307	7,849	840,099	2,422,227	17,367,922
II. Balance at the beginning of the year	3,377,440	10,720,307	7,849	840,099	2,422,227	17,367,922
III. Increase/decreased in the period (decrease is represented by "-")			-2,028		-212,754	-214,782
(I) Total comprehensive income					378,298	378,298
(II) Profit contribution					-591,052	-591,052
1. Distribution to owners (or shareholders)					-591,052	-591,052
(III) Special reserve			-2,028			-2,028
1. Special Appropriation in the period			43,111			43,111
2. Usage in the period			45,139			45,139
IV. Balance at the end of the period	3,377,440	10,720,307	5,821	840,099	2,209,473	17,153,140

Legal representative: **Li Chaochun**

Person in charge of accounting: **Wu Yiming**

Person in charge of accounting department: **Li Chen**

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going Concern

The Group has performed the evaluation on its ability to continue as a going concern for the twelve months from 30 June 2018, 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.

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 accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2018, and the Company's and consolidated results of operations and cash flows for the first half of 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

The Group adopts RMB as its functional currency.

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

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

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.

5.2 Business combinations involving enterprises not under common control

A business combination involving enterprises not 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 recognised 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 recognised 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 Instruments: Recognition and Measurement 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 recognised 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 recognises 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 recognises 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 recognised 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.

6. 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 involving enterprises not 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 or the party being absorbed under merger by absorption 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 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 is 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 is adjusted against retained earnings.

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 recognises 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 the aggregate of the consideration received on disposal and the fair value of any retained interest and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised 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 recognised 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".

The Group as a joint operator recognises the following items in relation to its interest in a joint operation: its solely- held assets, including its share of any assets held jointly; its solely-assumed liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its solely-incurred expenses, including its share of any expenses incurred jointly. The Group accounts for the recognised 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 equivalents are enterprises' short-term (mature within three months from the date of purchase in general), 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 recognised 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 capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation 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 carrying amounts of equity designated at fair value through other comprehensive income are recognised 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 recognised 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 recognised in profit and loss or as other comprehensive income.

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 recognised 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 recognised 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 recognised when the Group becomes a party to the contractual provisions of the instrument. 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 recognised in profit or loss. For other financial assets and financial liabilities, relevant transaction costs are included in their initial recognised amounts.

10.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each 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 the amortised cost of the financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial asset or financial liability without considering future credit losses. All fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate or the effective interest rate adjusted by credit, premiums or discounts and transaction costs, etc., will be considered when determining the effective interest rate or the effective interest rate adjusted by credit.

10.2 Classification, recognition and measurement of financial assets

The Group classifies its financial assets into the following three categories based on its business model for managing financial assets and the contractual cash flow characteristics of financial assets:

(1) Financial assets at amortised cost.

(2) Financial assets at fair value through other comprehensive income.

(3) Financial assets at fair value through profit and loss.

10.2.1 Financial assets at amortised cost

A financial asset is classified as a financial asset at amortised cost if both of the following conditions are satisfied: (1) The Group's business model for managing the financial assets is aimed at collecting contractual cash flows; (2) The contractual terms of the financial assets provide that the cash flows generated on specified dates shall solely be used in payments of principal and interest on the principal amount.

Gains or losses arising from certain financial assets measured at amortised cost and not involved in any hedging relationships are recognised in profit or loss in the case of derecognition, reclassification, and amortization or recognition of impairment at the effective interest method.

10.2.2 Financial assets at fair value through other comprehensive income

If a financial asset meets both of the following conditions, the Group classifies it as a financial asset at fair value through other comprehensive income: (1) The Group's business model for managing the financial assets is aimed at collecting contractual cash flows and also aimed at selling the financial assets; (2) The contractual terms of the financial assets provide that the cash flow generated on specified dates shall solely be used in payments of principal and interest on the principal amount.

All gains or losses arising from financial assets classified as at fair value through other comprehensive income, except for impairment losses or gains and exchange gains or losses, shall be included in other comprehensive income until de-recognition or reclassification of the financial assets. However, the interest on the financial assets calculated using the effective interest rate method shall be included in profit or loss. The amount of the financial assets included in profit or loss for each period shall be equal to the amount it has been measured at amortised cost and included in profit or loss for each period. When the financial assets are derecognised, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in profit or loss.

Upon initial recognition, the Group may designate non-marketing equity instrument investments as financial assets at fair value through other comprehensive income. Once the designation is made, it must not be revoked. When the financial assets are derecognised, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the retained earnings.

10.2.3 Financial assets at fair value through profit and loss

Except for the financial assets classified as financial assets at amortised cost, debt instrument investments at fair value through other comprehensive income, other financial assets shall be classified by the Group as the financial assets at fair value through profit or loss.

If the contingent consideration recognised in a business combination not involving enterprises under common control constitutes a financial asset, the financial asset shall be classified as at fair value through profit or loss.

The Group classifies the financial assets held for trading as financial assets at fair value through profit and loss. If a financial asset or financial liability meets one of the following conditions, it is considered that the financial asset is held by the Group for trading: (1) The purpose of obtaining relevant financial asset or financial liability is mainly for selling or repurchasing in the near future; (2) The relevant financial asset or financial liability is part of the identifiable financial instrument portfolio that is centrally managed at initial recognition, and there is objective evidence that short-term profit model exists in the near future; (3) The relevant financial asset or financial liability is a derivative, except for derivatives that meet the definition given in the financial guarantee contract and derivatives that are designated as effective hedging instruments.

Financial assets at fair value through profit or loss shall be subsequently measured at fair value. Relevant gains or loss shall be recognised in profit or loss.

The Group's investments in equity instruments and contracts associated with such investments are generally measured at fair value. However, under limited circumstances, if the short-term information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and cost represents the best estimate of the fair value within such scope, such cost may represent an appropriate estimate of the fair value within such scope. The Group uses all information available in relation to the performance and operation of the investee after the initial recognition date to determine whether the fair value can be represented by cost.

10.3 Impairment of financial instruments

Except for the financial assets at fair value through profit and loss and the financial assets purchased or derived by for which impairment of credit has occurred, on each reporting date; the Group shall assess whether the credit risk of the relevant financial instruments has increased significantly since initial recognition, and measure their loss provision and recognise the expected credit losses and their changes in accordance with the following situations:

(1) If the credit risk of the financial instrument has increased significantly since initial recognition, the Group shall measure its loss provision based on the amount of expected credit losses over the entire period of the financial instrument. Regardless of whether the Group assesses credit losses based on a single financial instrument or a combination of financial instruments, the resulting increase in loss provisions or reversal amount shall be recognised as impairment loss or gain and recognised in profit or loss.

(2) If the credit risk of the financial instrument has not increased significantly since initial recognition, the Group shall measure its loss provision based on the amount of expected credit losses of the financial instrument over the next 12 months. Regardless of whether the Group assesses credit losses based on a single financial instrument or a combination of financial instruments, the resulting increase in loss provisions or reversal amount shall be recognised as impairment loss or gain and recognised in profit or loss.

The expected credit losses over the next 12 months refers to the expected credit losses caused by possible financial instrument defaults within 12 months after the balance sheet date (if the expected life a financial instrument is less than 12 months, then the expected life), which are part of the expected credit losses over the entire period of a financial instrument.

In making relevant assessments, the Group shall consider all reasonable and well-founded information, including forward-looking information. In order to recognise the significant increase in credit risk after the initial recognition of the financial instruments, i.e. the expected credit losses over the entire duration, the Group shall consider, in some cases, whether the credit risk is significantly increased on a portfolio basis. The expected credit losses over the entire period of a financial instrument refers to the expected credit losses caused by all the possible defaults of a financial instrument during its entire expected period

Evidence that a financial asset is impaired includes the following observable information:

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

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Group, for economic or contractual reasons relating to the borrower's financial difficulty, granting a concession to the borrower that would not be made under any circumstances;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or obligor;

(6) Purchase or derivation of a financial asset at a substantial discount that reflects the fact that credit losses have occurred.

During the previous accounting period, the Group has measured loss provision based on the amount of expected credit losses of the financial instrument for the entire period. However, on the current balance sheet date, as the financial instrument has not shown a significant increase in credit risk since initial recognition, the Group measures the loss provision for the financial instrument based on the amount of its expected credit losses over the next 12 months on the current balance sheet date, and the reversal amount of the loss provision resulting therefrom is recognised in profit or loss for the current period as impairment gains.

For loan commitments and financial guarantee contracts, the Group uses the date on which it becomes the party making the irrevocable undertaking as the initial recognition date when applying provisions for financial instrument impairment.

For purchased or derived financial assets that have suffered credit impairment, the Group only recognises the accumulated changes in expected credit losses for the entire duration from the initial recognition as loss provisions on the reporting date. At each reporting date, the Group records the changes in the expected credit losses for the entire duration as impairment losses or gains in profit or loss. Even if the expected credit losses for the entire duration recognised on the date of financial position are less than the expected credit losses reflected in the estimated cash flow at initial recognition, the Group also recognises the favorable changes in expected credit losses as impairment gains.

For a financial asset at fair value through other comprehensive income.

The Group recognises its loss provision in other comprehensive income and its impairment losses or gains in profit or loss for the current period, without decreasing the book value of the financial asset stated in the balance sheet.

10.4 Transfer of financial assets

The term "transfer of a financial asset" refers to the Group's (the transferor's) transferring or delivering a financial asset (or its cash flows) to a party other than the issuer of the financial asset (the transferee).

Derecognition of a financial asset refers the transfer of the previously recognised financial asset by the Group from the balance sheet.

The Group derecognises a financial asset if one of the following conditions is satisfied:

(1) The contractual rights to the cash flows from the financial asset expire.

(2) The financial asset has been transferred and the transfer satisfies the above provisions of the Group regarding derecognition.

The transfer of a financial asset includes the following two circumstances:

(1) The Group transfers the contractual right to receive the cash flows of the financial asset to another party

(2) The Group retains the contractual right to receive the cash flows of the financial asset and undertakes the obligation to pay the cash flows it receives to one or more final recipients, and meets the following conditions in the meanwhile:

    (i) The Group is not obliged to make any payment to the final recipient until it receives the cash flow which is equivalent to the financial asset. For any short-term payment made by the Group on behalf of others, if the Group has the right to recover the full amount of the payment and charge interests according to the market interest rate, the conditions shall be deemed to have been satisfied.

(ii) According to the stipulations of the transfer contract, the Group can't sell the financial asset or use it as a collateral, but the Group may use it as an assurance to pay the cash flows to the final recipient.

(iii) The Group is obliged to timely pay all of the cash flows it receives on behalf of the final recipient to the final recipient without any delay. It has no right to make a re-investment with such cash flows, unless it makes investment in cash or cash equivalent with the cash flows it receives during the short settlement period between the collection date and the transfer date requested by the final recipient, and pay the proceeds from such investments to the final recipient according to the contractual stipulations.

In the event of the transfer of a financial asset, the Group assesses the extent to which it retains the risks and rewards of ownership of a financial asset, and lists the following circumstances:

(1) In the event of transferring substantially all the risks and rewards of ownership of a financial asset, the Group derecognises the financial asset and recognises separately the rights and obligations arising from or retained in the transfer as assets or liabilities.

(2) In the event of retaining substantially all the risks and rewards of ownership of a financial asset, the Group continues to recognises the financial asset.

(3) Where the Group does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial asset, it shall treat it in light of the following circumstances, respectively, depending on whether the Group retains its control over the financial asset:

(i) If the control over the financial asset is not retained, the Group derecognises the financial asset and recognises separately the rights and obligations arising from or retained in the transfer as assets or liabilities.

(ii) If the control over the financial asset is retained, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

The extent of the continuing involvement in the transferred financial assets refers to the extent to which the Group assumes the risk or reward of changes in the value of the transferred financial asset.

10.5 Classification, recognition and measurement of financial liabilities

Except for the following items, the Group classifies financial liabilities as at amortised cost:

(1) Financial liabilities at fair value through profit and loss, including held-for-trading financial liabilities (inclusive of derivatives of financial liabilities) and those designated as fair value through profit or loss.

(2) Financial liabilities formed because transfers of financial assets do not meet the derecognition conditions or continuing involvements in the transferred financial assets are noted.

(3) A financial guarantee contract that does not belong to the above, and a commitment to loan that does not belong to the above which is at a rate less than the market interest rate. In the event that the Group acts as the issuer of such financial liabilities, after initial recognition, the Group conducts measurement based on the amount of loss provision, and the initial recognition amount after deducting the balance of the determined aggregate amortised amount (whichever is higher).

In the business combination not involving enterprises under common control, in the event that the contingent consideration determined by the Group as a purchaser becomes a financial liability, the financial liability is accounted for at fair value through profit or loss.

Upon initial recognition, in order to provide more relevant accounting information, the Group may designate a financial liability as at fair value through profit or loss, while such designation shall meet one of the following conditions:

(1) The accounting mismatches can be eliminated or significantly reduced.

(2) In accordance with the Group's documented risk management or investment strategy, the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis, and information about the grouping is reported to key management personnel on that basis.

Once the designation is made, it must not be revoked.

The Group's initial recognition of a financial liability is measured at fair value. For a financial liability at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss. For other financial liabilities, the related transaction expense is recognised in the initial recognition amount.

A fair value is generally the transaction price of the relevant financial asset or financial liability. In the event of a difference between the fair value of a financial asset or financial liability and the transaction price, the Group shall deal with such difference based on the following circumstances:

(1) Upon initial recognition, in the event that the fair value of a financial asset or financial liability is determined based on the quoted price in active markets for identical financial asset or liability or by valuation techniques using only observable market data, the Group recognises the difference between such fair value and transaction price as a gain or loss.

(2) Upon initial recognition, in the event that the fair value of a financial asset or financial liability is determined by other methods, the Group defers the difference between the fair value and the transaction price. After initial recognition, the Group recognises such deferred difference as gain or loss for the corresponding accounting period based on the extent of change in a certain factor in the corresponding accounting period. Such factor is limited only to the factors to be considered by market participants when pricing the financial instrument, including time.

After initial recognition, the Group performs subsequent measurement of different types of financial liabilities at amortised cost, fair value through profit or loss, or other appropriate methods.

The amortises cost of a financial liability is determined by the initial recognition amount of the financial asset or financial liability upon the following adjustments:

(1) Deducting the repaid principal.

(2) Adding or subtracting the aggregate amortized amount upon amortisation using the effective interest rate method of the difference between such initial recognition amount and the amount on the maturity date.

10.6 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) when the underlying present obligation is discharged.

An agreement between the Group (the borrower) and a 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.

In the event that the Group makes substantive amendments to the contractual terms of the original financial liability (or part of it), the Group derecognises the original financial liability and recognises a new financial liability in accordance with the amended terms.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss. If a financial liability (or part of it) is derecognised, the Group recognises the difference between its book value and paid consideration (inclusive of the transferred non-cash assets or liabilities assumed) as profit or loss.

In the event that the Group repurchases a portion of a financial liability, the book value of the financial liability as a whole is allocated based on the proportion of the fair value of each of the portion for continuous recognition and the portion for derecognition on the repurchase date to the overall fair value. The difference between the book value allocated to the portion for derecognition and paid consideration (inclusive of the transferred non-cash assets or liabilities assumed) is recognised in profit or loss.

10.7 Derivatives and embedded derivatives

Derivatives are financial instruments or other contracts featured with the following characteristics:

(1) Its value varies with specific interest rate, price of financial instrument, commodity price, exchange rate, price index, rate index, credit rating, credit index or other variables. Non-financial variables shall not be specifically associated with any party to the contract.

(2) No initial net investment is required, or less initial net investment is required as compared to that for other contracts that are expected to have similar responses to the changes in market factor.

(3) Settled at a certain date in the future.

Common derivatives include forward contract, futures contract, swap contract and option contract.

Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. Changes in fair value of derivatives held for trading are recognised in profit or loss.

If the master contract included in a mixed contract does not belong to financial instrument assets and meets the following conditions at the same time, the Group shall spin off the embedded derivatives from the mixed contract and treats them as separate derivatives:

(1) The economic characteristics and risks of embedded derivatives are not closely related to the economic characteristics and risks of the master contract.

(2) Separate instruments with the same terms as embedded derivatives are in line with the definition of derivatives.

(3) The mixed contract is not at fair value through profit or loss.

If the Group is unable to reliably measure the fair value of embedded derivatives based on the terms and conditions of embedded derivatives, the fair value of embedded derivative shall be determined based on the difference between the fair value of the mixed contract and the fair value of the master contract. After applying the above methods, if the fair value of embedded derivatives cannot be measured separately on the date of acquisition or subsequent reporting date, the Group shall designate the entire mixed contract as a financial asset at fair value through profit or loss.

10.7.1 Revenue related embedded derivatives

The price of cathode copper and copper concentrates, main product of the Group's subsidiaries, is temporarily determined based on the market price at the time of delivery. Generally, the provisional price is finally determined on the basis of the monthly average spot price of Copper quoted by the London Metal Exchange after shipping one to three months. The underlying derivatives associated with the above revenue recognition model is measured at fair value (based on the spot price of Copper from the London Metal Exchange), and prior to the expected settlement date, the changes in the fair value of the derivatives are included in the operating income and the accounts receivable in the consolidated balance sheets. When the fair value is positive or negative, but can be offset with sufficient balance of accounts receivable, the fair value of the embedded derivatives is accounted for accounts receivable as financial assets, and when the fair value is negative and the balance of accounts receivable is not sufficient to offset it, the fair value of the embedded derivatives is accounted for accounts payable as financial liabilities.

10.8 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities of the Group are generally stated separately in the balance sheet and may not be offset. However, if both of the following conditions are satisfied, the net amount after offsetting is stated in the balance sheet:

(1) The Group has a legal right that is currently enforceable to set off the recognised amount;

(2) The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability.

10.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in the fair value of equity instruments are not recognised. Transaction costs related to equity transactions are deducted from equity.

The Group's distribution to holders of equity instruments are treated as a distribution of profits, payment of stock dividends does not affect total shareholders' equity.

10.10 Hedging accounting

Hedging is a risk management activity of the Group for the management of risk exposure caused by such specific risks as foreign exchange management risk, interest rate risk, price risk and credit risk, in which the Group designates a financial instrument as a hedging instrument to change the fair value or cash flows of the hedging instrument, and expects to offset the changes in all or part of the fair value or cash flows of a hedged project. Hedging consists of fair value hedging, cash flow hedging and net investment hedging for overseas operations.

The hedging accounting method is used only if both of the following conditions are satisfied by fair value hedging, cash flow hedging and net investment hedging for overseas operations:

(1) A hedging relationship consists only of eligible hedging instrument and hedged project.

(2) At the beginning of the hedging, the Group officially designates a hedging instrument and hedged project, and prepares a written document on the hedging relationship and the Group's risk management strategy and risk management objectives for the hedging.

(3) A hedging relationship conforms to the requirements for hedging effectiveness.

If the hedging meets the following conditions, the Group determines that the hedging relationship conforms to the requirements for hedging effectiveness:

(1) There is an economic relationship between the hedged project and hedging instrument. Such economic relationship causes the values of the hedging instrument and hedged project to change in the opposite direction due to identical risk of being hedged.

(2) The impact of credit risk does not dominate in the changes of value arising from the economic relationship between the hedged project and hedging instrument.

(3) The hedge ratio in a hedging relationship equals to the ratio of the number of hedged projects with actual hedging of the Group to the actual number of hedging instruments for such hedged projects, while it does not reflect the imbalance of the relative weights of the hedged projects and hedging instruments. Such imbalance may result in ineffective hedging and accounting results that are inconsistent with the hedging accounting objectives.

The Group conducts continuous assessment on whether a hedging relationship conforms to the requirements for hedging effectiveness on the start date of the hedging and beyond, and particularly analyses the reasons for the ineffective hedging that is expected to affect the hedging relationship within the remaining period of the hedging. The Group shall at least conduct assessment on a hedging relationship on the balance sheet date and when significant changes in relevant circumstances will affect the effectiveness of the hedging.

In the event of one of the following circumstances, the Group ceases to use the hedging accounting:

(1) The risk management objectives have been changed, resulting in a hedging relationship no longer meeting the risk management objectives.

(2) The hedging instrument has expired, been sold, terminated or exercised.

(3) There is no longer an economic relationship between the hedged project and hedging instrument, or the impact of credit risk begins to dominate in the changes of value arising from the economic relationship between the hedged project and hedging instrument.

(4) A hedging relationship no longer satisfies other conditions for applying the hedging accounting method.

If cash flow hedging meets the conditions for applying the hedging accounting method, the Group shall be in compliance with the following provisions:

(1) Gains or losses arising from the hedging instrument that belong to the effective portion of the hedging is recognised in other comprehensive income as the cash flows for hedge reserve. The amount of cash flows for hedge reserve is determined by the lower of the absolute amounts of the following:

    (i) the aggregate gains or losses arising from the hedging instrument since the beginning of the hedging;

    (ii) the aggregate amount of changes in the current value of the expected future cash flows of the hedged project since the beginning of the hedging.

    The amount of cash flows for hedge reserve that is recognised in other comprehensive income for each period is the amount of changes in the current cash flows for hedge reserve.

(2) Gains or losses arising from the hedging instrument that belong to the ineffective portion of the hedging (i.e., other gains or losses after deducting other comprehensive income) is recognised in profit or loss.

11. Receivables

Based on the expected credit losses, the Group conducts impairment test on receivables and confirms bad debt provision.

(1) Receivables that are individually significant and for which bad debts are provided for individually

Determination basis and policies for bad debt provision of accounts receivables of resources-related subsidiaries of the Group situated in PRC and Australia

Recognition criteria and policies for bad debt provision of accounts receivables of individually significant amount

The criterion of individually significant amount	A receivable that exceeds RMB5,000,000 is deemed as an individually significant receivable by resources related subsidiaries of the Group situated in PRC and Australia.
Policies for receivables that are individually significant and for which bad debts are provided for individually	For receivables that are individually significant, the resources-related subsidiaries of the Group situated in PRC and Australia assess the receivables individually for impairment. For a financial asset that is not impaired individually, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

(2) Receivables for which bad debt are provided based on credit risk characteristics portfolio

Policies for bad debt provision based on credit risk characteristics portfolio

Basis for determining credit risk characteristic combination	The resources-related subsidiaries of the Group situated in PRC and Australia classify the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Policies determined by credit risk characteristic combination	When impairment test is conducted based on portfolio method, the bad debt provision will be determined based on receivable portfolio structure and similar credit risk characteristics and according to future expected credit risks, historical loss experience, current economic conditions and loss evaluation existing in estimated receivable portfolio bad debt provision based on aging analysis detailed in the table as follows.

Receivable in the portfolio for which bad debt provision is made using aging analysis method:

Aging	Percentage of provision for accounts receivable (%)	Percentage of provision for other receivables (%)
Within 2 years	–	–
More than 2 years	100	100

Determination basis and policies for bad debt provision of accounts receivables of resources-related subsidiaries of the Group situated in Brazil and DRC

Accounts receivables for which the bad debt provision is individually assessed	The resources-related subsidiaries in Brazil and DRC use individual analysis method to make bad debt provision for accounts receivable.
Policies for accounts receivables for which the bad debt provision is individually assessed	To be impaired individually, and the difference between the present value of the estimated future cash flows and its carrying amount is used for bad debt provision and is recognised in profit or loss for the period.

12. Inventory

12.1 Classification of inventories

The Group's inventories mainly include raw materials, work in progress, finished goods etc. Inventories 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.

12.2 Valuation methods of the inventory delivered

When the inventories 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 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 represents 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 inventory 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 inventory

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.

13. Assets classified as held-for-sale

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 non-monetary 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 recognised 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 recognised after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period.

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 recognised.

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.

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 acquire 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.

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 recognised 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 recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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 recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income 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 recognised in the capital reserve and the carrying amount of the long- term equity investment is adjusted accordingly. The Group recognises 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 recognise 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, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising 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 recognised 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 recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

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 recognised in profit or loss for the period.

15. Fixed Assets

(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 recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. 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 its cost can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures except for above expenditures that included in the cost of the fixed asset are recognised in profit or loss in the period in which they are incurred.

(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** *(year)*	**Residual value rate** *(%)*	**Annual depreciation rate** *(%)*
Land, buildings	Straight-line method	8–45	0–5	2.1–11.9
Mining Engineering	Units-of-production method	Estimated life of mines	0	Unit of production
Machinery 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

Resources-related subsidiaries of the Group situated in Australia

Category	**Depreciation method**	**Depreciation period** *(year)*	**Residual value rate** *(%)*	**Annual depreciation rate** *(%)*
Buildings	Straight-line method	8–45	0–5	2.1–11.9
Mining Projects	Units-of-production method	Estimated life of mines	0	Unit of production
Machinery 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** *(year)*	**Residual value rate** *(%)*	**Annual depreciation rate** *(%)*
Land ownership	N/A	Permanent	–	–
Buildings	Units-of-production method	Estimated life of mines	0	Unit of production
Mining Projects	Straight-line method	20–50	0–5	1.90–5
Machinery and Other Equipment	Straight-line method	5–20	0–5	5–20

Resources-related subsidiaries of the Group situated in DRC

Category	**Depreciation method**	**Depreciation period** *(year)*	**Residual value rate** *(%)*	**Annual depreciation rate** *(%)*
Land ownership	N/A	Permanent	–	–
Mining Projects	Units-of-production method	Estimated life of mines	0	Unit of production
Buildings	Straight-line method	5–33	0–5	2.88–20
Machinery and Other Equipment	Straight-line method	3–20	0–5	5–33

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.

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 capitalised 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 capitalised 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. Capitalisation 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 capitalised 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 capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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 recognised in profit or loss for the current period.

19. Intangible Assets

(1) Measurement, useful life and impairment test

Intangible assets include land use rights and mining rights 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 amortised 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 amortised:

Category	**Amortization method**	**Useful life** *(years)*	**Residual Value Rate** *(%)*
Land use rights	Straight-line method	50	0
Mining rights	Units of production method	Expected life of mines	0

At the end of the year, the Group reviews the useful life and amortisation method of intangible assets, and makes adjustments when necessary.

(2) Accounting policy regarding the research and development expenditure for Internal Study

Expenditure during the research phase is recognised in the profit or loss for 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 recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised 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;

(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 recognises 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, and intangible assets with finite useful life 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 recognised 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 recognised 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.

Once an impairment loss is recognised for above mentioned assets, it will not be reversed in any subsequent period.

21. Long-term deferred expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

22. Employee Benefits

(1) Accounting treatment of short-term remuneration

Actually occurred short-term employee benefits are recognised 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 recognised 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 recognised 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.

(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 recognised as liabilities, and recognised 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.);

- 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 recognised 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.

(3) Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognised 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 recognises costs or expenses related to restructuring that involves the payment of termination benefits.

(4) Accounting treatment of other long-term benefits

Paid absence refers to the Group to pay wages or provide compensation for the absences of staffs, including annual leave, sick leave and so on. The Group recognizes the salaries related to paid absences when staffs provide services to increase their rights of future paid absence, and the salaries to be paid are measured at the accumulation of un-practiced rights.

23. Provision

Provisions are recognised 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 recognised 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.

24. Revenue

When the contract between the Group and its customer meets the following conditions at the same time, the Group shall recognize revenue when the customer obtains the right to control the relevant goods:

(1) All parties to the contract have approved the contract and undertaken to perform their respective obligations;

(2) The contract defines the rights and obligations of all parties to the contract relating to the goods transferred or the services provided;

(3) The contract has specific payment terms relating to the transferred goods;

(4) The contract is of commercial substance, that is, the performance of the contract will change the risk in, or time distribution or amount of future cash flows of the enterprise;

(5) The consideration that the enterprise is entitled to in exchange for transferring goods to the customer is likely to be recovered.

"Obtaining the right to control the relevant goods" means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. The Group shall consider indicators of the transfer of control an asset to the customer, which include the following:

(1) The enterprise has transferred to the customer the present right to payment for the asset, meaning that the customer is presently obliged to pay for the asset;

(2) The enterprise has transferred to the customer legal title to the asset, meaning that the customer has obtained all legal rights to the asset;

(3) The enterprise has transferred physical possession of the asset to the customer, meaning that the customer has physical possession of the asset;

(4) The enterprise has transferred to the customer the significant risks and rewards of ownership of the asset, meaning that the customer has obtained the significant risks and rewards of ownership of the asset;

(5) The customer has accepted the asset;

(6) Other indications showing that the customer has obtained control of the asset.

24.1 Revenue from sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company; the Company retains neither continuing management generally associated with ownership nor implements effective control over the goods sold; relevant amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Group; relevant amount of costs incurred or to be incurred can be measured reliably.

24.2 Revenue from rendering of services

If the group provides external hotel room service, it cannot recognize the income until the hotel room service has been provided and the rights of service charge have been obtained.

25. 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 recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

(1) Criterion and accounting treatment of government grant related to assets

The government grants of the Group mainly include refunds of land-transferring fees, 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 recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

(2) Criterion and accounting treatment of government grant related to income

The government grants of the Group mainly include grant for demonstration of mineral resources saving and comprehensive utilization, etc.. Due to direct relationship with the research and development expenditure, 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 recognised as deferred income, and recognised in profit or loss/charging against costs over the periods in which the related costs or losses are recognised. If the grant is a compensation for related cost expenses or losses already incurred, the grant is recognised immediately in profit or loss/charging against costs for the period. A government grant related to the Group's daily activities is recognised in other income/ written off related cost and expense based on the nature of economic activities; a government grant is not related to the Group's daily activities is recognised in non-operating income and expenses.

26. Deferred Income Tax Assets/Deferred Income Tax Liabilities

The income tax expenses include current income tax and deferred income tax.

26.1 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.

26.2 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 recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. 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 recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised 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 utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

26.3 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 realise 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 realise 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.

27. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(1) Accounting treatment of operating leases

(i) The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the terms of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

(ii) The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

28. Other Significant Accounting Policies and Accounting Estimations

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.

Exploration, assessment and development expenditures

The costs of exploration and assessment are directly recognised 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.

Maintenance fees of simple reproduction

In accordance with current Chinese regulations, exploitation enterprises located within China shall extract provision for simple production maintenance cost (hereinafter referred as to "simple maintenance cost") based on the RMB15/ton in relation to original metal mine output.

The group shall extract the "simple maintenance cost" in accordance with the specified regulations; it shall debit "manufacturing expenses" and credit "special reserves".

If the group uses such capital reserves to purchase and install properties such as equipment and facilities relevant to simple production maintenance, they shall be included into relevant asset cost; debiting "construction in progress" and other projects and crediting "bank deposit" and other items shall not be recognised as the fixed asset until the maintenance project of simple production is completed and complies with expected available situation; meanwhile, accumulated depreciation in same amount shall be recognised in accordance with special capital reserves for cost offset of the fixed assets. The depreciation of fixed assets such as debiting item of "special reserves" and crediting item of "accumulated depreciation" shall not be counted and withdrew in the future. But amount carried forward is within the limit of the balance of "special reserves" being offset to be zero.

When the reserve is used to pay and maintain the expenses related to simple production, it should directly write down special reserve, debit "special reserve" and credit "bank deposit". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

According to the Ministry of Finance P.R China Zi [2015] No. 8 Notice on No More provision on the Standard of the Cost to Maintain Simple Production of Metallurgic Mine issued by the Ministry of Finance on 27 April 2015, the Company since April 2015 no longer provided the simple maintenance cost. The surplus of such maintenance cost in previous years will be used continuously according to the original criterion till zero.

Safety Production Expenses

In accordance with CQ [2012] No. 16 notice of printing and distributing Management Methods for Provision and Using 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 CQ [2012] No. 16 notice of printing and distributing Management Methods for Provision and Using 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 be provided month by month based on the following standards with excessive and accumulative withdrawal method:

(1) Provided 3% if the operating revenue does not exceed RMB10 million;

(2) Provided 1.5% if the operating revenue is RMB10 million to RMB0.1 billion;

(3) Provided 0.5% if the operating revenue is RMB0.1 billion to RMB1 billion;

(4) Provided 0.2% if the operating revenue is RMB1 billion to RMB5 billion;

(5) Provided 0.1% if the operating revenue is RMB5 billion to RMB10 billion;

(6) 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 loans" 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 "cumulative 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 loans". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale:

(1) The component represents either a separate major line of business or a geographical area of operations;

(2) The component is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;

(3) The component is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

29. Change in major accounting policies and accounting estimates

(1) *Change in major accounting policies*

The Group has begun since 1 January 2018, to apply "ASBE No. 22 – Recognition and Measurement of Financial Instrument" (Cai Kuai [2017] No. 7), "ASBE No. 23 – Transfer of Financial Assets" (Cai Kuai [2017] No. 8), "ASBE No. 24 – Hedge Accounting" (Cai Kuai [2017] No. 9), "ASBE No. 37 – Presentation of Financial Instruments" (Cai Kuai [2017] No.14) and "ASBE No. 14 – Revenue" (Cai Kuai [2017] No. 22), which were all revised and amended in 2017.

Contents and reasons for changes in accounting policies

Recognition and measurement of financial instruments

The "ASBE No. 22 – Recognition and Measurement of Financial Instruments" provides specific regulations on the recognition, classification, measurement and deduction of financial instruments, enterprises are required to categorise financial assets into 3 categories according to their business models and contractual cashflow characteristics, and to make provision for impairment based on the estimated credit loss.

The standards require retrospective adjustments to be made unless otherwise stipulated. As at the implementing date of the standards, enterprises shall perform classification and measurement of financial instruments in accordance with the standards (including impairment). If there are inconsistencies between the data of previous comparable financial statements and the accounting standards, no adjustments are required. The discrepancy between the original nominal value of the financial instruments and the new nominal value of the financial instruments on the implementation date of the standards, shall be included in the retained earnings or other comprehensive income at the beginning of the annual reporting period during which the standards were implemented. At the same time, the standards shall be disclosed within the notes in accordance with the related regulations under "ASBE No. 37 – Presentation of Financial Instruments".

Transfer of financial assets

The "ASBE No. 23 – Transfer of Financial Assets" provides specific regulations on the general principles, transferal and related accounting of the derecognition of financial assets. As at the implementing date of the standards, for the accounts continuously involved in the transferred assets, they shall be retrospectively adjusted in accordance with "ASBE No. 22 – Recognition and Measurement of Financial Instrument" and regulations related to the recognition and measurement of transferred financial assets as stipulated within these standards, re-measured the related liabilities in accordance with the provisions of these standards, and make adjustment by way of aligning the related impacts with transferred financial assets as at the implementing date of the standards. The Group is not involved in the retrospective adjustments after the execution of the (revised)standards.

Hedge Accounting

The "ASBE No. 24 – Hedge Accounting" provides specific regulations on related concepts of hedging, evaluation, recognition and measurement of hedging relationships, and to make precise regulations on the convergence from the old to new standards for various situations as at the date of implementation. The Group has not been involved in any hedging business prior to the implementation of the (revised) standards.

Presentation of Financial Instruments

The "ASBE No. 37 – Presentation of Financial Instruments" provides specific regulations on the presentation and disclosure of financial instruments.

Upon execution of the (revised)standards, the Group has revised and disclosed related significant accounting policies such as the categorization and measurement of financial instruments, as well as the classification of financial liabilities and equity instruments, and classified available for sale financial asset held by the Group to financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, and presented in the balance sheet in accordance with the liquidity of these two types of financial assets, as investments on other equity instruments and other non-current financial assets under non-current assets, the related entries disclosed as notes correspond mutually with the entries presented in the balance sheet.

Revenue

Prior to the execution of "ASBE No. 14 – Revenue" (revised), the Group has transferred to the buyers all significant risks and rewards of ownership of the goods, the Group retains neither the continuing management generally associated with ownership nor implements effective control over the goods sold, therefore relevant amount of revenue can be measured reliably. It is probable that the economic benefits associated with the transaction will flow to the enterprise, and relevant amount of costs incurred or to be incurred can be measured reliably while revenue from the sale of goods is recognised. Regarding to the business of external hotel room service, the Group has recognised the income once the hotel room service is provided and the rights of service charge have been obtained. Following the execution of "ASBE No. 14 – Revenue" (revised), in order to recognise, measure and disclose the revenue and cost, the Group has successively evaluated the key factors such as contract obligations, related product or service control transferal, thereby confirming, measuring and disclosing income and costs. As at the implementing date of the (revised)standards, the Group was not involved in the adjustment of the opening balance of retained earnings and the amount of other relevant items in financial statements of the reporting period. Pursuant to the provisions for the transitional period, the information of the comparative period shall not be adjusted.

Upon the execution of "ASBE No. 22 – Recognition and Measurement of Financial Instrument" (revised) and "ASBE No. 37 – Presentation of Financial Instruments" (revised), the Group reinstated the opening balance during the reporting period, the affected items and amount are as follows:

Unit: '000 Yuan Currency: RMB

Affected Items	**Balance as at 31 December 2017**	**Balance as at 1 January 2018**	**Affected amount towards opening balance from restatement**
Financial assets available-for-sale	3,246,900	0	-3,246,900
Other investment in equity instrument	0	520,869	520,869
Other non-current financial assets	0	2,726,031	2,726,031
Other comprehensive income	-238,817	-607,484	-368,667
Retained earnings	5,517,441	5,886,108	368,667

These accounting policies changes have been adopted in the second meeting of the fifth session of the board of directors and the second meeting of the fifth session of the board of supervisors on 27 August 2018.

30. Critical judgements in applying accounting policies and 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 recognised in the period of the change, if the change affects that period only; or recognised 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, 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.

Non-current assets impairment other than financial assets

The Group assesses whether there are any indicators of impairment for 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.

– 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 in Congo, the Molybdenum mine in East Gobi of Hami of Xinjiang, and the Cubitão Phosphate mine and Catalão Niobium 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 enterprise-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 30 June 2018, 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.

Provision for decline in value of inventories

Inventories 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.

Operational procedures have been in place to monitor this risk as a significant proportion of the Company's working capital is devoted to inventories. The management reviews the inventory aging list on a periodical basis for those aged inventories. This involves comparison of carrying amount of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regard, the management of the Company are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

Impairment of accounts receivable

Impairment loss of trade and other receivables is made when there is objective evidence that the recoverability of trade and other receivables becomes doubtful. The impairment loss calculations contain uncertainties because the management is required to make assumptions and to apply judgment regarding expected credit risk, historical settlement experience, debt aging, financial status of debtors and general economic conditions. There is no reason to believe that there will be a material change in the future estimates or assumptions which are used in the calculations of impairment loss of trade and other receivables. However, when the actual outcome or expectation in future is different from the original estimates, the carrying amount of trade and other receivables and impairment loss may change.

Provision for closure, restoration and rehabilitation costs

Provision for rehabilitation 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 recognised will be reversed and recognised in the consolidated profit and loss account for the period during which such reversals take place.

Deferred tax liabilities during the acquisition of Brazil business

In the Group's acquisition of Brazil business not involving enterprises under common control in 2016, the identifiable net assets of the acquiree were measured at fair value on the acquisition date, and deferred tax liabilities were recognised according to the difference between the fair value of related assets at the date of acquisition and the tax base. According to the regulations of local tax law of Brazil, the taxable temporary differences can be reversed in the future if specific conditions are met, however as the conditions are met with significant uncertainty, the management of the Group recognize the amount of deferred tax liabilities of RMB1,515,763,000 as at 30 June 2018 (As at 31 December 2017: RMB1,463,145,000). Once specific conditions are met in the future, the Group's deferred income tax liability might be reversed in the future to form one-off benefit.

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.

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, 34 and Note XI, 2. 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

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.

IV. TAXATION

1. Major categories of taxes and tax rates

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
VAT	The Company is an ordinary Value-Added Tax payer. Value-added Tax ("**VAT**") on sales is paid after deducting input VAT on purchases.	Output VAT on sales is calculated at 17% on revenue according to the relevant requirement of tax laws, VAT has been adjusted to 16% since 1 May 2018; Gold related products are exempt from VAT.
City maintenance and construction tax	Actual turnover tax	7% for taxpayers in urban districts of cities, 5% for taxpayers in towns, and 1% for taxpayers in other areas.
Enterprise income tax	The income tax provision is calculated based on the accounting results for the year upon certain adjustments in accordance with the relevant tax laws	Refer to the table below for details.
Chinese resource tax	Raw ore production or sales volume of concentrate	6.5%, 11% collection on ad valorem basis (Note 1)
Chinese educational surtax and surcharge	Actual turnover tax	3%
Chinese regional educational surtax and surcharge	Actual turnover tax	2%,Shanghai has adjusted to 1% since 1 July 2018.
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 Niobras and Copebras, 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 Congo (DRC) is applicable to TFM	The output VAT is calculated at 16% of the sales amount calculated in accordance with the relevant tax.

Category of tax	Basis of tax computation	Tax rate
Environmental Tax	The tax basis for taxable air pollutants shall be determined on the basis of the pollution equivalents converted from pollutant emissions; the tax basis for taxable water pollutants shall be determined on the basis of the pollutant equivalents converted from pollutant discharges; the tax basis for taxable solid wastes shall be determined on the basis of the discharges of solid wastes; the tax basis for taxable notices shall be determined on the basis of the decibels in excess of the standards as prescribed by the state.	Applicable tax of pollution equivalents converted from air pollutant emissions is RMB4.8, applicable tax of pollution equivalents converted from water pollutant discharges is RMB5.6.
Water resource tax	Taxed quantitatively and differentially in accordance with various nature of the water used, groundwater being taxed heavier than surface water, overdrawn area is taxed heavier than non-overdrawn area.	Lowest tax rate for surface water from Henan being RMB0.4/m^3; lowest tax rate for groundwater from Henan being RMB1.5/m^3
Congo (DRC) Royalty	Royalty of the Congo (DRC) is applicable to TFM	2% adjusted to 3.5% since 1 July 2018

Note 1: 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 resource tax is 11%.

Disclosures of tax paying entities with different enterprise income tax rates

Name of tax entities	Income tax rate *(%)*
The Company and its domestic subsidiaries	25
China Molybdenum (Hong Kong) Company Limited (Registered in Hong Kong)	16.5
Hong Kong CMOC (Registered in Hong Kong)	16.5
CMOC Mining Pty Limited (Registered in Australia)	30
CMOC Mining Services Pty. Limited (Registered in Australia)	30
CMOC Sales & Marketing Limited (Registered in UK)	19
Copebras Indústria Ltda (Registered in Brazil)	34
Niobras Mineração Ltda (Registered in Brazil)	34
CMOC Brasil Servicos Administrativos Eparticipacoes LTDA. (Registered in Brazil)	34
The subsidiaries of the Group established in Bermuda and the British Cayman Islands	0
TFM (Registered in Congo (DRC))	30

2. Tax incentive

On 10 May 2015, the Decision of the State Council on Cancelling Non-Administrative Licensing Approval Items (Guo Fa [2015] No.27) cancelled 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 recognised 90% of sales of powdered Tungsten (scheelite concentrates) to taxable income during 1 January 2018 to 30 June 2018.

On 6 December 2017, the Company received a "high-tech enterprise certificate", No. GR201741000176, which was jointly issued by the Henan Science and Technology Department, Henan Finance Department, the State Taxation Bureau of Henan Province and Local Taxation Bureau of Henan Province. The issuance of the high-tech enterprise certificate is a re-recognition after the expiration of the previous certificate, of which the validity is from 1 January 2017 to 31 December 2019, and the applicable enterprise income rate during above period is 15%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash	**1,402**	1,046
Bank deposits	**19,541,109**	19,780,372
Other cash and bank balances	**7,086,181**	6,727,342
Total	**26,628,692**	26,508,760
Including: total amount deposited abroad	**9,275,363**	7,541,450

Others

As at the end of the reporting period, the above other cash and bank balances of the Group included structured bank deposits, mine geological environment restoration and rehabilitation fund as well as guarantee deposits. Of which, the structured bank deposits amounted to RMB6,297.962 million (opening balance for the year: RMB4,700 million); the guarantee deposit of bank acceptances is of: none (opening balance for the year: RMB300 million), the loan guarantee deposit is of RMB748.797 million (opening balance for the year: RMB1,701.421 million), special deposit for mine geological environmental restoration and management is of RMB39.422 million (opening balance for the year: RMB24.421 million), and other guarantee deposit is of: none(opening balance for the year: RMB1.5 million).

The structured bank deposits has maturity period of less than one year and interest rate ranges from 3.8% to 5.05%. The abovementioned structured deposits cannot be withdrawn till its maturity.

2. Notes receivable

(1) Categories of notes receivable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptances	**1,508,854**	1,579,022
Commercial acceptances	**142,917**	171,670
Total	**1,651,771**	1,750,692

(2) Notes receivable endorsed or discounted by the Company but outstanding at the end of the period in the balance sheet:

Unit: '000 Yuan Currency: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptances	257,370	–
Total	257,370	–

Note: Since major risks including the interest rate risks related to such bank acceptance as well as the remuneration have been substantially transferred to the bank or another party, the Group ceased to recognize discounted or endorsed bank acceptances. As at 30 June 2018, the group has no commercial acceptances discounted at year end which have not yet expired on the balance sheet date.

3. Accounts Receivable

(1) Disclosure of accounts receivable by categories

Unit: '000 Yuan Currency: RMB

Category	Closing balance					Opening Balance				
	Book Value		Bad Debt Provision			Book Value		Bad Debt Provision		
	Amount	Proportion (%)	Amount	Ratio of the provision (%)	Carrying value	Amount	Proportion (%)	Amount	Ratio of the provision (%)	Carrying value
Accounts receivable that are individually significant and for which bad debts are provided for individually	**678,626**	**29.04**	**28,950**	**4.27**	**649,676**	496,427	22.65	33,180	6.68	463,247
Accounts receivable for which bad debt are provided based on credit risk characteristics portfolio	**88,697**	**3.79**	**15,096**	**17.02**	**73,601**	76,950	3.51	13,703	17.81	63,247
Accounts receivable for which bad debt provision based on specific identification method	**1,569,921**	**67.17**	**0**	**0**	**1,569,921**	1,618,137	73.84	0	0	1,618,137
Total	**2,337,244**	**/**	**44,046**	**/**	**2,293,198**	2,191,514	/	46,883	/	2,144,631

The accounts receivable with book value more than RMB5,000,000.00 of resources-related subsidiaries of the Group situated in the PRC and Australia are recognised as receivables that are individually significant and for which bad debt provision is individually assessed; bad debt provision for the accounts receivable that are not individually significant of the resources-related subsidiaries situated in the PRC and Australia is made in accordance with the combination of credit risk characteristics and bad debt provision for accounts receivable of resources-related subsidiaries situated in Brazil and Congo (DRC) is made by specific identification method.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Accounts receivable that are individually significant and for which bad debts are provided for individually at the end of the period

Unit: '000 Yuan Currency: RMB

Other receivables (By company)	Closing balance			
	Receivables	Bad debt provision	Ratio of the Proportion	Reason for bad debt provision
Company A	**24,649**	**24,649**	**100.00%**	**Bad debt risk**
Company B	**15,974**	**4,301**	**26.93%**	**Bad debt risk**
Total	**40,623**	**28,950**	**/**	**/**

Details of other receivables for which bad debts are provided using aging analysis as follows:

Unit: '000 Yuan Currency: RMB

	Closing Balance		
Aging	**Receivables**	**Bad debt provision**	**Ratio of the Proportion**
Within 2 years	**73,601**	**0**	**0%**
Above 2 years	**15,096**	**15,096**	**100%**
Total	**88,697**	**15,096**	**17.02%**

(2) *Provision for bad debts made, recovered or reversed for the period:*

Bad debt reserve for the period amounts to RMB20,000; and the withdrawn or reversed bad debt reserve totals RMB2,857,000.

(3) *Top five accounts receivable balances by debtors as at the end of the period:*

Unit: '000 Yuan Currency: RMB

Name of entity	**Relationship with the Company**	**Amount**	**Proportion of the amount to the total account receivable** *(%)*	**Closing balance of bad debt Reserve**
Company C	Third party	909,326	38.91	0
Company D	Third party	108,191	4.63	0
Company E	Third party	105,523	4.51	0
Company F	Third party	86,874	3.72	0
Company G	Third party	70,094	3.00	0
Total		1,280,008	54.77	0

(4) The prices of the main products of the Group's subsidiaries, such as Cathode Copper, Cobalt hydroxide and copper concentrates, are tentatively determined at the time of delivery. The temporary price is usually based on the monthly average spot price at the London Metal Exchange, and finalized one to three months later after delivery. As at 30 June 2018, the fair value of embedded derivative financial instruments included in accounts receivable was RMB-4,663,000(2017: RMB283,152,000)

4. Prepayments

(1) Aging analysis of prepayments as follows

Unit: '000 Yuan Currency: RMB

Aging	Closing balance Amount	Closing balance Proportion (%)	Opening balance Amount	Opening balance Proportion (%)
Within 1 year	**177,966**	**93.27**	105,379	95.29
1 to 2 years	**11,820**	**6.20**	4,410	3.99
2 to 3 years	**496**	**0.26**	245	0.22
Above 3 years	**525**	**0.27**	550	0.50
Total	**190,807**	**100.00**	110,584	100.00

(2) Top five prepayment balances based on debtors as at the end of the period:

Unit: '000 Yuan Currency: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total prepayments (%)
Company H	Third party	37,349	19.57
Company I	Third party	23,599	12.37
Company J	Third party	20,090	10.53
Company K	Third party	12,646	6.63
Company L	Third party	8,000	4.19
Total		101,684	53.29

5. Interests Receivable

(1) Categories of interests receivable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Time deposits interests	**272,376**	235,881
Entrusted loans interests	**4,396**	0
Structured deposits interests	**190,988**	420,822
Total	**467,760**	656,703

6. Other Receivables

(1) Disclosure of other receivables by categories

Unit: '000 Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provision			Carrying balance		Bad debt provision		
	Amount	Proportion *(%)*	Amount	Ratio of the provision *(%)*	Carrying value	Amount	Proportion *(%)*	Amount	Ratio of the provision *(%)*	Carrying value
Other receivables that are individual significant and for which bad debts are provided for individually	**38,600**	**3.81**	**16,563**	**42.91**	**22,037**	43,751	5.34	16,723	38.22	27,028
Other receivables for which bad debt are provided based on credit risk characteristics portfolio	**58,834**	**5.81**	**13,332**	**22.66**	**45,502**	47,287	5.76	13,172	27.78	34,115
Other receivables for which bad debts are based on specific identification method	**915,330**	**90.38**	**0**	**0**	**915,330**	728,781	88.90	0	0	728,781
Total	**1,012,764**	**/**	**29,895**	**/**	**982,869**	819,819	/	29,895	/	789,924

Other receivables with book value more than RMB5,000,000.00 of the resources-related subsidiaries of the Group situated in the PRC and Australia are recognised as other receivables that are individually significant and for which bad debt provision is individually assessed; bad debt provision for other receivables that are not individually significant of the resources-related subsidiaries situated in the PRC and Australia is made in accordance with the combination of credit risk characteristics and bad debt provision for other receivables of the resources-related subsidiaries situated in Brazil and Congo (DRC) is made by specific identification method.

Other receivables that are individually significant and for which bad debts are provided for individually at the end of the period

Unit: '000 Yuan Currency: RMB

Other receivables (By company)	Closing balance			
	Other receivables	Bad debt provision	Ratio of the Proportion *%*	Reason for bad debt provision
Company M	**16,563**	**16,563**	**100.00**	**Bad debt risk**
Total	**16,563**	**16,563**	**/**	/

Details of other receivables for which bad debts are provided using aging analysis as follows:

Unit: '000 Yuan Currency: RMB

Aging	Closing balance Other receivables	Bad debt provision	Ratio of the Proportion %
Within 2 years	**45,502**	**0**	**0**
Above 2 years	**13,332**	**13,332**	**100.00**
Total	**58,834**	**13,332**	**22.66**

(2) No provision for bad debts made, recovered or reversed for the period

(3) Other receivables by nature

Unit: '000 Yuan Currency: RMB

Nature of receivables	Closing carrying amount	Opening carrying amount
Deductible Brazil social contribution tax *(Note 1)*	**173,224**	172,586
Congo (DRC) VAT refunds receivable *(Note 2)*	**690,615**	507,753
Guarantee deposit	**13,078**	10,653
Refund of land-transferring fee receivable	**6,200**	6,200
Advanced transition bonus receivable *(Note 3)*	**15,954**	15,763
Others	**113,693**	106,864
Total	**1,012,764**	819,819

Note 1: See Note V. 18 Note 4 for details.

Note 2: The VAT refundable amount is generated from the export business of subsidiaries situated in the DRC. After arriving at terms with the government of Congo (DRC), a portion of the enterprise income tax payable by the subsidiary of Congo (DRC) could be set off with the VAT refundable amount.

Note 3: It is the bonuses for the management personnel in the transition period, paid by the Company on behalf of Freeport according to the agreement in acquisition of Congo (DRC) copper-cobalt business, which is expected to be collected within 1 year.

(4) Top five other receivables balances based on debtors:

Unit: '000 Yuan Currency: RMB

Name of entity	Relationship with the Company	Closing Amount	Aging	Percentage of total other receivables at the end of the period (%)	Provision for bad and doubtful debts
Congo (DRC) VAT refunds receivable	Local tax authorities	690,615	Within 2 years	68.19	0
Federal government of Brazil	Third Party	173,224	Within 2 years	17.10	0
Company M	Third Party	16,563	More than 2 years	1.64	16,563
Freeport	Third Party	15,954	Within 2 years	1.58	0
Individual N	Third Party	10,175	More than 2 years	1.00	0
Total		906,531	/	89.51	16,563

7. Inventories

(1) Categories of inventories

Unit: '000 Yuan Currency: RMB

Category	Closing Balance			Opening Balance		
	Gross amount	Provision for decline in value of inventories	Carrying amount	Gross amount	Provision for decline in value of inventories	Carrying amount
Current:						
Raw materials	**2,369,570**	**4,176**	**2,365,394**	1,982,656	851	1,981,805
Work-in-progress	**2,377,963**		**2,377,963**	2,271,318		2,271,318
Finished goods	**1,407,939**	**2,818**	**1,405,121**	1,453,662	1,285	1,452,377
Total	**6,155,472**	**6,994**	**6,148,478**	5,707,636	2,136	5,705,500

Unit: '000 Yuan Currency: RMB

Category	Closing Balance Carrying balance	Closing Balance Provision for decline in value of inventories	Closing Balance Carrying amount	Opening Balance Gross amount	Opening Balance Provision for decline in value of inventories	Opening Balance Carrying amount
Non-current:						
Raw materials (*Note*)	**4,605,542**	**22,163**	**4,583,379**	4,333,266	23,552	4,309,714
Consumable biological assets	**37,846**		**37,846**	42,296		42,296
Total	**4,643,388**	**22,163**	**4,621,225**	4,375,562	23,552	4,352,010

Note: Non-current raw materials are minerals reserved by the Group for future production or sales, including:

The sulphide 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.

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 will be presented as non-current assets.

(2) Provision for decline in value of inventories

Unit: '000 Yuan Currency: RMB

Item	Opening Carrying amount	Increase in the current period Provision	Decrease in the current period Reversal or write-off	Decrease in the current period Others	Closing Carrying amount
Current:					
Raw materials	851	7,318	4,024	-31	**4,176**
Finished goods	1,285	11,697	10,164		**2,818**
Total	2,136	19,015	14,188	-31	**6,994**

Note: Other decreases for the period is the influence arising from the differences in foreign currency translation.

Unit: '000 Yuan Currency: RMB

Item	Opening Carrying amount	Increase in the current period Provision	Decrease in the current period Reversal or write-off	Others	Closing Carrying amount
Non-current:					
Raw materials	23,552		887	502	**22,163**
Total	23,552		887	502	**22,163**

Note: Other decreases for the period is the influence arising from the differences in foreign currency translation.

(3) Changes in consumable biological assets are set out below:

Unit: '000 Yuan Currency: RMB

Item	Quantity	Opening balance	Increase in the year Purchase	Changes in fair value	Decrease in the year	Translation differences arising on translation of financial statements denominated in foreign currencies	Closing balance
Eucalyptus forest in Brazil	2,968 hectares	42,296		2,068	839	-5,679	**37,846**

8. Other current assets

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Wealth management products of banks	**1,305**	
Other wealth management products by non-banking financial institutions		801,403
Loan receivables from third party *(Note 1)*	**199,165**	199,165
Prepayment of enterprise income tax	**21,041**	42,079
Prepaid VAT	**34,801**	96,564
Amount receivable from Société Nationale d'Electricité *(Note 2)*	**96,372**	97,382
Accounts receivable from TFM minority shareholders *(Note 3)*	**96,101**	109,489
Others	**44,592**	35,922
Total	**493,377**	1,382,004

Note 1: It is the Group's pledged loan due from a third party. The loan period is one year and the agreed interest rate refers to loan interest rates for the same period issued by the People's Bank of China. The loan is pledged with the equity held by the third party in unlisted company.

Note 2: The amount receivable is due from SNEL which is provided by the subsidiary of the Group in DRC. According to the agreement, the amount will be settled by electricity bill when the company actually uses electricity. The current part is the portion expected to be settled in the next year. For the non-current part see Note V, 18.

Note 3: It is Congo (DRC) subsidiary's accounts receivable from Gécamines. According to the agreement, the current portion is the Company's deductible consulting fees due to Gécamines within one year. Refer to Note V, 18 for details of the non-current portion.

9. Other investment in equity instruments

Unit: '000 Yuan Currency: RMB

Category of financial assets	Equity of U Company *(Note1)*	Equity of R Company *(Note2)*	Equity of W Company *(Note1)*	Equity of V Company *(Note1)*	Equity of O Company *(Note1)*	Equity of V Company, Phase II *(Note1)*	Others	Total
Cost of equity instruments	400,000	100,000	8,107	13,632	63,218	126,862	5	711,824
Fair value	400,000	100,000	7,891	13,152	65,762	131,524	5	718,334
Changes of fair value included in other comprehensive income								
Exchange differences arising on translation of financial statements denominated in foreign currencies accumulated in other comprehensive income			-216	-480	2,544	4,662		6,510
Amount of provision for impairment								

Note 1: Equity of unlisted companies invested by the Group; the Group does not control, hold under common control or have significant influence on relevant investees. Such equity instrument investment was classified by the Group as financial assets recognised as other comprehensive income and measured at fair value through profit or loss.

Note 2: Equity shares of listed companies is the shareholding in the publicly traded market invested by the Group; the Group does not control, hold under common control or have significant influence on relevant investees. Such equity instrument investment was classified by the Group as financial assets measured at fair value through other comprehensive income.

10. Other non-current financial assets

Unit: '000 Yuan Currency: RMB

Category of financial assets	Target Asset Management Plans *(Note 1)*	P Fund shares *(Note 2)*	Q Fund shares *(Note 2)*	S Partnership shares *(Note 3)*	T Partnership shares *(Note 3)*	Total
Investment cost	1,763,469	90,742	67,811	420,000	148,223	2,490,245
Fair value	1,338,140	121,880	65,762	703,621	207,512	2,436,915
Accumulated change in fair value recognised in profit or loss for the period	-425,329	31,138	-2,049	283,621	59,289	-53,330

Note 1: The target asset management plans are invested by the Group. Such investment was classified by the Group as financial assets measured at fair value through profit or loss.

Note 2: Fund shares are held by the Group on a long-term basis. The Group has no control, joint control and significant impact on the relevant investment entities and such investment was classified as financial assets measured at fair value through profit or loss.

Note 3: Partnership shares are the investments in partnerships of the Group. The Group classified such investment as financial assets measured at fair value through profit or loss.

11. Long-term equity investments

Unit: '000 Yuan Currency: RMB

Unit under investment balance	Opening balance	increase/decrease in the current period: Additional investment	Decreased investment	Investment gain and loss recognised under equity method	Adjustment to other comprehensive income	Change in other interest	Cash dividend or profit distribution declared	Provision for impairment losses	Exchange differences on translation of foreign operations	Other	Closing balance	Closing balance of provision for impairment
I. Joint ventures												
High-Tech *(Note 1)*	77,095			-3,764							**73,331**	
Xuzhou Huanyu *(Note 2)*	965,597			-28,852							**936,745**	
Subtotal	1,042,692			-32,616							**1,010,076**	
II. Associates												
Yulu Mining *(Note 3)*	92,495			60,327			-59,700				**93,122**	
Caly Nanomoly Development, Inc. *(Note 4)*												
Luoyang Shenyu *(Note 5)*	1,186			-31							**1,155**	
Natural Resources Investment Foundation *(Note 6)*		1,396,615		23,394	-10,990				8,828		**1,417,847**	
Subtotal	93,681	1,396,615		83,690	-10,990		-59,700		8,828		**1,512,124**	
Total	1,136,373	1,396,615		51,074	-10,990		-59,700		8,828		**2,522,200**	

Note 1: The Company holds 50.25% equity in "High-Tech" and continues to control "High-Tech" with another shareholder according to the Articles of Association.

Note 2: Xuzhou Huan Yu, a joint venture of the Group, holds 90% of stake in Fuchuan Mining. Meanwhile, the Group holds indirectly by its subsidiary, Luanchuan Fu Kai Trading Co.,Ltd., 10% of stake in Fuchuan Mining. Therefore, the Group holds directly and indirectly by Xuzhou Huanyu 55% of stake in Fuchuan Mining in total. According to the agreement with local government, the local government is entitled to 8% of the dividend rights of Fuchuan Mining. Thus, according to equity method, the Group actually holds 47% of the profit or loss of Fuchuan Mining.

Note 3: According to the result of Yulu Mining's 2007 annual general meeting, 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 of 50% out of its net profit.

Note 4: The Group holds 40% of Caly Nanomoly Development Inc.'s equity and accounts investment therein based on equity method. In accordance with Articles of Association of Caly Nanomoly Development Inc., the Group do not assume any additional liabilities for additional loss. As at the end of the reporting period, the Group has decreased its investment in Caly Nanomoly Development Inc. to zero.

Note 5: 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 establish Luoyang Shenyu. Meanwhile, the Company appointed a director and a supervisor to Luoyang Shenyu, and accounted for as associates due to significant impact.

Note 6: The subsidiary of the Group has established the natural resources investment fund as a limited partner. It has finished during the reporting period contributing fund of the first phrase amounted to USD212.4 million and the actual contribution accounted for 45% of total fund size.

There are no significant limits on the Group's ability to transfer cash to these investees regarding long-term equity investments.

All investees of the Group's long-term investments are unlisted entities.

12. Fixed Assets

(1) Fixed assets

Unit: '000 Yuan Currency: RMB

Item	Buildings, constructions and mining projects	Machinery equipment	Electronic equipment, fixture and furniture	Transportation device	Total
I. Original carrying amount					
1. Opening balance	11,922,965	18,599,623	198,766	156,928	30,878,282
2. Increase of amount in the current period	139,448	71,615	4,288	5,793	221,144
(1) Purchase	179,936	15,781	4,053	5,703	205,473
(2) Transferred from Construction in progress	9,821	199,956	228		210,005
(3) Exchange differences arising on translation of financial statements denominated in foreign currencies	-50,309	-144,122	7	90	-194,334
3. Decreases for the period	3,255	23,024	23	930	27,232
(1) Disposal or retirement	2,614	23,024	23	930	26,591
(2) Adjustment to rehabilitation and asset abandonment costs	641				641
4. Closing balance	12,059,158	18,648,214	203,031	161,791	31,072,194
II. Accumulated depreciation					
1. Opening balance	3,243,041	3,095,215	149,355	134,598	6,622,209
2. Increase of amount in the current period	432,705	589,587	6,528	1,626	1,030,446
(1) Provision	479,811	797,082	6,528	1,559	1,284,980
(2) Foreign currency exchange differences	-47,106	-207,495		67	-254,534
3. Decreases for the period	636	17,036	21	682	18,375
(1) Disposal or retirement	636	17,036	21	682	18,375
4. Closing balance	3,675,110	3,667,766	155,862	135,542	7,634,280
III. Impairment provision					
1. Opening balance	15,377	4,815	949		21,141
2. Increases for the period					
(1) Provision					
3. Decreases for the period					
(1) Disposal or retirement					
4. Closing balance	15,377	4,815	949		21,141
IV. Carrying amount					
1. Closing carrying amount	8,368,671	14,975,633	46,220	26,249	23,416,773
2. Opening carrying amount	8,664,547	15,499,593	48,462	22,330	24,234,932

As at the end of the period, no fixed asset is used as collateral.

(2) The temporary idle fixed assets

Unit: '000 Yuan Currency: RMB

Item	Gross amount	Accumulated depreciation	Provision for impairment	Carrying amount
Closing balance:				
Machinery equipment	25,653	20,620	3,945	1,088

(3) Details of the fixed assets without certificate of titles

Unit: '000 Yuan Currency: RMB

Item	Carrying amount	The reason of not completing the certificate of title
High-pressure roller mill workshop	21,759	Completion settlement has been done and asset right dealing is in progress
Main extraction workshop	6,028	Completion settlement has been done and asset right dealing is in progress
Main decomposition workshop	5,928	Completion settlement has been done and asset right dealing is in progress
Main crystallization workshop	5,112	Completion settlement has been done and asset right dealing is in progress
Others	27,092	Completion settlement has been done and asset right dealing is in progress

13. Construction in progress

(1) Construction in progress status

Unit: '000 Yuan Currency: RMB

Item	Closing balance Gross amount	Closing balance Provision	Closing balance Carrying amount	Opening balance Gross amount	Opening balance Provision	Opening balance Carrying amount
Tailing dam project of No.2 Ore processing	**16,189**		**16,189**	14,510		14,510
Tailing dam project of No.3 Ore Processing	**5,888**		**5,888**	2,106		2,106
Molybdenum mine project in East Gobi of Hami of Xinjiang	**75,428**		**75,428**	75,271		75,271
Northparkes E48 mine northern extension project	**25,577**		**25,577**	12,627		12,627
Northparkes E26 underground mine development project	**30,594**		**30,594**	3,417		3,417
Niobras tailing dam heightening project	**108,302**		**108,302**	110,801		110,801
Copebras phosphorus production plant maintenance project	**85,629**		**85,629**	73,018		73,018
Copebras phosphorus production process improvement projects	**20,246**		**20,246**	22,274		22,274
Niobras niobium production plant maintenance project	**17,542**		**17,542**	18,371		18,371
TFM filtering equipment upgrading project	**52,147**		**52,147**	41,094		41,094
TFM dehydration equipment installation project	**36,369**		**36,369**	21,076		21,076
TFM mining equipment purchase project	**75,396**		**75,396**	66,069		66,069
TFM No. 2 cobalt dryer improvement project	**52,915**		**52,915**	52,256		52,256
TFM mining zone railway construction project	**24,838**		**24,838**	21,502		21,502
TFM mining zone transportation road construction projects	**47,025**		**47,025**	23,359		23,359
TFM production process modeling and evaluation project	**31,588**		**31,588**	29,906		29,906
TFM IT system change project	**34,982**		**34,982**	25,039		25,039
TFM mine power distribution project	**37,938**		**37,938**	11,969		11,969
Transportation system from No. 3 ore processing to Sandaogou tailings construction project	**24,555**		**24,555**	1,369		1,369
Transportation system from No. 1 crushing station to No. 3 ore processing improvement project	**5,695**		**5,695**			
2000-tonnes APT expansion project	**21,202**		**21,202**			
Others	**642,907**		**642,907**	324,077		324,077
Total	**1,472,952**		**1,472,952**	950,111		950,111

(2) Changes in significant construction in progress during the period

Unit: '000 Yuan Currency: RMB

Name of project	Budget amount	Opening balance	Increases for the period	Transfer to fixed assets for the period	Transfer to intangible assets for the period	Other decreases for the period	Foreign currency exchange differences	Closing balance	Amount injected as a proportion of budget amount (%)	Capital sources
Tailing dam project of No. 2 Ore Processing Plant	343,886	14,510	1,679					**16,189**	49.00	Own Capital
Tailing dam project of No. 3 Ore Processing Plant	50,000	2,106	3,782					**5,888**	84.08	Own Capital
Molybdenum mine project in East Gobi, Hami, Xinjiang	2,849,000	75,271	157					**75,428**	3.00	Own Capital
Northparkes E48 mine northern extension project	109,913	12,627	13,782				-832	**25,577**	24.00	Own Capital
Northparkes E26 underground mine development project	257,061	3,417	27,977				-800	**30,594**	12.00	Own Capital
Niobras tailing dam heightening project	137,874	110,801	9,264	12,730			967	**108,302**	78.55	Own Capital
Copebras phosphorus production plant maintenance project	162,962	73,018	46,454	22,288			-11,554	**85,629**	52.55	Own Capital
Copebras phosphorus production process improvement projects	35,041	22,274	963				-2,992	**20,246**	57.78	Own Capital
Niobras niobium production plant maintenance project	60,900	18,371	13,037	14,091			225	**17,542**	28.80	Own Capital
TFM filtering equipment upgrading project	58,727	41,094	10,470				584	**52,147**	89.00	Own Capital
TFM dehydration equipment installation project	49,691	21,076	14,933				359	**36,369**	73.00	Own Capital
TFM mining equipment purchase project	71,584	66,069	8,441				886	**75,396**	105.00	Own Capital
TFM No. 2 cobalt dryer improvement project	463,162	52,256					659	**52,915**	11.00	Own Capital
TFM mining zone railway construction project	40,029	21,502	3,046				290	**24,838**	109.00	Own Capital
TFM mining zone transportation road construction projects	238,198	23,359	23,226				440	**47,025**	20.00	Own Capital
TFM production process modeling and evaluation project	992,490	29,906	1,297				385	**31,588**	3.00	Own Capital
TFM IT system change project	33,083	25,039	9,567				376	**34,982**	106.00	Own Capital
TFM mine power distribution project	84,401	11,969	25,657				312	**37,938**	45.00	Own Capital
Transportation system from No. 3 ore processing to Sandaogou tailings construction project	76,390	1,369	23,186					**24,555**	32.00	Own Capital
Transportation system from No. 1 crushing station to No. 3 ore processing improvement project	18,000		5,695					**5,695**	32.00	Own Capital
2000-tonnes APT expansion project	39,583		28,560			7,358		**21,202**	72.00	Own Capital
Others		324,077	493,964	160,895	748	994	-12,497	**642,907**		Own Capital
Total	6,171,975	950,111	765,137	210,004	748	8,352	-23,192	**1,472,952**		/

14. Intangible Assets

(1) Details of intangible assets

Unit: '000 Yuan Currency: RMB

Item	Land use rights	Mining rights	Others	Total
I. Original carrying amount				
1. Opening balance	531,980	23,583,818	49,467	24,165,265
2. Increases for the period		546,270	2,939	549,209
(1) Purchase		3,326	4,967	8,293
(2) Increase in business combination		260,316		260,316
(3) Transfer from construction in progress			748	748
(4) Foreign currency exchange differences		282,628	-2,776	279,852
3. Decreases for the period	817		542	1,359
(1) Disposal	817		542	1,359
4. Closing balance	531,163	24,130,088	51,864	24,713,115
II. Accumulated amortization				
1. Opening balance	97,102	2,515,941	16,040	2,629,083
2. Increases for the period	5,609	640,878	7,778	654,265
(1) Provision	5,609	640,878	7,778	654,265
3. Decreases for the period	817	-32,897	2,056	-30,024
(1) Disposal	817		541	1,358
(2) Exchange differences arising on translation of financial statements denominated in foreign currencies		-32,897	1,515	-31,382
4. Closing balance	101,894	3,189,716	21,762	3,313,372
III. Impairment provision				
1. Opening balance				
2. Increases for the period				
(1) Provision				
3. Decreases for the period				
(1) Disposal				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	429,269	20,940,372	30,102	21,399,743
2. Opening carrying amount	434,878	21,067,877	33,427	21,536,182

At the end of the year, there is 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.

15. Goodwill

(1) Original cost of goodwill

Unit: '000 Yuan Currency: RMB

Investee or item leading to the goodwill	Opening balance	Increases for the period: Increase in business combination	Increases for the period: Exchange differences arising on translation of financial statements denominated in foreign currencies	Decreases for the period: Disposal	Closing balance
Phosphorus business in Brazil *(Note)*	833,594		10,510		**844,104**
Total	833,594		10,510		**844,104**

Note: It represents the difference of the consideration paid for acquiring the phosphate business in Brazil and the fair value of identifiable net assets in respect of the acquisition on 1 October 2016.

(2) Allocation of goodwill to cash generating units

The Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill has been allocated to cash-generating units. The carrying amount of goodwill as at 30 June 2018 allocated to the cash generating units is as follows:

Unit: '000 Yuan Currency: RMB

	Cost	Exchange differences arising on translation of financial statements denominated in foreign currencies	Provision for impairment	30 June 2018
Cash-generating unit – Brazil phosphorus business	850,672	-6,568		844,104

The recoverable amount of the cash-generating unit of Brazil phosphate business of 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% is used. As products sold under the phosphorus business are denominated by USD and settled by BRL, the management holds the inflation risks faced by relevant business in the course of operation are mainly incurred by the inflation in the currency context of US dollar. Therefore, the inflation rate used to infer the cash flow from the asset group after 5 years is 2.3%. According to the characteristics of upstream mineral prices and costs, its impact by inflation is small, and the management believes that the forecast method is reasonable.

The key assumptions for calculating the present value of future cash flows for the above asset group as at 30 June 2018 are as follows:

Key assumptions	Consideration of the management
Budget gross margin	On the basis of realizing 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 related the cash-generating unit.
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 cash generating units are consistent with the external information.

According to the above impairment test, the management believes that the relevant goodwill has not been impaired.

16. Long-term deferred expenses

Unit: '000 Yuan Currency: RMB

Item	Opening balance	**Addition for the current period**	**Amortization for the current period**	**Other decreases**	**Closing Balance**
Relocation compensation *(Note 1)*	49,939		3,186		**46,753**
Geological Museum project *(Note 2)*	27,000		300		**26,700**
Others	39,250	9,602	5,613		**43,239**
Total	116,189	9,602	9,099		**116,692**

Note 1: The Company paid relocation compensation fees 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.

17. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

Unit: '000 Yuan Currency: RMB

Item	Closing balance Deductible temporary difference	Closing balance Deferred tax assets	Opening balance Deductible temporary difference	Opening balance Deferred tax assets
Provision for asset impairment	**288,678**	**80,241**	453,363	135,506
Unrealized profit from internal transaction	**269,435**	**71,386**	243,687	65,154
Deductible losses	**990,273**	**330,752**	105,806	26,452
Deferred government grant	**76,637**	**17,333**	80,237	18,223
Temporary differences on expenses	**2,576,743**	**764,497**	2,671,065	772,356
Losses on disposal of fixed assets without filling	**23,403**	**3,511**	23,403	3,511
Differences in inventory costs	**174,562**	**53,190**	155,300	46,590
Others	**660,522**	**215,565**	320,424	110,075
Total	**5,060,253**	**1,536,475**	4,053,286	1,177,867

(2) Deferred tax liabilities before offsetting

Unit: '000 Yuan Currency: RMB

Item	Closing balance Taxable temporary difference	Closing balance Deferred tax liabilities	Opening balance Taxable temporary difference	Opening balance Deferred tax liabilities
Adjustment to the fair value of assets in business combination not involving enterprises under common control	**18,497,229**	**5,711,750**	18,746,014	5,795,939
Accrued interest income	**329,237**	**49,386**	667,825	100,174
Differences in fixed assets tax basis	**11,906,192**	**3,583,617**	11,431,594	3,445,166
Profit or loss arising from fair value changes	**55,728**	**18,789**	18,546	6,306
Others	**22,182**	**7,664**	424,340	129,173
Total	**30,810,568**	**9,371,206**	31,288,319	9,476,758

Note: 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 recognised in accordance with the differences between the fair value and tax base of the related assets on the date of acquisition. According to the local tax law of Brazil, the above taxable temporary differences can be reversed after meeting certain conditions in the future. However, as the above conditions exist uncertainty, in accordance with the conservatism principle, the management has still recognised deferred tax liabilities amounting to RMB1,515,763,000 in 30 June 2018 (As at 31 December 2017: RMB1,463,145,000). If certain conditions are met in the future, the above deferred tax liabilities of the Group may be reversed in future to form one-time gain.

(3) Net amount of deferred tax assets or liabilities after offsetting

Unit: '000 Yuan Currency: RMB

Item	Offset amount at the end of the period	Net Closing balance after offset	Offset amount at the beginning of the period	Net Opening balance after offset
Deferred tax assets	1,069,899	466,576	873,164	304,703
Deferred tax liabilities	1,069,899	8,301,307	873,164	8,603,594

(4) Details of unrecognised deferred tax assets

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	**1,301**	40,022
Deductible tax losses	**494,050**	494,050
Total	**495,351**	534,072

Note: Due to the uncertainty in availability of sufficient taxable income in the future, deferred tax assets are not recognised.

(5) Deductible tax losses, for which no deferred tax assets are recognised, will expire in the following years

Unit: '000 Yuan Currency: RMB

Year	Closing balance	Opening balance
2018	**50,326**	50,326
2019	**105,083**	105,083
2020	**139,352**	139,352
2021	**128,669**	128,669
2022	**70,620**	70,620
Total	**494,050**	494,050

18. Other Non-current Assets

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Borrowings due from SNEL *(Note 1)*	**1,190,387**	1,169,973
Wealth management product due over 1 year *(Note 2)*	**950,000**	
Amount due from TFM minority shareholders *(Note 3)*	**310,275**	336,086
Brazil deductible social contribution tax *(Note 4)*	**36,155**	46,007
Prepayments for water charges *(Note 5)*	**63,000**	63,000
Prepayments for farmland occupation tax *(Note 6)*	**31,709**	29,709
Prepayments for land *(Note 7)*	**8,660**	8,660
Land acquisition compensation due from government *(Note 8)*	**116,144**	133,690
Compensatory assets *(Note 9)*	**187,841**	185,502
Litigation guarantee *(Note 10)*	**63,570**	85,154
Receivable due from NSR *(Note 11)*	**1,025,573**	
Others	**19,452**	19,673
Total	**4,002,766**	2,077,454

Note 1: TFHL's loan due from SNEL. The applicable interest rate for the loan is determined by 1-year Libor interest rate plus 3%, which will be settled by electricity charges payable in the future.

Note 2: Wealth management product plan purchased by the Group from non-bank financial intermediaries in China.

Note 3: TFM's borrowings due from Gécamines. As at 30 June 2018, the principal amount of loan to Gécamines by TFM was USD44.524 million (equivalent to RMB294.599 million) with the interests receivable of USD16.893 million (equivalent to RMB111.777 million). The applicable interest rate for the loan was determined according to the 1-year Libor interest rate plus 6%. Interests receivables were deducted from the dividends to Gécamines in the future. Among which, the principal amounting to USD14.524 million (equivalent to RMB96.101 million) would be recovered within one year and accounted for as other current assets. Please refer to Note V, 8 for details.

Note 4: Brazil social contribution tax applicable to Niobras and Copebras, 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, tax payment remains undeducted at the end of the period. 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, 6 for details.

Note 5: Prepayments for water charges of Xinjiang Luomu Mining Co., Ltd (Xinjiang Luomu).

Note 6: The land occupation tax related to the land to be used in the future of the tailings owned by the mine.

Note 7: 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 8: Copebras 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 9: Based on the agreement between the Group and Anglo American in the course of the acquisition of the Brazilian Niobium Phosphorus business, if Niobras and Copebras have incurred cash outflows in the course of the business due to tax-related contingencies, compensation will be provided by Anglo American. The Group recognised a liability for the Niobras and Copebras related contingencies at fair value (Note V, 34), accordingly recognizes the right of relevant tax related compensation as an non – current assets.

Note 10: Niobras and Copebras have 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 11: NREIL's borrowings due from NSR. As at 30 June 2018, the principal due to NREIL were USD155 million (equivalent to RMB1,025.573 million); the interest receivable was USD665,000 (equivalent to RMB4,396 million) and the applicable interest rate for the loan was determined based on 6-month USD LIBOR + 2.5%.

19. Short-term borrowings

(1) Categories of short-term borrowings

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Credit loan	**2,066,812**	1,478,132
Total	**2,066,812**	1,478,132

20. Financial liabilities measured at fair value through profit or loss

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	**40,141**	
Liabilities from forward foreign exchange contract and gold lease measured at fair value	**3,671,321**	3,000,757
Contingent consideration for the acquisition of Congo (DRC) copper-cobalt business *(Note)*	**598,888**	591,430
Total	**4,310,350**	3,592,187

Note: 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, Hong Kong CMOC 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, Hong Kong CMOC 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. 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 Group recognizes the above contingent consideration as financial liabilities measured at fair value through profit or loss.

21. Notes payable

Unit: '000 Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptances	**30,000**	
Bank acceptances		23,955
Total	**30,000**	23,955

22. Accounts Payable

(1) Details of accounts payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Payables for purchase of goods	**965,369**	853,339
Others	**114,820**	123,142
Total	**1,080,189**	976,481

(2) Aging analysis of accounts payable is as follows

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	**981,256**	**954,175**
1 to 2 years	**85,434**	**13,825**
Over 2 years	**13,499**	**8,481**
Total	**1,080,189**	**976,481**

23. Receipts in advance

(1) Details of receipts in advance are as follows

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Loans	**390,116**	127,796
Total	**390,116**	127,796

24. Employee Benefits Payable

(1) Details of employee benefits payable

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increases for the period	Decreases for the period	Including: Foreign currency exchange differences	Closing balance
1. Short-term compensation	431,907	1,031,226	1,163,243	13,135	**299,890**
2. Retirement benefits-defined contribution plans	13,499	35,815	49,082	-87	**232**
3. Others		777	776		**1**
Total	445,406	1,067,818	1,213,101	13,048	**300,123**

(2) Details of short-term compensation are as follows

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increases for the period	Decreases for the period	Including: Foreign currency exchange differences	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	388,148	918,938	1,061,615	11,369	**245,471**
2. Staff welfare	290	13,715	11,908	-11	**2,097**
3. Social security contributions	910	76,418	65,913	1,362	**11,415**
Including: Medical insurance	895	24,573	23,200	69	**2,268**
Work injury insurance	14	51,179	42,017	1,293	**9,176**
Maternity insurance	1	666	696		**-29**
4. Housing funds	77	13,394	13,008		**463**
5. Labour union and staff education funds	10,169	5,067	5,255		**9,981**
6. Short-term paid absences	32,313	3,694	5,544	415	**30,463**
Total	431,907	1,031,226	1,163,243	13,135	**299,890**

(3) Defined contribution plans as follows:

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increases for the period	Decreases for the period	Including: Foreign currency exchange differences	Closing balance
1. Basic pension insurance	13,498	34,832	48,107	-87	**223**
2. Unemployment insurance	1	983	975		**9**
Total	13,499	35,815	49,082	-87	**232**

According to the pension and unemployment insurance plan set up by the government institutions or assigned with financial institutions, the Group monthly pays to the plan for the staff of according to a certain proportion of employee basic salary. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profits and losses of current period or the cost of the related assets.

The Group shall pay RMB34,832,000 and RMB983,000 (January to June 2017: RMB153,369,000 and RMB2,192,000) respectively to the pension insurance and unemployment insurance schemes in the year. As at 30 June 2018, there were RMB223,000 and RMB9,000 (30 June 2017: RMB16,317,000 and RMB730,000) of pension insurance and unemployment insurance outstanding but not paid. The related amounts have been paid subsequent to the reporting period ends.

25. Taxes Payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
PRC enterprise income tax	**38,115**	-17,685
Australia enterprise income tax	**44,256**	10,647
Brazil enterprise income tax	**16,569**	58,932
Congo (DRC) enterprise income tax	**1,041,090**	950,809
Value added tax	**1,586**	10,961
Individual income tax	**48,590**	49,539
Urban maintenance and construction tax	**-2,352**	-1,948
Resource tax	**33,238**	52,221
Education surtax	**-2,071**	-1,780
Others	**31,734**	26,100
Total	**1,250,755**	1,137,796

26. Interests Payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests on bank borrowings	**142,107**	153,673
Interests on medium-term notes with periodic payments of interest and return of principal at maturity	**23,586**	66,133
Total	**165,693**	219,806

27. Dividends payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Luanchuan Taifeng Industry and Trading Co., Ltd. *(Note 1)*	**6,623**	6,623
Luanchuan Hongji Mining Co., Ltd. *(Note 1)*	**15,943**	15,943
Luanchuan Chengzhi Mining Co., Ltd. *(Note 1)*	**5,320**	5,320
H Shareholders *(Note 2)*	**296,259**	
Total	**324,145**	27,886

Note 1: Minority shareholders of subsidiaries of the Group.

Note 2: During the reporting period, the Company announced the distribution of 2017 cash dividends. The dividends of A-share shareholders were paid before the balance sheet date. The dividends of H-share shareholders were paid after the balance sheet date.

28. Other Payables

(1) Other payables by nature as follows

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Project and equipment funds	**135,691**	171,713
Service fees due to Gécamines *(Note 1)*	**9,423**	10,442
Service and transportation expenses	**105,564**	139,010
Electricity charge compensation due to SNEL *(Note 2)*	**66,166**	65,342
Deposits and advances	**33,055**	35,205
Service fees payable	**9,455**	54,775
Resource expenses payable	**51,012**	23,085
Land compensation	**8,287**	8,370
Resource tax		1,124
Returns payable to BHR shareholders *(Note 3)*	**103,219**	
Royalty Payable *(Note 4)*	**41,161**	31,648
Others	**75,259**	64,060
Total	**638,292**	604,774

Note 1: Gécamines charge a monthly payment from TFM as service fees for providing technical support and management consultant services.

Note 2: TFM and SNEL had a dispute on the future fee of electricity, in 2015 the management of TFM accrued the compensation based on the best estimation of the possible cash flow out in the future.

Note 3: The Group entered into a framework cooperation agreement with BHR and its investors, pursuant to which, the Group obtained the control over BHR and its associated assets through protocol control, and committed to giving BHR investors a fixed annualised exit return in the corresponding period. As at 30 June 2018, the returns payable to BHR shareholders amounted to USD15,600,000 (equivalent to RMB103,219,000).

Note 4: For details, please refer to Note IV, 1.

29. Non-current liabilities due within one year

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	**6,076,408**	4,780,399
Deferred income to be released within one year	**7,417**	7,417
Payables for exploration right in Hami, Xinjiang	**10,000**	10,000
Total	**6,093,825**	4,797,816

Note: Please refer to Note V, 31 for details of the long-term borrowings due within one year. Please refer to Note V, 35 for details of the deferred income carried forward within one year.

30. Other current liabilities

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Other accrued expenses	**110,204**	71,073
Total	**110,204**	71,073

31. Long-term borrowings

(1) Categories of long-term borrowings

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Secured borrowings	**14,786,314**	16,935,906
Credit loans	**11,750,567**	9,878,382
Less: long-term borrowings due within one year	**6,076,408**	4,780,399
Total	**20,460,473**	22,033,889

Note: Secured borrowings are borrowings obtained by the Group through pledge of fixed deposits and equity of subsidiaries, including:

In September 2016, LUXEMBOURG SPV and CMOC Brasil Services Administration Participacoes LTDA, the subsidiaries of the Group, obtained a total of USD900 million (equivalent RMB6.2 billion) acquisition syndicated loan for the payment of the consideration of acquisition of the Brazil Niobium-Phosphorus business, which will be repaid by the agreed installments during the period from 14 September 2018 to 14 September 2023, with interest rates range from 3-month USD libor + 1.8% to 3-month USD libor + 2.75%; the Group pledged the 100% equity interest in LUXEMBOURG SPV to the Bank of China Luxembourg branch and provided a joint guarantee.

In November 2016, CMOC DRC Limited, 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 will be repaid by the agreed installments during the period from 15 March 2018 to 15 November 2023, with interest rates range from 3-month USD libor + 1.7% to 3-month USD libor + 2.2%; the Group pledged the 100% equity interest in CMOC DRC Limited to the bank and provided a joint guarantee.

On 6 April 2017, the Group's subsidiary BHR signed a syndicated loan agreement of a total loan commitment amount of USD690 million for the acquisition of 30% equity in TF Holdings Limited. 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 plus 2.50% to 3-month USD libor plus 2.64%.

Analysis of long-term borrowings due over one year:

Unit: '000 Yuan Currency: RMB

Expiration date	Closing balance	Opening balance
1 to 2 years	**4,489,826**	4,681,725
2 to 5 years	**9,658,824**	7,647,570
More than 5 years	**6,311,823**	9,704,594
Total	**20,460,473**	22,003,889

As at 30 June 2018, the annual interest rates for the above mentioned borrowings ranged from 1.5% to 5.3358% (31 December 2017: 0.5153% to 4.5125%).

As at 30 June 2018, there was no outstanding long-term borrowings of the Group in due but not paid.

32. Bonds payable

(1) Bonds payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Medium-term note	**2,000,000**	2,000,000
Less: Middle-term note due within one year		
Total	**2,000,000**	2,000,000

(2) Changes in bonds payable: (preference share, perpetual bonds, and other financial instrument excluded)

Unit: '000 Yuan Currency: RMB

Name of bonds	Par value	Issue date	Bonds term	Issue amount	Opening balance	Issue in the period	Accrued Interest based on par value	Interests paid during the period	Closing interest payable	Amortization of Premium and for discount	Payment in the period	Closing balance
16 Luanchuan Molybdenum MTN001	RMB100	17 March 2016	5 years	2,000,000	2,000,000		42,200	84,400	23,586			2,000,000
Total		/	/	2,000,000	2,000,000		42,200	84,400	23,586			2,000,000

33. Long-term employee benefits payable

(1) Table of long-term employee benefits payable

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Long-term service leave	**17,297**	19,184
II. Long-term bonus	**108,270**	
III. Long-term medical insurance	**51,174**	45,198
Total	**176,741**	64,382

34. Provisions

Unit: '000 Yuan Currency: RMB

Item	Closing balance	**Opening balance**
Rehabilitation and asset abandonment cost *(Note 1)*	1,357,296	**1,347,842**
Lawsuit *(Note 2)*	682,983	**660,328**
Others	9,625	
Total	2,049,904	**2,008,170**

Other explanations, including estimated explanation on relevant material assumptions of material estimated liabilities:

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 recognised 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.

35. Deferred income

Deferred income

Unit: '000 Yuan Currency: RMB

Item	Opening balance	**Increase in the period**	**Decrease in the period**	**Closing balance**
Government grants	80,307		3,695	**76,612**
Less: Deferred income carried forward within one year	7,417	193	193	**7,417**
Total	72,890	-193	3,502	**69,195**

Projects related to government grants:

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Additional grants during the period	Recorded in other income	Closing balance	Related to assets/Related to income
Subsidies for low-grade scheelite demonstration project	61,878		3,502	58,376	Related to assets
Subsidies of the return of Nannihu land premium	15,359		193	15,166	Related to assets
Special funds for comprehensive utilization of 3,000 tonnes/day Molybdenum selection tailings	3,000		0	3,000	Related to assets
Subsidies for installation of heavy metal automatic monitoring facilities	70		0	70	Related to assets
Total	80,307		3,695	76,612	/

36. Other non-current liabilities

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Principal, interest and others payable to a third party		385,567
Service fees payable to a third party *(Note 3)*	**60,581**	59,827
Production progress fees payable to Gécamines *(Note 1)*	**66,166**	65,342
Acquisition consideration payable to BHR shareholders *(Note 2)*	**3,109,802**	3,071,074
Others	**21,019**	18,534
Total	**3,257,568**	3,600,344

Note 1: In accordance with the mining agreement entered into between the Group and Gécamines, TFM needs to pay Gécamines production progress fees.

Note 2: The Group entered into a framework cooperation agreement with BHR and its investors, pursuant to which, the Group obtained the control over BHR and its associated assets through protocol control, and committed to giving BHR investors a fixed annualised exit return in the corresponding period. Since 20 April 2017, the Group's indirect shareholding proportion in TFM increased from 56% to 80%. Pursuant to the relevant arrangements in the framework cooperation agreement, the returns payable to BHR shareholders amounted to USD470,000,000 (equivalent to RMB3,109,802,000).

Note 3: It refers to long-term salary for employees payable to Mining Overseas Service Company. Mining Overseas Service Company is a wholly-owned subsidiary of Freeport, which provides TFM with agency payment services for the salaries and expenses of foreign employees. According to the transition arrangements between the Company and Freeport, Mining Overseas Service Company will continue to provide TFM with such services during the transition period. The Company is going to settle the relevant cost in sum after the transition period.

37. Share capital

Unit: '000 Yuan Currency: RMB

	Opening balance	Changes for the period(+, -) Issuing new shares	Bonus	Capitalisation of surplus reserve	Others	Subtotal	Closing balance
Total amount of shares	4,319,848						**4,319,848**

38. Capital reserve

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
Capital premium (share premium)	27,582,795			**27,582,795**
Including: Capital invested by investors	27,580,673			**27,580,673**
Others	2,122			**2,122**
Total	27,582,795			**27,582,795**

39. Other comprehensive income

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Amount recognised for the period: 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	Closing balance
Other comprehensive income cannot reclassified into the profit or loss subsequently	-607,484	15,138			-80,562	95,700	-688,046
Effective portion of profit or loss on cash flow hedge		40,974			40,974		40,974
Exchange differences arising on translation of financial statements denominated in foreign currencies	-607,484	-25,836			-121,536	95,700	-729,020
Total of other comprehensive incomes	-607,484	15,138			-80,562	95,700	-688,046

Note: Please refer to Note V, 59, for details of the effective portion of profit/loss from cash flow hedge.

40. Special reserve

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Safety production expense	7,726	71,280	73,518	**5,488**
Total	7,726	71,280	73,518	**5,488**

41. Surplus reserve

Unit: '000 Yuan Currency: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	968,191			**968,191**
Total	968,191			**968,191**

42. Retained profits

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Retained profit at ending of prior period before adjustment	**5,517,441**	3,508,789
Adjusted retained profit at beginning of period (Add +, Less –)	**368,667**	
Retained profit at beginning of the period after adjustment	**5,886,108**	3,508,789
Add: Net profit attributable to owners of the parent company for the period	**3,122,510**	835,139
Less: Ordinary shares payable	**1,641,542**	591,052
Retained profit at the end of the period	**7,367,076**	3,752,876

Adjusted retained profit at beginning of period:

The effect of the retrospective adjustments arising from Accounting Standards for Business Enterprises and their new related requirements on the undistributed profits as at the beginning of the period amounted to RMB368,667,000. Please refer to Note III, 29 for details.

43. Operating Revenue and Operating Costs

Unit: '000 Yuan Currency: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	**Cost**	Revenue	Cost
Principal operating activities	**13,974,089**	**7,873,882**	11,565,856	7,451,097
Other operating activities	**85,707**	**76,223**	89,085	70,493
Total	**14,059,796**	**7,950,105**	11,654,941	7,521,590

44. Taxes and levies

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Urban maintenance and construction tax	**10,882**	8,363
Educational surcharge	**10,879**	5,219
Resource tax	**132,716**	118,442
Royalty *(Note)*	**215,044**	
Others	**47,744**	10,595
Total	**417,265**	142,619

Note: Total royalty was amounted to RMB128,674 thousand for the corresponding period of last year and listed as a deductible item under operating revenue. It was restated and reflected for the period. Please refer to Note IV. 1.

45. Selling expenses

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Salary, bonus and allowances	**11,048**	9,547
Transportation costs	**36,184**	34,771
Entertainment expenditures	**497**	463
Traveling expense	**1,100**	1,748
Market consulting fee	**27,229**	44,432
Depreciation and amortization	**182**	205
Others	**10,340**	10,027
Total	**86,580**	101,193

46. Administrative expenses

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Salary, bonus and allowances	**155,100**	149,392
Depreciation and amortization	**48,054**	23,184
Audit fees		7,218
Consulting and agency fees	**133,375**	128,373
Entertainment expenditures	**11,242**	6,692
Technology development fees	**72,066**	33,283
Traveling expense	**18,497**	20,033
Leasing fees	**13,484**	10,917
Others	**78,113**	84,307
Total	**529,931**	463,399

47. Financial expenses

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Interest expenses on bonds	**42,353**	125,127
Discount interest of notes	**5,331**	8,267
Bank loans interest expenses	**648,514**	677,787
Interest income	**-483,197**	-298,062
Exchange differences	**-28,988**	334,596
Rental of precious metals	**75,378**	68,481
Returns paid to BHR shareholders	**102,576**	61,389
Others	**73,423**	48,550
Total	**435,390**	1,026,135

48. Assets Impairment Loss

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Bad debt loss	**-2,837**	
Impairment loss of inventories	**10,782**	5,683
Total	**7,945**	5,683

49. Gains from changes in fair values

Unit: '000 Yuan Currency: RMB

Source resulting in gains from change in fair value	Amount for the period	Amount for the prior period
I. Change in fair value of contingent consideration for the acquisition of Congo (DRC) copper cobalt business		-332,255
II. Change in fair value of other non-current assets	**-41,224**	
III. Gains (losses) on change in fair value of forward foreign exchange contract	**-40,141**	6,242
IV. Gains (losses) on change in fair value of consumable biological assets	**2,068**	
Total	**-79,297**	-326,013

50. Investment Income

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Income from long-term equity investments under equity method	**51,074**	16,212
Investment income from bonds and wealth investment product	**23,330**	29,376
Investment income on disposal of other non-current financial assets	**43,647**	
Investment income from holding other non-current financial assets	**167**	
Total	**118,218**	45,588

51. Gains from disposal of assets

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Gains (losses) from disposal of fixed assets	**-5,064**	-4,619
Total	**-5,064**	-4,619

52. Other incomes

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Nannihu land transfer compensation	**193**	
Subsidies for low-grade scheelite demonstration project	**3,502**	
Others	**674**	
Total	**4,369**	

53. Non-operating income

Details of non-operating income

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period	The amount recognised in non-recurring profit and loss of the period
Government grants	**186**	5,384	186
Others	**241**	319	241
Total	**427**	5,703	427

Government grant recognised in profit and loss for the period

Unit: '000 Yuan Currency: RMB

Items of government grant	Amount for the period	Amount for the prior period	Related to assets/ related to incomes
Subsidies for low-grade scheelite demonstration project		3,502	Related to assets
Land reclamation subsidy		1,426	Related to incomes
Others	**186**	456	Related to incomes
Total	**186**	5,384	/

54. Non-operating Expenses

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period	Amount recognised in non-recurring profit and loss for the current period
External donations	**36,358**	21,942	36,358
Others	**10,501**	2,995	10,501
Total	**46,859**	24,937	46,859

55. Income Tax Expenses

(1) Income tax expenses

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Current income tax expenses	**1,586,817**	945,155
Deferred income tax expenses	**-562,991**	-259,782
Differences arising from settlement of income tax for the previous year	**-378**	35,224
Total	**1,023,448**	720,597

(2) Reconciliation of accounting profit to income tax expense

Unit: '000 Yuan Currency: RMB

Item	Amount for the period
Total profit	**4,624,374**
Income tax expense calculated in accordance with statutory/applicable tax rate	**693,656**
Impact of the different tax rates applicable to subsidiaries	**438,679**
Impact of income tax during the period before adjustment	**-378**
Impact of non-taxable income	**-198,509**
Impact of non-deductible cost, expenses and losses	**82,845**
Impact of deductible loss of the deferred income tax assets unrecognised in the previous period	**-1,614**
Impact of deductible temporary difference or deductible loss of unrecognised deferred income assets in the current period	**8,769**
Income tax expenses	**1,023,448**

56. Cash Flow Statement

(1) Cash received relating to other operating activities

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Receipts of compensation and penalties	**62**	
Receipts of interests income	**619,342**	84,415
Receipts of Government grants	**266**	5,384
Others	**148,946**	47,157
Total	**768,616**	136,956

(2) Cash paid relating to other operating activities

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Payments of consulting fee, technology development fee and transportation fee, etc.	**166,808**	54,415
Payments of donations and penalties, etc.	**35,035**	17,542
Payments of bank charges, etc.	**66,267**	52,913
Payments of compensation fees, vegetation recovery fees and others		21,703
Payments of M&A service charges		173,013
Others	**27,913**	205,003
Total	**296,023**	524,589

(3) Cash received relating to other investing activities

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Others	**63,134**	26,315
Total	**63,134**	26,315

(4) *Cash paid relating to other investing activities*

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Loan to external units	**1,021,789**	82,867
Total	**1,021,789**	82,867

(5) *Cash received relating to other financing activities*

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Cash receipts from gold lease business	**2,167,857**	1,545,526
Others	**153,219**	
Total	**2,321,076**	1,545,526

(6) *Cash paid relating to other financing activities*

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Cash paid for gold leasing business	**1,429,815**	371,938
Commission charge related to gold leasing business	**88,118**	71,472
Commission charge related to issue of letter of guarantee for loan business	**191,792**	9,901
Other	**112,127**	45,175
Total	**1,821,852**	498,486

57. Supplementary Information to Cash Flow Statement

(1) Supplementary information to cash flow statement

Unit: '000 Yuan Currency: RMB

Supplementary Information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net Profit	**3,600,926**	1,369,447
Add: Provision for impairment losses of assets	**7,945**	5,683
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	**1,284,981**	1,660,027
Intangible asset amortisation	**654,265**	624,845
Amortisation of long-term deferred expenses	**9,099**	15,533
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is filled in column with "-")	**5,064**	4,619
Losses on changes in fair values (gain is filled in column with "-")	**79,297**	326,013
Financial expenses (gain is filled in column with "-")	**768,882**	1,074,016
Losses arising from investments (gain is filled in column with "-")	**-118,218**	-45,588
Decrease in deferred tax assets (increase is filled in column with "-")	**-247,257**	40,031
Increase in deferred tax liabilities (decrease is filled in column with "-")	**-322,306**	-483,397
Decrease in inventories (increase is filled in column with "-")	**-600,775**	-208,832
Decrease in receivables from operating activities (increase is filled in column with "-")	**-623,793**	-624,220
Increase in payables from operating activities (decrease is filled in column with "-")	**619,219**	-116,780
Other	**294,379**	-159,986
Net cash flow from operating activities	**5,411,708**	3,481,411
2. Significant investing and financing activities that do not involving cash:		
Conversion of debts to capital		
Convertible corporate bonds mature within one year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents		
Closing balance of cash	**19,542,511**	11,290,161
Less: Opening balance of cash	**19,781,418**	8,420,208
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase (decrease) in cash and cash equivalents	**-238,907**	2,869,953

(2) *Net cash paid to acquire subsidiaries for the current period*

Unit: '000 Yuan Currency: RMB

Item	Amount
Cash and cash equivalents paid in the current period for business combination occurred in the current period	**259,660**
Cash paid for business combination not involving enterprises under common control	**259,660**
Less: acquisition of cash and cash equivalents of subsidiary on acquisition date	
Add: Cash and cash equivalents paid in the current period for business combination occurred in the previous periods	
Net cash paid for the acquisition of subsidiaries	**259,660**

(3) *Constitution of cash and cash equivalents*

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	**19,542,511**	19,781,418
Including: Cash on hand	**1,402**	1,046
Bank deposits always available for payment	**19,541,109**	19,780,372
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	**19,542,511**	19,781,418

58. Foreign Currency Monetary Items

(1) Foreign currency monetary items

Unit: '000

Item		Closing balance denominated in foreign currency	Exchange rate	Closing balance of foreign currency translated into RMB
Monetary funds				
Including:	USD	29,970	6.6166	198,298
	EUR	16,746	7.6515	128,135
	HKD	1,432	0.8431	1,207
	RMB	1,813	1.0000	1,813
	CAD	1,165	4.9947	5,818
	AUD	4,003	4.8633	19,468
	BRL	121,865	2.5512	310,906
	GBP	437	8.6551	3,780
	CDF	57,684	0.0041	237
	ZAR	68,697	0.4803	32,995
	SGD	9	4.8386	45
Short-term borrowings				
	USD	107,039	6.6166	708,232
Non-current liabilities due within one year				
	EUR	225,389	7.6515	1,724,567

(2) Description of overseas business entities; for material overseas business entities, disclose their major business places overseas, recording currency and the selection criterion thereof; should there be any change in the recording currency, disclose the reason for such change.

Name of subsidiaries	The main operating location abroad	Functional currency	Basis of choice
Copebras Indústria Ltda.	Brazil	BRL	According to the primary economic environment
Niobras Mineração Ltda.	Brazil	USD	According to the primary economic environment
CMOC Brasil Servicos Administrativos Eparticipacoes LTDA.	Brazil	USD	According to the primary economic environment
Luxembourg SPV	Luxembourg	USD	According to the primary economic environment
CMOC Mining Pty Limited	Australia	USD	According to the primary economic environment
CMOC Mining Services Pty. Limited	Australia	USD	According to the primary economic environment
CMOC International DRC Holdings Limited	Bermuda	USD	According to the primary economic environment
TF Holdings Limited	Bermuda	USD	According to the primary economic environment
Tenke Fungurume Mining S. A.	Congo (DRC)	USD	According to the primary economic environment
Purveyors South Africa Mine Services CMOC	Republic of South Africa	USD	According to the primary economic environment

59. Hedging

(1) Hedging relationship

Unit: '000 Yuan Currency: RMB

Category of hedging	Hedged project	Hedging instrument	Closing balance of cash flow hedging reserve
Cash flow hedging	Uncertainty of interest cash outflow caused by fluctuations in the interest rate of acquisition financing denominated in USD	Interest rate swap agreement	40,974

The acquisition financing denominated in USD of the Group was at a floating interest rate, which was converted into to a fixed interest rate by entering into an interest rate swap agreement with bank, so that the uncertainty of interest cash outflow caused by fluctuations in the interest rate of acquisition financing denominated in USD was hedged. Key factors, such as nominal principal, term of repayment, interest rate and interest commencement date, of the interest rate swap agreement was in completed agreement with the acquisition financing, therefore such hedging relationship was effective.

(2) Hedging instrument

Unit: '000 Yuan Currency: RMB, unless otherwise stated

Balance sheet item	Closing book value	Nominal value	Hedging gains or losses recognised in other comprehensive income for the current period	Reclassification of amount from other comprehensive income to profit or loss for the current period	Including: amount with which hedging accounting has previously been used but has been transferred due to effect of the hedged project on profit or loss for the current period
Non-current derivative financial assets	40,974	USD800 million	40,974	5,310	5,310

VI. CHANGE OF CONSOLIDATION SCOPE

1. Business combination not involving enterprises under common control

(1) Business combination not involving enterprises under common control occurred in the current period

Unit: '000 Yuan Currency: RMB

Acquiree	Date of equity acquisition	Cost on equity acquisition	Percentage of equity acquired *(%)*	Equity 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 of the acquiree from the acquisition date to the end of the period
CCC SARL	5 January 2018	259,660	100%	By cash	5 January 2018	The date on which contractual agreements satisfies delivery conditions	0	-29

Bandra Investment Limited, a secondary wholly-owned subsidiary of the Company, entered into an equity transfer contract with Harefield Overseas Limited on 2 January 2018 to acquire 100% equity interest held by Harefield Overseas Limited in CCC SARL at a consideration of USD40 million. CCC SARL mainly owns the mining right of PE13888, which is primary a phosphate mine, in the Moanda region of Bas-Fleuve District, Congo Province, Congo (DRC). Such equity acquisition has been delivered on 5 January 2018. As at the balance sheet date, CCC SARL has not yet carried out any actual operations.

(2) Cost for business combination and goodwill

Unit: '000 Yuan Currency: RMB

Cost for business combination	CCC SARL
Cash	**259,660**
Total consolidated cost	**259,660**
Less: share of fair value of identifiable net assets obtained	**259,660**
The amount of goodwill/cost for business combination less than the share of fair value of identifiable net assets obtained	**0**

(3) The identifiable net assets and liabilities of the acquirer on the acquisition date

Unit: '000 Yuan Currency: RMB

	CCC SARL	
	Fair value on acquisition date	**Book value on the acquisition date**
Assets:	**259,600**	**649**
Intangible assets	**259,600**	**649**
Net assets	**259,600**	**649**
Less: equity attributable to minority shareholders		
Net assets obtained	**259,600**	**649**

(4) Description of consideration for merger or identifiable assets and liabilities of the acquired party whose fair value cannot be appropriately determined as at the date of acquisition or the end of the period of merger.

The Group is still currently evaluating the relevant assets, assets and liabilities and contingent liabilities at fair value are expected to be recognised within one year upon completion of the merger. Should the initial recognition of the fair value of assets be altered at the later stage of evaluation, the fair value of assets would be retrospectively adjusted in accordance with the latest evaluation result.

2. Change of consolidation scope for other reasons

On 19 June 2018, the Group established Ningbo Baiya Investment Co., Ltd., a third-level wholly-owned subsidiary, in Nongbo City, Zhejiang Province. It is principally engaged in investment management. As at the balance sheet date, it has not yet carried out any actual operations.

On 26 March 2018, the Group established CMOC congo, a second-level wholly-owned subsidiary, in Congo (DRC). It is principally engaged in consultation service. As at the balance sheet date, it has not yet carried out any actual operations.

VII. INTERESTS IN OTHER ENTITIES

1. Interest in subsidiaries

(1) Constitution of subsidiaries

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio (%) Direct	Indirect	Acquisition method
China Molybdenum Refining Co., Ltd.	China	Luanchuan, Henan	Refining and sales of mineral products	100		Investment Establishment
China Molybdenum Tungsten Sales and Trading Co., Ltd.	China	Luanchuan, Henan	Sales of mineral products	100		Investment Establishment
Luoyang Dachuan Molybdenum Tungsten Technology Co., Ltd.	China	Luanchuan, Henan	Processing and sales of mineral products	100		Investment Establishment
Luoyang Mudu International Hotel Co., Ltd.	China	Luanchuan, Henan	Hotel	100		Investment Establishment
China Molybdenum Tungsten Co., Ltd	China	Luanchuan, Henan	Refining and sales of mineral products	100		Investment Establishment
China Molybdenum (Hong Kong) Company Limited	Hong Kong, China	Hong Kong	Sales of mineral products	100		Investment Establishment
China Molybdenum Metal Material Company Limited	China	Luoyang, Henan	Processing and sales of mineral	100		Investment Establishment
Xinjiang Luomu Mining Co., Ltd	China	Xinjiang	Processing and sales of mineral products	70		Investment Establishment
China Molybdenum Sales Co., Ltd	China	Luanchuan, Henan	Sales of mineral products	100		Investment Establishment
HK CMOC	Hong Kong, China	Hong Kong	Investment holding	100		Investment Establishment
CMOC Mining Pty Limited	Australia	Australia	Mining, processing and sales of mineral products		100	Investment Establishment
CMOC Mining Services Pty. Limited	Australia	Australia	Mining services		100	Investment Establishment
Luanchuan Huqi Mining Company Limited	China	Luanchuan, Henan	Refining and sales of mineral products	100		Investment Establishment
Luanchuan Fu Kai Trading Co., Ltd.	China	Luanchuan, Henan	Purchase and sales of molybdenum and tungsten products	100		Investment Establishment
Luanchuan Qixing Mining Company Limited	China	Luanchuan, Henan	Refining and sales of mineral products	90		Investment Establishment
Luanchuan Furun Mining Co., Ltd	China	Luanchuan, Henan	Refining and sales of mineral products	100		Investment Establishment

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio (%) Direct	Indirect	Acquisition method
Luanchuan County Dadongpo Tungsten Molybdenum Co., Ltd.	China	Luanchuan, Henan	Refining and sales of mineral products	51		Investment Establishment
Luanchuan County Jiuyang Mining Co., Ltd.	China	Luanchuan, Henan	Refining and sales of mineral products	51		Investment Establishment
Luanchuan County Sanqiang Molybdenum Tungsten Co., Ltd.	China	Luanchuan, Henan	Refining and sales of mineral products	51		Investment Establishment
Luoyang Mudulihao Business Co., Ltd.	China	Luoyang, Henan	Hotel management		100	Investment Establishment
Schmoke (Shanghai) International Trading Co., Ltd.	China	Shanghai	Import and export of goods and technology	100		Investment Establishment
CMOC Mining USA LTD	U.S.	U.S.	Consultation		100	Investment Establishment
Shanghai Ruichao Investment Co., Ltd	China	Shanghai	Consultation, business planning and management		100	Investment Establishment
Schmocker (Tibet) International Trading Co., Ltd	China	Tibet	Consultation, asset management and sales		100	Investment Establishment
Upnorth Investment Limited	China	Virgin Islands, British	Investment holding		100	Investment Establishment
Beijing Yongbo Resources Investment holding Co., Ltd.	China	Beijing	Consultation, asset management and sales	100		Investment Establishment
Luoyang Yuehe Properties Co., Ltd	China	Luoyang,Henan	Consultation and asset management	100		Investment Establishment
CMOC DRC Limited	Hong Kong	Hong Kong	Mining services		100	Investment Establishment
CMOC Sales & Marketing Limited	UK	London	Mining services and sales		100	Investment Establishment
Luxembourg SPV	Luxembourg	Luxembourg	Investment holding		100	Investment Establishment
CMOC Brasil Servicos Administrativos Eparticipacoes LTDA.	Brazil	Brazil	Investment holding		100	Investment Establishment
Tibet Zhaoxu Venture Capital Investment Co., Ltd.	China	Tibet	Consultation, business planning and management		100	Investment Establishment
Long March No.1 Investment Limited	Hong Kong	Hong Kong	Investment holding		100	Investment Establishment
Bandra Investment Limited	China	Virgin Islands, British	Investment holding		100	Investment Establishment
Copebras Indústria Ltda.	Brazil	Brazil	Mining and processing of mineral products		100	business combination not involving enterprises under common control
Niobras Mineração Ltda.	Brazil	Brazil	Mining and processing of mineral products		100	business combination not involving enterprises under common control
CMOC International DRC Holdings Limited	Bermuda	Bermuda	Investment holding		100	business combination not involving enterprises under common control
TF Holdings Limited	Bermuda	Bermuda	Investment holding		100	business combination not involving enterprises under common control
TFM	Congo (DRC)	Congo (DRC)	Mining and processing of mineral products		80	business combination not involving enterprises under common control

Name of the subsidiary	Main Business site	Place of incorporation	Nature of business	Shareholding ratio (%) Direct	Indirect	Acquisition method
Purveyors South Africa Mine Services CMOC	The Republic of South Africa	The Republic of South Africa	Logistics and transportation		100	business combination not involving enterprises under common control
Oriental Red Investments Limited	Virgin Islands, British	Virgin Islands, British	Investment holding		100	Investment Establishment
NREIL	Hong Kong	Hong Kong	Investment holding		100	Investment Establishment
BHR *(Note 1)*	Virgin Islands, British	Virgin Islands, British	Investment holding		100	Control according to agreement
Ningbo Baiya Investment Co., Ltd. *(Note 2)*	China	Ningbo, Zhejiang	Investment management		100	Investment Establishment
CMOC congo *(Note 2)*	Congo (DRC)	Congo (DRC)	Consultation service		100	Investment Establishment
CCC SARL *(Note 3)*	Congo (DRC)	Congo (DRC)	Refining and sales of mineral products		100	business combination not involving enterprises under common control

Note 1: On 20 January 2017, the Group entered into a framework cooperation agreement with BHR and its investors, pursuant to which, the Group obtained the control over BHR and its associated assets through protocol control, and committed to giving BHR investors a fixed annualised exit return within the corresponding period. On 20 April 2017, BHR completed its acquisition of 30% equity held by Lundin Mining Corporation in TF Holdings Limited, through which the Group indirectly obtained 24% interest in TFM, which increased the proportion of its indirect shareholding in TFM from 56% to 80%.

Note 2: It was a newly-established subsidiary of the Group during the Reporting Period, details of which please refer to Note VI. 2.

Note 3: It was a newly-acquired subsidiary of the Group during the Reporting Period, details of which please refer to Note VI.1.

(2) Significant non-wholly owned subsidiaries

Unit: '000 Yuan Currency: 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	476,720	0	5,162,577

(3) Financial information of significant non-wholly owned subsidiaries

Unit: '000 Yuan Currency: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TFM	**7,792,798**	**34,031,576**	**41,824,374**	**2,162,585**	**13,848,902**	**16,011,487**	7,672,333	34,294,494	41,966,827	1,924,464	16,919,602	18,844,066

Name of the subsidiary	Amount recognised in the current period				Amount recognised in the prior period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
TFM	**8,466,308**	**2,383,600**	**2,383,600**	**3,013,128**	6,889,558	1,814,153	1,814,153	2,578,551

2. Interest in joint ventures or associates

(1) Significant joint ventures or associates

Unit: '000 Yuan Currency: RMB

Name of the joint venture or associate)	Major place of business	Place of incorporation	Nature of business	Shareholding ratio *(%)* Direct	Indirect	Accounting methods of joint ventures or associates
High-Tech *(Note 1)*	Luoyang, Henan	Luoyang, Henan	Processing and sales of mineral products	50.25	–	Equity method
Xuzhou Huanyu *(Note 1)*	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Investment	50	–	Equity method
Yulu Mining Co., Ltd. *(Note 1)*	Luoyang, Henan	Luoyang, Henan	Processing and sales of mineral products	40	–	Equity method
Luoyang Shenyu *(Note 1)*	Luoyang, Henan	Luoyang, Henan	Processing and sales of mineral products	15	–	Equity method
NCCL Natural Resources Investment Foundation *(Note 2)*	Hong Kong, China	Cayman Islands British	Investment	–	45	Equity method

Note 1: Please refer to Note V, 11 for details.

Note 2: During the Reporting Period, the Group completed its initial capital contribution to Natural Resources Investment Foundation, and the paid-in capital contribution accounted for 45% of the total amount paid by the foundation, which had a significant impact on the foundation. The Company possessed investor's power, undertook risks, and obtained variable return based on the proportion of investment contribution.

Explanation on the shareholding percentage differing from the proportion of voting rights in joint ventures or associates:

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: '000 Yuan Currency: RMB

	Closing balance/Amount recognised in the current period		Opening balance/Amount recognised in the prior period	
	High-Tech	**Xuzhou Huanyu *(Note 1)***	High-Tech	Xuzhou Huanyu *(Note 1)*
Current assets	**61,138**	**213,161**	71,874	211,250
Including: cash and cash equivalents	**7,101**	**6,343**	6,409	6,567
Non-current assets	**102,032**	**2,644,896**	107,026	2,649,548
Total assets	**163,170**	**2,858,057**	178,900	2,860,798
Current liabilities	**17,237**	**81,180**	25,476	182,796
Non-current liabilities	**–**	**950,000**	–	800,000
Total liabilities	**17,237**	**1,031,180**	25,476	982,796
Minority Interests	**–**	**-36,792**	–	-30,659
Equity attributable to shareholders of the parent company	**145,933**	**1,863,669**	153,424	1,908,661
Net assets share calculated by percentage of shareholding	**73,331**	**931,834**	77,095	954,331
Adjusting items	**–**	**4,911**	–	11,266
– Others	**–**	**4,911**	–	11,266
Book value in the investment of joint ventures equity	**73,331**	**936,745**	77,095	965,597
Fair value of joint venture equity investment with public quotation	**N/A**	**N/A**	N/A	N/A
Operating income	**35,237**	**–**	45,695	5
Financial expense	**-67**	**26,618**	-24	19,970
Net profits	**-7,491**	**-61,386**	-12,295	-55,564
Total comprehensive income	**-7,491**	**-61,386**	-12,295	-55,564

Note 1: The joint venture, Xuzhou Huanyu of the Group, has 90% equity interest of Fuchuan Mining; meanwhile, through its subsidiary Luanchuan Fu Kai Trading Co.,Ltd., the Group holds the remaining 10% interests of Fuchuan Mining.

According to the agreement with local government, the local government shares 8% the dividend rights of Fuchuan Mining. Therefore, the Group actually shares 47% of the profits or losses of Fuchuan Mining under equity method.

(3) *Major financial information of significant associates*

Unit: '000 Yuan Currency: RMB

	Closing balance/Amount recognised in the current period		Opening balance/ Amount recognised in the previous period
	Yulu Mining	Natural Resources Investment Fund	Yulu Mining
Current assets	**190,846**	**21,257,586**	198,854
Non-current assets	**55,931**	**427,529**	57,750
Total assets	**246,777**	**21,685,115**	256,604
Current liabilities	**37,277**	**17,247,208**	48,352
Non-current liabilities	**2,500**	**1,286,571**	3,000
Total liabilities	**39,777**	**18,533,779**	51,352
Minority interests			
Equity attributable to shareholders of the parent company	**207,000**	**3,151,336**	205,252
Net assets shares calculated by percentage of shareholding	**82,800**	**1,418,101**	82,101
Adjustments items	**10,332**	**-254**	10,394
– Others	**10,332**	**-254**	10,394
Book value in investment to associates	**93,122**	**1,417,847**	92,495
Operating income	**220,953**	**13,615,229**	142,230
Net profits	**120,653**	**51,986**	68,291
Total comprehensive income	**120,653**	**51,986**	68,291
Dividends received from the associate for the period	**59,700**	**0**	36,800

(4) *Significant joint ventures*

Name of joint control operation	Main business site	Place of incorporation	Nature of business	Shareholding proportion/entitled shares *(%)* Direct	Indirect
Nothparkes Joint Venture *(Note)*	Australia	Australia	Exploitation of copper and gold mines	–	80

Note: On 1 December 2013, the Group has completed the acquisition of 80% of the interest in Northparkes Mines' unincorporated joint venture company-Northparkes Joint Venture and certain related assets with respect to the operations of the Northparkes Copper and Gold Mines owned by North Mining Limited. Northparkes Joint Venture, a unincorporated joint venture, is a joint control operation of the Group upon the acquisition.

The Northparkes mines held by Northparkes Joint Venture is a quality copper and gold mining operation with advanced mining method of block caving in Goonumbla, situated in the northwest of the town of Parkes in New South Wales, Australia. The Northparkes mines started operation in 1993 and the remaining useful life is more than 20 years. The headquarters of Northparkes Joint Venture is located in the town of Parkes in New South Wales, Australia. The 80% interest in Northparkes Joint Venture under joint control is held by CMOC Mining Pty Limited, 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 Northparkes Joint Venture Management Agreement, the Company as the manager holds the management business of the Northparkes mines and is responsible for the management of the daily operation of the Northparkes mines, while the joint venturers as joint controllers of Northparkes Joint Venture jointly control the operation of the Northparkes mines and are entitle to and responsible for the assets and liabilities related to the relevant joint venture agreements of the Northparkes mines according to their respective proportion. The joint venturers have agreed to protect the rights of individual joint venturers in the event of default by any other joint venture, so as to ensure the interest of all parties (including their respective shares of the production volume).

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include monetary funds, financial assets held-for-trading, accounts receivable, notes receivable, other receivables, interest receivable, other current assets, other non-current assets, other equity instrument investment, other non-current financial assets, financial liabilities held-for-trading, accounts payable, bills payable, other payables, borrowings and bonds payable 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.

1. Risk management objectives and policies

The Group's business is mining. The Group only sells commodities which produced by themselves. In the long term, natural hedges operate in a number of ways can help to maintain stabilise earnings and cash flow, and there is no need to use the derivative financial instruments in this way or other forms of synthetic hedges. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes; nor does it believe that it has exposure to such trading or speculative holdings through its investments in associates and jointly controlled entities.

The Group's risk management objectives are to achieve a proper balance between risks and benefits, and minimise the adverse impacts of risks on the Group's operation performance, and maximise 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 analyse 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, CDF 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 phosphate 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 carries out certain hedging arrangements for the foreign exchange risk between BRL and EUR.

As at 30 June 2018, except for the financial assets and liabilities balance of each entity mentioned below use USD, HKD, AUD, EUR, CAD, RMB, BRL, GPB and CDF (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.

Unit: '000 Yuan Currency: RMB

Item	Closing balance	Opening balance
USD		
Cash and bank balances	**198,298**	153,605
Short-term borrowings	**-708,232**	–
Subtotal	**-509,934**	153,605
HKD		
Cash and bank balances	**1,207**	3,639
Subtotal	**1,207**	3,639
HKD		
Cash and bank balances	**19,468**	44,280
Subtotal	**19,468**	44,280
EUR		
Cash and bank balances	**128,135**	33,633
Non-current liabilities due within one year	**-1,724,567**	-1,807,517
Subtotal	**-1,596,432**	-1,773,884
CAD		
Cash and bank balances	**5,818**	6,043
Subtotal	**5,818**	6,043
RMB		
Cash and bank balances	**1,813**	1,810
Subtotal	**1,813**	1,810
BRL		
Cash and bank balances	**310,906**	116,315
Subtotal	**310,906**	116,315

Item	Closing balance	Opening balance
GBP		
Cash and bank balances	**3,780**	4,478
Subtotal	**3,780**	4,478
CDF		
Cash and bank balances	**237**	76
Subtotal	**237**	76
ZAR		
Cash and bank balances	**32,995**	–
Subtotal	**32,995**	–
SGD		
Cash and bank balances	**45**	–
Subtotal	**45**	–
Total	**-1,730,097**	-1,443,638

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures and purchase appropriate forward foreign exchange contracts to mitigate currency risk exposures.

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, HKD and BRL) 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 USD, HKD and EUR borrowings and RMB increase against those foreign currencies. A negative number indicates that a decrease in profit before tax of a company 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 and CDF and 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.

Unit: '000 Yuan Currency: RMB

Item	Changes in exchange rates	Amount for the current period: Impact on profit	Amount for the current period: Impact on shareholders' equity	Amount for the same period of prior year: Impact on profit	Amount for the same period of prior year: Impact on shareholders' equity
Entities which are denominated in RMB					
Pre-tax profit and equity	Depreciation by 10% of USD against RMB	**56,564**	**56,564**	10,770	10,770
	Depreciation by 10% of HKD against RMB	**-2**	**-2**	–	–
	Depreciation by 10% of EUR against RMB	**68,863**	**68,863**	69,750	69,750
Entities which are denominated in HKD					
Pre-tax profit and equity	Depreciation by 10% of USD against HKD	**-5,570**	**-5,570**	-29,000	-29,000
	Depreciation by 10% of RMB against HKD	**-143**	**-143**	–	–
	Depreciation by 10% of CAD against HKD	**–**	**–**	-610	-610
Entities which are denominated in USD					
Pre-tax profit and equity	Depreciation by 10% of AUD against USD	**-1,947**	**-1,947**	-8,440	-8,440
	Depreciation by 10% of HKD against USD	**-118**	**-118**	–	–
	Depreciation by 10% of EUR against USD	**90,780**	**90,780**	99,720	99,720
	Depreciation by 10% of CAD against USD	**-582**	**-582**	–	–
	Depreciation by 10% of RMB against USD	**-38**	**-38**	-40	-40
	Depreciation by 10% of BRL against USD	**-31,091**	**-31,091**	-48,630	-48,630
	Depreciation by 10% of GBP against USD	**-378**	**-378**	-30	-30
	Depreciation by 10% of CDF against USD	**-24**	**-24**	–	–
	Depreciation by 10% of ZAR against USD	**-3,299**	**-3,299**	-1,110	-1,110
	Depreciation by 10% of SGD against USD	**-5**	**-5**	–	–

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.

1.1.2 *Interest rate risk*

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bank borrowings. The Group currently does not have an interest rate hedging policy in accordance with the management consider the risk exposure related to fair value interest rate is low.

The Group's risk of financial instruments cash flow changes due to interest rate changes are mainly associated with the floating interest rate of bank loans. The Group pays close attention to the impact of interest rate changes to this Group's cash flow fluctuation risk, and avoids interest rate risk by purchasing appropriate interest rate swap contracts at the same time.

Interest rate risk sensitivity analysis is based on the following assumptions:

- Market interest rate changes affect the interest income or expenses of financial instruments with a floating interest rate;

- Based on the market interest rates of balance sheet date, to calculate the fair value changes of derivatives and other financial assets and liabilities by discounted cash flow approach.

On the basis of the above assumption, in the case of other variables are constant, the pre-tax impact of the probable reasonable change of interest rates on current profit and loss and equity is as follows:

Unit: '000 Yuan Currency: RMB

		Amount for the period		Amount for the same period of prior year	
Item	**Changes in interest rates**	**Impact on profit**	**Impact on shareholders' equity**	Impact on profit	Impact on shareholders' equity
Floating interest rate	Increase 50 base points of interest rate	**-21,734**	**-21,734**	-44,480	-44,480
Floating interest rate	Decrease 50 base points of interest rate	**21,734**	**21,734**	44,480	44,480

1.1.3. Commodity price risk

International Copper prices and Cobalt prices have a significant impact on the Group's operating results. 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.

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 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.

Unit: '000 Yuan Currency: RMB

Item	Increase/(Decrease) percentage	Amount for the current period Impact on profit	Impact on shareholders' equity
Market price of copper	5%	**15,503**	**15,503**
Market price of copper	-5%	**-15,503**	**-15,503**

Unit: '000 Yuan Currency: RMB

Item	Increase/(Decrease) percentage	Amount for the current period Impact on profit	Impact on shareholders' equity
Market price of cobalt	5%	**55,101**	**55,101**
Market price of cobalt	-5%	**-55,101**	**-55,101**

1.1.4 Other price risk

The equity instrument investments held by the Group, including other equity instrument investments measured at fair value and other non-current financial assets, are measured at fair value at the balance sheet date. As at the end of the reporting period, the equity instrument investments held by the Group comprise corporate equity, asset management achenes, fund shares and partnership shares, therefore, the Group is 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 RMB157,762,000 at the end of the period (excluding the impact of income tax).

1.2. Credit risk

As at 30 June 2018, 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 recognised in the consolidated balance sheet. For financial instruments measured at fair value, the book value reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure of risks will change according to the future changes in fair value.

  The Group only trades with recognised, creditworthy third parties. Total amount of top five entities with the largest balances of accounts receivable as at the end of the reporting period takes 54.77% of the amount of total accounts receivable (31 December 2017: 63.72%). 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.

  To credit risk arising from the other receivables, 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.

  To the other equity instrument investments and other non-current financial asset, the Group has established an investment committee that is responsible for analysis of major investment and for advisory of the board. And the Group has a mechanism to authorise, examine and approve along the hierarchy based on the maturity of single investment amount. The Group has devised a relatively sophisticated investment management system to control the credit risks from the Group's invested financial assets.

  The credit risk on liquid fund is low because they are deposited with banks with high credit ratings.

1.3. *Liquidity risk*

In the management of liquidity risk, the Group maintains and monitors the cash and cash equivalents deemed sufficient by the management so as to meet the operation requirements of the Group and reduce the impact of cash flow. The management of the Group monitors the usage of bank loans and compliance of loan covenant.

According to the term to maturity of non-discounted and remaining contract obligations, the financial liabilities held by the Group are analyzed as below:

Unit: '000 Yuan Currency: RMB

Closing balance	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Bank borrowings	**2,232,505**	**4,489,826**	**9,658,824**	**6,311,822**	**22,692,977**
Financial liabilities at FVTPL	**2,218,996**	**2,091,354**	**–**	**–**	**4,310,350**
Notes payable	**30,000**	**–**	**–**	**–**	**30,000**
Accounts payable	**1,080,189**	**–**	**–**	**–**	**1,080,189**
Dividends payable	**324,145**	**–**	**–**	**–**	**324,145**
Other payables	**638,292**	**–**	**–**	**–**	**638,292**
Non-current liabilities due within one year	**6,086,408**	**–**	**–**	**–**	**6,086,408**
Bonds payable	**–**	**84,400**	**2,168,000**	**–**	**2,253,200**
Other non-current liabilities	**–**	**2,806,658**	**65,342**	**385,568**	**3,257,568**
Total	**12,610,535**	**9,472,238**	**11,892,966**	**6,697,390**	**40,673,129**

Unit: '000 Yuan Currency: RMB

Opening balance	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Bank borrowings	2,307,797	4,440,284	9,781,424	10,021,787	26,551,292
Financial liabilities at FVTPL	1,500,833	2,091,354	–	–	3,592,187
Notes payable	23,955	–	–	–	23,955
Accounts payable	976,481	–	–	–	976,481
Dividends payable	27,886	–	–	–	27,886
Other payables	604,774	–	–	–	604,774
Non-current liabilities due within one year	4,889,774	–	–	–	4,889,774
Bonds payable	84,400	84,400	2,168,800	–	2,337,600
Other non-current liabilities	–	3,315,165	65,342	385,568	3,766,075
Total	10,415,900	9,931,203	12,015,566	10,407,355	42,770,024

IX. DISCLOSURE OF FAIR VALUE

1. The Closing Fair Value of Assets and Liabilities Measured at Fair Value

Unit: '000 Yuan Currency: RMB

Item	Closing fair value			
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	Total
Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss-other non-current financial assets				
1. Equity instrument investment			**2,436,915**	**2,436,915**
(II) Biological assets				
1. Consumable biological assets			**37,846**	**37,846**
(III) Accounts receivable		**-4,663**		**-4,663**
(IV) Financial assets at fair value through other comprehensive income-other investment in equity instrument				
1. Equity instrument investment			**718,334**	**718,334**
(V) Non-current derivative financial assets – hedging tool		**40,974**		**40,974**
(VI) Other current assets – wealth management products			**1,305**	**1,305**
(VII) Other non-current assets – wealth management products			**950,000**	**950,000**
The total assets measured continuously at fair value		**36,311**	**4,144,400**	**4,180,711**
(VIII) Financial liabilities measured at fair value through profit or loss				
1. Forward foreign exchange contracts		**40,141**		**40,141**
2. Forward commodity contract and liabilities formed by gold lease measured at fair value		**3,671,321**		**3,671,321**
3. Contingent consideration at fair value			**598,888**	**598,888**
The total liabilities measured continuously at fair value		**3,711,462**	**598,888**	**4,310,350**

2. Continual and Non-Continual Second Level Fair Value Measurement Items, Qualitative and Quantitative Information of The Valuation Techniques and Significant Parameters Adopted

Items that are continuously measured at the second level of fair value are the embedded derivatives, hedging instruments and debt instruments at fair value included in accounts receivable. 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.

3. Continual and Non-Continual Third Level Fair Value Measurement Items, Qualitative and Quantitative Information of The Valuation Techniques and Significant Parameters Adopted

Items that are continuously measured at the third level of fair value include consumptive biological assets, other equity instrument investments, other non-current financial assets, wealth management products and contingent consideration.

The fair value of consumable biological assets is measured based on the prices of same kind wood, the growth cycle of tree and the discounting of the subsequently input and maintenance fees. The fair value of other equity instrument investments, other non-current financial assets and wealth management products are in accordance with the valuation report provided by third-party financial institutions based on the comparable market investment prices and discounted future cash flow or valued by the management. The fair value of contingent consideration is based on the corresponding commodity prices calculated by Monte Carlo model.

4. Fair Value Of Financial Assets And Financial Liabilities Not Measured At Fair Value

The management of the Group has evaluated cash and bank balances, notes receivable, accounts receivable, interest receivable, dividends receivable, other receivables, other current assets, short-term borrowings, notes payable, accounts payable, dividends payable, interest payable, other payables, long-term borrowings due within 1 year, etc. Due to short term, fair value is similar to book value.

Financial liabilities of the Group not measured subsequently at fair value include long-term borrowings and other non-current liabilities. Interest rate of long-term borrowings of floating rate of the Group is linked to market rate.

X. RELATED PARTIES AND CONNECTED TRANSACTIONS

1. Parent Company of the Company

Unit: '000 Yuan Currency: RMB

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 *(%)*
CFC	Shanghai	Investment management	181,818	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 CFC and 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 1,827,710,000 shares of the Company (approximately 36.01% of the total share capital of the Company), surpassing 1,776,590,000 shares (approximately 35.01% of the total share capital of the Company) held by the original largest shareholder CMOC, and become the Company's largest shareholder. CFC and CMOC exchanged views on the change of control of the Company. CMOC 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 of 30 June 2018, CFC actually holds 5,333,220,000 shares of the Company, accounting for 24.69% of total share capital of the Company.

The ultimate controlling party of the Company is Yu Yong.

2. Associates and Joint Ventures of the Company

Important associates and joint ventures of the Company are specified in Note (VII), 2.

Other associates or joint ventures which have transactions with the Group in the period or in previous period are as follows:

Associates or joint ventures	Relationship with the Company
High-Tech	Joint Ventures
Fuchuan Mining	Subsidiary of Joint Ventures
Yulu Mining	Associates
Luoyang Shenyu	Associates
NSR *(Note 1)*	Subsidiary of Associates
IXM *(Note 2)*	Subsidiary of Associates

Note 1: During the reporting period, joint ventures of the Group, Natural Resources Fund has established NSR, a wholly-owned subsidiary, NSR became an associate of the Group since the date of establishment.

Note 2: As at 11 May 2018, joint ventures of the Group, Natural Resources Fund has completed the acquisition of 100% of equity interests in Louis Dreyfus Company Metals B.V., a company under LDC which engages in basic metals, precious metals raw materials and refined metals trading platform. Upon the completion of the acquisition, Louis Dreyfus Company Metals B.V. was renamed as IXM. IXM became an associate of the Group since the date of acquisition.

3. Other Related Parties

Other related parties	Relationship with the Company
Luoyang Kuangye Investment Group Co., Ltd.	Shareholder of the Company
CFC	Shareholder of the Company
Gécamines *(Note 1)*	Minority Shareholder of Subsidiary

Note 1: The Group completed the acquisition of Congo (DRC) Copper-Cobalt business on 17 November 2016, and Gécamines, the minority shareholder of TFM, became related party of the Group.

4. Related Party Transactions

(1) Related parties' transaction of selling and purchasing goods and rendering and receiving labor services

Information on purchasing goods/receiving labor services

Unit: '000 Yuan Currency: RMB

Related party	Details of related party transaction	Amount for the period	Amount for the prior period
High-Tech	Purchases of products	**1,826**	274
Gécamines	Providing technical support	**60,533**	49,507

Table of information on selling goods/rendering labor services

Unit: '000 Yuan Currency: RMB

Related party	Details of related party transaction	Amount for the period	Amount for the prior period
Luoyang Shenyu	Selling goods	**10,269**	
Yulu Mining	Selling goods	**5,328**	
IXM	Selling goods *(Note 1)*	**243,826**	

Note 1: Since IXM became a subsidiary of the Group's associates on 11 May 2018, TFM has in the first place constituted connected transactions to IXM's existed sales business.

(2) Compensation for key management personnel

Unit: '000 Yuan Currency: RMB

Item	Amount for the period	Amount for the prior period
Compensation for key management personnel	**3,949**	1,005

5. Amounts Due from/to Related parties

(1) Receivable Item

Unit: '000 Yuan Currency: RMB

Item	Related party	Closing balance Book value	Closing balance Bed debt provision	Opening balance Book Value	Opening balance Bed debt provision
Accounts receivable	Luoyang Shenyu	**922**		**1,673**	
Accounts receivable	Yulu Mining	**114**		**4**	
Accounts receivable	IXM	**11,971**			
Other receivables	Fuchuan Mining	**96**			
Prepayments	High-Tech	**3**		**4**	
Other current assets	Gécamines	**96,101**		**109,489**	
Other non-current asset	Gécamines	**310,275**		**336,086**	
Other non-current asset	NSR	**1,025,573**			

(2) Payable Item

Unit: '000 Yuan Currency: RMB

Item	Related party	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Other payables	Fuchuan Mining	**11,384**	11,384
Other payables	Gécamines	**9,423**	10,442
Other non-current liabilities	Gécamines	**66,166**	65,342

XI. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

(1) Capital commitments

Unit: '000 Yuan Currency: RMB

	Closing balance	Opening balance
Contracted but not recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	**647,380**	294,582
– Commitment for external investment	**298,926**	343,424
Total	**946,306**	638,006

(2) Operating lease commitments

As at the balance sheet date, the information on irrevocable operating lease contracts that have been signed by the Group with foreign parties are as follows:

Unit: '000 Yuan Currency: RMB

	Closing balance	Opening balance
Minimum lease payment under irrevocable operating		
First year after the balance sheet date	**47,505**	45,319
Second year after the balance sheet date	**41,183**	38,680
Third year after the balance sheet date	**35,317**	37,835
Fourth year after the balance sheet date	**17,265**	29,654
Subsequent years	**111,081**	123,140
Total	**252,351**	274,628

2. Contingencies

(1) Pending litigation

The Group's business within China

On 30 January 2013, the Group received relevant documents from the Luoyang City Intermediate People's Court, Henan Province, notifying that Luanchuan County Yangshuao West Lead Mine filed an litigation against a branch of a subsidiary of the Group, Third Mineral Processing Company, for the tailings pond constructed by the branch within its range of mining area. Luanchuan County Yangshuao West Lead Mine alleged that due to the increase of height of tailings dam, the tailings pond intruded upward and underground water level rose, which caused damages to its mining facilities and equipment and failure of mining project, failure in mining proven Pb-Zn orebody and economic losses to the plaintiff. To this end, the plaintiff requested Third Mineral Processing Company cease fringerment and compensate the plaintiff for direct economic losses, approximately RMB18 million and relevant losses in acquirable interests. According to the result of judicial authentication, appraised value of mining rights of Luanchuan County Yangshuao West Lead Mine involved in this litigation was RMB1.724 million. Currently relevant litigation is still in trial. The Group considered that it was unable to determine the existence of the infringement alleged by Luanchuan County Yangshuao West Lead Mine according to existing conditions and evidences submitted. To this end, it was deemed as that this litigation would not cast significant effect on the financial position of the Group. Aforementioned claim amount was not accrued in the financial statements dated 30 June 2018.

Copper and cobalt businesses of the Group in the DRC

In the end of 2015, TFM launched negotiation with SNEL for addressing the efficiency, power supply quality and power supply capacity of current power supply. According to the revised terms and conditions to electric power agreement included in the settlement, TFM agreed to, since January 2016, pay the tariff of USD0.0569/kWh (tariff was USD0.0350/kWh in the past), and pay USD10 million as settlement compensation, so as to acquire more continuous power supply from SNEL. As at the date of the report, both parties have not signed any formal agreement and negotiation is still in progress. For contingent liabilities regarding this item, TEM has accrued an expenditure of USD10 million in the previous year.

In addition, copper and cobalt salesmen of the Group in the DRC may incur some legal proceedings, claims or liability appeals in daily business. The management considered that based on existing available information, results of such contingencies would not cast material adverse impact on the financial position, business results or cash flow of relevant business.

Niobium-Phosphorus business of the Group in Brazil

Niobium-Phosphorus business of the Group in Brazil may face various litigations in daily operation activities. According to available information and professional advices of external legal experts, the management determined the possibility of losing in relevant litigations and thus outflow of economic benefits; outflow of economic benefits was deemed as a contingency due to a low possibility; results of such contingencies would not cast material adverse impact on the financial position, business results or cash flow of relevant business.

(2) Guarantee

As at 30 June 2018, copper and gold mines business of Northparkes, Australia under the Group provided guarantee to the government agency of New South Wales, Australia for the operation of its relevant business, with an amount of guarantee of AUD32.92 million (RMB167.76 million). Related parties of relevant business agreed that any liabilities incurred from the business shall be executed mandatorily from the guarantee. As at 30 June 2018, there was no substantial guarantee liability.

XII. EVENTS AFTER BALANCE SHEET DATE

1. Explanation of Events after Other Balance Sheet Date

On 26 March 2018, NREIL, a wholly-owned subsidiary of Hong Kong CMOC (a wholly-owned subsidiary of the Company), has carried out amicable negotiations with Next Goal Limited ("NGL"), another limited partner of the invested natural resource investment fund ("Partnership Fund"), and indicated that they would work together to negotiate with NCCL, a general partner of the Partnership Fund, to procure the parties of Partnership Fund to sign a new partnership agreement under unanimous consent to revise the distribution method of the Partnership Fund among each limited partner to be based on the proportion of their respective contribution. Based on the principle of mutual benefits, shared risks and results, the two parties expressed the intention to trace back the signed content of the new partnership agreement to the signing date of the original partnership agreement, and to try to find possible means to meet the demands of the above two parties no matter whether the new partnership agreement is successfully signed or not.

On 24 August 2018, NREIL entered into the "Third Amended and Restated Exempted Limited Partnership Agreement" (the "New Partnership Agreement") with NCCL and NGL on the amendment of relevant matters concerning the Partnership Fund stated in the "Second Amended and Restated Exempted Limited Partnership Agreement" (the "Original Partnership Agreement"), and agreed that the amendments were retroactive to the signing date of the Original Partnership Agreement. The principal amendments of the New Partnership Agreement, as compared with the Original Partnership Agreement, clarified that the distribution proportion of net income of the Partnership Fund among each limited partner was executed based on their respective actual contribution. For specific details, please refer to the "Announcement on Progress of China Molybdenum Co., Ltd. in relation to Amendments to the Partnership Agreement of the Natural Resources Investment Fund Participated in and Established by the Wholly-owned Subsidiaries" of the Company disclosed on 25 August 2018.

According to NREIL's powers to natural resource investment fund, the risks it bears, the variable returns it enjoys, and the extent to which the power of natural resource investment fund affects variable returns, etc., the Company has significant impact on natural resource investment fund, which accounted as an associate in accordance with equity method. Please refer to Note IX, 2 for the impact of this accounting method on the Group's financial statements.

XIII. OTHER IMPORTANT EVENTS

1. Segment Information

(1) Determination basis and accounting policies for segment reporting:

The management divided the Group's business into five operating segments, namely Molybdenum & Tungsten related products, Copper & Gold-related products, Niobium and Phosphates related products, Copper and Cobalt related products 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 of which are consistent with the accounting and measurement basis of financial statements.

(2) Reporting segment's financial information

Unit: '000 Yuan Currency: RMB

January – June 2018

Item	Molybdenum & Tungsten related products	Copper & Gold related products	Niobium & Phosphorus related products	Copper & Cobalt related products	Others	Unallocated item	Inter-segment elimination	Total
Operating revenue								
External revenue	2,337,329	841,699	2,303,965	8,466,308	110,495			14,059,796
Inter-segment revenue								
Total segment operating revenue	2,337,329	841,699	2,303,965	8,466,308	110,495			14,059,796
Total operating revenue in financial statements	2,337,329	841,699	2,303,965	8,466,308	110,495			14,059,796
Operating cost	966,371	507,842	1,828,264	4,505,396	142,232			7,950,105
Taxes and levies	173,114	37,047		207,104				417,265
Selling expenses	12,112	28,651	20,174	25,643				86,580
Administrative expenses		4,479	54,030	25,363		446,059		529,931
Financial expenses		42,103	241,519	379,077		-227,309		435,390
Impairment losses of assets			735	7,318		-108		7,945
Add: Gains on change in fair value			2,068			-81,365		-79,297
Investment income						118,218		118,218
Gains on the disposal of assets		-580	286	-4,660		-110		-5,064
Other incomes						4,369		4,369
Segment operating profit	1,185,732	220,998	161,595	3,311,748	-31,737	-177,530		4,670,806
Operating profit in financial statements	1,185,732	220,998	161,595	3,311,748	-31,737	-177,530		4,670,806
Add: Non-operating income						427		427
Less: Non-operating expenses		1,303				45,556		46,859
Total profit	1,185,732	219,695	161,595	3,311,748	-31,737	-222,659		4,624,374
Less: Income tax expense	196,800	43,023	-186,399	977,360		-7,336		1,023,448
Net income	988,932	176,672	347,994	2,334,387	-31,737	-215,322		3,600,926

Note: In order to enhance efficiency, the Group regards niobium and phosphate business as the same business segment for management.

Unit: '000 Yuan Currency: RMB

January – June 2017

Item	Molybdenum & Tungsten related products	Copper & Gold related products	Niobium & Phosphorus related products	Copper & Cobalt related products	Others	Unallocated item	Inter-segment elimination	Total
Operating revenue								
External revenue	1,731,034	838,644	2,150,472	6,760,884	173,907			11,654,941
Inter-segment revenue								
Total segment operating revenue	1,731,034	838,644	2,150,472	6,760,884	173,907			11,654,941
Total operating revenue in financial statements	1,731,034	838,644	2,150,472	6,760,884	173,907			11,654,941
Operating cost	899,156	574,352	1,734,844	4,196,233	117,005			7,521,590
Taxes and levies	114,227	28,392						142,619
Selling expenses	10,732	29,948	13,603	46,910				101,193
Administrative expenses		4,368	198,846	11,982		248,203		463,399
Financial expenses		37,532	163,793	279,522		545,288		1,026,135
Impairment losses of assets		755	261	-1,057		5,724		5,683
Add: Gains on change in fair value				-316,521		-9,492		-326,013
Investment income						45,588		45,588
Gains on the disposal of assets						-4,619		-4,619
Segment operating profit	706,919	163,297	39,125	1,910,773	56,902	-767,738		2,109,278
Operating profit in financial statements	706,919	163,297	39,125	1,910,773	56,902	-767,738		2,109,278
Add: Non-operating income						5,703		5,703
Less: Non-operating expenses		822	3,516	4,875		15,724		24,937
Total profit	706,919	162,475	35,609	1,905,898	56,902	-777,759		2,090,044
Less: Income tax expense	62,486	85,663	-51,128	623,576				720,597
Net profit	644,433	76,812	86,737	1,282,322	56,902	-777,759		1,369,447

2 Wealth Management

Unit:'000 Currency: RMB

Entrustee	Types	Amount	Start date	Expiry date	Payment methods of remuneration
Ping An Huitong	Asset management plan	250,000	2015/7/29	2018/7/29	Floating revenue
Ping An Huitong	Asset management plan	700,000	2018/5/18	2021/6/30	Floating revenue
NEW CHINA ASSET MANAGEMENT	Asset management plan	1,763,469	2017/9/8	2019/9/7	Payment in due course
Luoyang branch of Industrial Bank	Principal guaranteed structured deposits	100,000	2017/12/18	2018/12/18	Fixed with floating revenue
Luoyang branch of Hengfeng Bank	Principal guaranteed structured deposits	400,000	2017/12/13	2018/12/13	Fixed with floating revenue
Xiamen International Bank	Principal guaranteed structured deposits	200,000	2017/12/20	2018/12/20	Fixed with floating revenue
Luoyang branch of Bank of Communications	Principal guaranteed structured deposits	100,000	2017/12/22	2018/12/21	Fixed with floating revenue
Shangdu Road sub-branch of China Minsheng Bank	Principal guaranteed structured deposits	80,000	2018/1/4	2018/7/4	Fixed with floating revenue
Branch of CGB	Principal guaranteed structured deposits	200,000	2018/1/11	2019/1/11	Fixed with floating revenue
Xiamen International Bank	Principal guaranteed structured deposits	200,000	2018/1/12	2019/1/13	Fixed with floating revenue
Luoyang branch of Bank of Communications	Principal guaranteed structured deposits	200,000	2018/1/12	2019/1/11	Fixed with floating revenue
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	300,000	2018/1/17	2018/7/23	Fixed with floating revenue
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	800,000	2018/1/30	2018/8/1	Fixed with floating revenue
Luanchuan sub-branch of Bank of China	Principal guaranteed structured deposits	4,500,000	2018/1/31	2018/7/30	Fixed with floating revenue
Luoyang branch of China Minsheng Bank	Principal guaranteed structured deposits	100,000	2018/1/4	2019/1/4	Fixed with floating revenue
Bank of Zhengzhou	Principal guaranteed structured deposits	200,000	2018/3/13	2019/3/13	Fixed with floating revenue
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	300,000	2018/3/22	2018/7/9	Fixed with floating revenue
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	300,000	2018/4/13	2018/8/3	Fixed with floating revenue
Bank of Zhengzhou	Principal guaranteed structured deposits	100,000	2018/4/28	2018/10/29	Fixed with floating revenue
Weilai Road sub-branch of Everbright Bank	Principal guaranteed structured deposits	100,000	2018/4/28	2018/10/28	Fixed with floating revenue

Entrustee	Types	Amount	Start date	Expiry date	Payment methods of remuneration
Changning sub-branch of Bank of Jiangsu	Principal guaranteed structured deposits	100,000	2018/5/2	2018/11/2	Fixed with floating revenue
Huangpu sub-branch of Ping An Bank	Principal guaranteed structured deposits	200,000	2018/5/7	2018/11/7	Fixed with floating revenue
Tianshan sub-branch of China Merchants Bank Shanghai Branch	Principal guaranteed structured deposits	800,000	2018/5/3	2018/8/3	Fixed with floating revenue
Suzhou branch of China Merchants Bank Shanghai Branch	Principal guaranteed structured deposits	100,000	2018/5/2	2018/11/2	Fixed with floating revenue
Suzhou branch of CGB	Principal guaranteed structured deposits	100,000	2018/5/2	2018/8/2	Fixed with floating revenue
Luoyang branch of China CITIC Bank	Principal guaranteed structured deposits	200,000	2018/5/10	2018/8/17	Fixed with floating revenue
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	500,000	2018/5/2	2018/10/31	Fixed with floating revenue
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	1,000,000	2018/5/3	2018/11/2	Fixed with floating revenue
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	1,000,000	2018/5/16	2018/11/16	Fixed with floating revenue
Luanchuan sub-branch of Industrial and Commercial Bank of China	Principal guaranteed structured deposits	200,000	2018/5/23	2018/11/19	Fixed with floating revenue
Zhengzhou branch of HSBC	Principal guaranteed structured deposits	100,000	2018/6/12	2018/7/12	Fixed with floating revenue
Luoyang branch of Zhongyuan Bank	Principal guaranteed structured deposits	500,000	2018/6/25	2018/12/25	Fixed with floating revenue
Luoyang branch of Ping An Bank	Principal guaranteed structured deposits	500,000	2018/6/26	2018/9/26	Fixed with floating revenue
Fengtai sub-branch of Industrial Bank	Principal guaranteed structured deposits	100,000	2017/12/29	2018/9/25	Fixed with floating revenue
Luoyang branch of China Minsheng Bank	Principal guaranteed structured deposits	400,000	2018/3/28	2018/9/27	Fixed with floating revenue
Total		16,693,469			

Amount in aggregate of principal and income that have not been recovered overdue *(RMB)*	–
Description on entrusted wealth management	N/A

XIV.NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF PARENT COMPANY

1. Accounts Receivable

(1) Disclosure of accounts receivable by categories:

Unit: '000 Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book value		Bad debt provision		Carrying amount	Book value		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable that are individually significant and for which bad debts are provided for individually	**28,822**	**84.36**			**28,822**	304,235	98.48	4,230	1.39	300,005
Accounts receivables for which bad debt are provided based on credit risk characteristics portfolio	**5,342**	**15.64**	**5,234**	**100.00**	**108**	4,694	1.52	3,774	80.40	920
Total	**34,164**	**/**	**5,234**	**/**	**28,930**	308,929	/	8,004	/	300,925

Details of account receivables for which bad debts are provided using aging analysis as follows:

Unit: '000 Yuan Currency: RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Provision proportion
Within 2 years	**108**	**0**	**0%**
Above 2 years	**5,234**	**5,234**	**100%**
Total	**5,342**	**5,234**	**/**

(2) Provision for bad debts made, recovered or reversed for the period:

Bad debt reserve for the period amounts to RMB0 and the withdrawn or reversed bad debt reserve totals RMB2,770,000.

(3) Top five Receivables balances based on debtors as of period end:

Unit: '000 Yuan Currency: RMB

Name of company	Relationship with the Company	Amount	Proportion of the amount to the total balance (%)	Closing balance of bad debt provision
Unit X	Third party	6,896	23.84	0
Unit Y	Third party	2,644	9.14	2,644
Unit Z	Third party	1,459	5.04	1,459
Unit AA	Third party	159	0.55	159
Unit AB	Third party	133	0.46	133
Total		11,291	39.03	4,395

2. Other Receivables

(1) Disclosure of other receivables by categories:

Unit: '000 Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book Value		Bad Debt Provision			Book Value		Bad Debt Provision		
	Amount	Proportion (%)	Amount	Ratio of the provision (%)	Carrying value	Amount	Proportion (%)	Amount	Ratio of the provision (%)	Carrying value
Accounts receivable that are individually significant and for which bad debts are provided for individually	**3,923,138**	**99.48**	**16,563**	**0.42**	**3,906,575**	2,007,849	98.85	16,723	0.83	1,991,126
Accounts receivables for which bad debt are provided based on credit risk characteristics portfolio	**20,321**	**0.52**	**11,973**	**58.92**	**8,348**	23,503	1.15	11,813	50.16	11,690
Total	**3,943,459**	**/**	**28,536**	**/**	**3,914,923**	2,031,352	/	28,536	/	2,002,816

Other receivables that are individually significant and for which bad debts are provided for individually at the end of the period:

Unit: '000 Yuan Currency: RMB

Other receivables (By company)	Closing balance Other receivables	Bad debt provision	Ratio of the Proportion	Reason for bad debt provision
Unit M	**16,563**	**16,563**	**100%**	**Bad debt risk**
Total	**16,563**	**16,563**	**/**	**/**

Details of other receivables for which bad debts are provided using aging analysis as follows:

Unit: '000 Yuan Currency: RMB

Aging	Closing balance Other receivables	Bad debt provision	Ratio of the Proportion
Within 2 years	**8,348**	**0**	**0%**
Above 2 years	**11,973**	**11,973**	**100%**
Total	**20,321**	**11,973**	**/**

(2) No Provision for bad debts made, recovered or reversed for the period.

3. Long-term Equity Investments

Unit: '000 Yuan Currency: RMB

Item	Closing balance Carrying balance	Closing balance Impairment provision	Closing balance Carrying amount	Opening balance Carrying balance	Opening balance Impairment provision	Opening balance Carrying amount
Investment in subsidiaries	**20,320,139**		**20,320,139**	20,060,139		20,060,139
Investment in associates and joint ventures	**868,007**		**868,007**	893,888		893,888
Total	**21,188,146**		**21,188,146**	20,954,027		20,954,027

(1) Investment in subsidiaries

Unit: '000 Yuan Currency: RMB

Investee entity	Opening balance	Increases for the period	Decreases for the period	Closing balance	Impairment provision for the period	Closing balance of impairment provision
China Molybdenum Refining Co., Ltd.	5,637			**5,637**		
Luoyang Dachuan Molybdenum Tungsten Technology Co., Ltd.	17,500			**17,500**		
China Molybdenum Tungsten Sales and Trading Co., Ltd.	2,000			**2,000**		
Luanchuan County Dadongpo Tungsten Molybdenum Co., Ltd.	33,484			**33,484**		
Luanchuan County Jiuyang Mining Co., Ltd.	17,029			**17,029**		
Luanchuan County Sanqiang Molybdenum Tungsten Co., Ltd.	33,397			**33,397**		
Luoyang Mudu International Hotel Co., Ltd.	210,000			**210,000**		

Investee entity	Opening balance	Increases for the period	Decreases for the period	Closing balance	Impairment provision for the period	Closing balance of impairment provision
China Molybdenum Tungsten Co., Ltd.	100,000			**100,000**		
China Molybdenum (Hong Kong) Company Limited	1,869,455			**1,869,455**		
China Molybdenum Metal Material Company Limited	650,000			**650,000**		
Luanchuan Furun Mining Co., Ltd.	8,803			**8,803**		
Xinjiang Luomu Mining Co., Ltd.	980,000			**980,000**		
Luanchuan Huqi Mining Company Limited	9,900			**9,900**		
Luanchuan Fu Kai Trading Co., Ltd.	261,520			**261,520**		
China Molybdenum Sales Co., Ltd.	50,000			**50,000**		
Luanchuan Qixing Mining Company Limited	46,964			**46,964**		
Hong Kong CMOC	15,096,650			**15,096,650**		
Schmoke (Shanghai) International Trading Co., Ltd.	500,000	160,000		**660,000**		
Beijing Yongbo Resources Investment holding Co., Ltd.	167,800	100,000		**267,800**		
Total	20,060,139	260,000		**20,320,139**		

(2) *Investment in associates and joint ventures*

Unit: '000 Yuan Currency: RMB

Investee entity	Opening balance	Changes for the period: Additional investment	Decreased investment	Investment income determined under equity method	Adjustment to other comprehensive income	Other changes in equities	Declared cash dividend or profits	Provision for impairment losses	Others	Closing balance	Closing balance of impairment provision
I. Joint ventures											
Luoyang High Tech ("**High Tech**")	77,095			-3,764						**73,331**	
Xuzhou Huanyu Molybdenum Co., Ltd. ("**Huan Yu**")	723,112			-22,713						**700,399**	
Sub-total	800,207			-26,477						**773,730**	
II. Associates											
Luoyang Yulu Mining Co., Ltd. ("**Yulu Mining**")	92,495			60,327			59,700			**93,122**	
Luoyang Shenyu Molybdenum Co., Ltd ("**Luoyang Shenyu**")	1,186			-31						**1,155**	
Sub-total	93,681			60,296			59,700			**94,277**	
Total	893,888			33,819			59,700			**868,007**	

4. Operating Revenue and Operating Cost

Unit: '000 Yuan Currency: RMB

Item	The current period Revenue	The current period Cost	The prior period Revenue	The prior period Cost
Principal operating	**1,784,252**	**563,834**	1,333,188	578,114
Other operating	**39,823**	**40,980**	30,064	31,917
Total	**1,824,075**	**604,814**	1,363,252	610,031

5. Investment Income

Unit: '000 Yuan Currency: RMB

Item	The current period	The prior period
Income from long-term equity investments under equity method	**33,819**	21,768
Investment income from bonds and wealth management products	**23,330**	25,758
Total	**57,149**	47,526

XV. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-Recurring Profit or Loss In the Period

Unit: '000 Yuan Currency: RMB

Item	Amount	Note
Profit or loss from disposal of non-current assets	**-5,064**	
Government subsidy included in current profits and losses (excluding government grants which are closely related to the Company's business and conform with the national standard amount or quantity)	**4,555**	Include subsidy of RMB3.502 million for the low-grade scheelite project
Fair value change from held-for-trading financial assets and financial liabilities and investment income from disposal of held-for-trading financial assets and financial liabilities and available-for-sale financial assets, except for effective hedging business related to the entity's normal operations	**-12,320**	Includes RMB-40.141 million of gains (losses) on change in fair value of forward exchange contracts, RMB-41.225 million of gains (losses) on change in fair value of non-current financial assets, RMB43.647 million of gains on disposal of non-current financial assets and RMB23.330 million return on wealth management products
Expenses on donation	**-36,358**	
Other non-operating revenue and expenses other than the above items	**-10,261**	
Effect on Income tax	**7,414**	
Effect on Minority interests	**13**	
Total	**-52,021**	

2. Rate of Return and Earnings Per Share

Profit for the reporting period	Weighted average rate of return *(%)*	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	7.91	0.14	N/A
Net profit attributable to ordinary shareholders of the Company excluded non-recurring profits or losses	8.04	0.15	N/A

CORPORATE INFORMATION

(As at 27 August 2018)

DIRECTORS

Executive Directors

Li Chaochun *(Chairman)*
Li Faben *(General Manager)*

Non-Executive Directors

Ma Hui *(Vice Chairman)*
Yuan Honglin
Cheng Yunlei

Independent Non-Executive Directors

Wang Gerry Yougui
Yan Ye
Li Shuhua

Supervisors

Kou Youmin *(Chairperson of the Supervisory Committee)*
Zhang Zhenhao
Wang Zhengyan

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

Li Chaochun *(Chairman)*
Wang Gerry Yougui
Li Faben
Yuan Honglin

Nomination and Governance Committee

Wang Gerry Yougui *(Chairman)*
Li Chaochun *(Vice Chairman)*
Li Shuhua
Yan Ye

BOARD SECRETARY

Yue Yuanbin

JOINT COMPANY SECRETARY

Yue Yuanbin *(appointed on 4 August 2018)*
Ho Siu Pik *(FCS, FCIS)*

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

Level 54, Hopewell Centre, 183 Queen's Road East
Hong Kong

LEGAL REPRESENTATIVE

Li Chaochun

AUTHORIZED REPRESENTATIVES

Li Chaochun
Ho Siu Pik

ENQUIRY DEPARTMENT OF THE COMPANY

Office of the Board of Directors

INFORMATION ENQUIRY TELEPHONE NO. OF THE COMPANY

(+86) 379 6860 3993

SHANGHAI A SHARE REGISTRAR

China Securities Depository and Clearing Company 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
55/F, One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to PRC law:

Llinks Law Offices
19/F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai, the PRC

WEBSITE

www.chinamoly.com

DEFINITIONS

"CMOC", the "Company" or "Group"	洛陽欒川鉬業集團股份有限公司 (China Molybdenum Co., Ltd.*)
"CFC"	Cathay Fortune Corporation, a controlling shareholder of the Company
"LMG"	Luoyang Mining Group Co., Ltd., the second largest shareholder of the Company
"Guohong Group"	Luoyang Guohong Investment Group Co., Ltd., holding 100% equity interests of LMG, a related party of the Company
"Xinjiang Luomu"	Xinjiang Luomu Mining Co., Ltd., a controlled subsidiary of the Company
"Xuzhou Huanyu"	Xuzhou Huanyu Molybdenum Co., Ltd., a joint venture of the Company
"Fuchuan Mining"	Luoyang Fuchuan Mining Co., Ltd., a controlled subsidiary of Huanyu
"Yulu Mining"	Luoyang Yulu Mining Co., Ltd., a non wholly-owned subsidiary of the Company
"High-Tech"	Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd., a joint venture of the Company
"Caly Nanomoly Development"	Caly Nanomoly Development, Inc., an associate of the Company
"Luoyang Shenyu"	Luoyang Shenyu Molybdenum Co., Ltd, an associate of the Company
"Sandaozhuang Mine" or "Sandaozhuang Molybdenum/ Tungsten Mine"	located in Luanchuan County, Henan Province, China, the mine where the Company is carrying out major mining work of molybdenum/tungsten at present
"Shangfanggou Mine, Shangfanggou Molybdenum Mine"	located in Luanchuan County, Henan Province, China, which is owned by a controlled subsidiary of Xuzhou Huanyu which is a joint venture of the Company
"Xinjiang Mine"	a large molybdenum mine located in East Gobi, Hami, Xinjiang, China, which is owned by Xinjiang Luomu, a controlled subsidiary of the Company
"NPM or Northparkes Copper/ Gold Mine"	copper-gold mine in Northparkes, situated at northwest of the town of Parkes in New South Wales, Australia, 80% equity of which was held by a wholly-owned subsidiary of the Company registered in Australia as the manager
"CSRC"	the China Securities Regulatory Commission
"open-pit mining"	a type of surface mining, which is a mining method for exploration of useful minerals from open-surface mining sites
"APT"	ammonium paratungstate
"MAP"	ammonium dihydrogen phosphate, a chemical agent, also known as monoammonium phosphate
"Brazil"	the Federative Republic of Brazil

"Congo (DRC)"	the Democratic Republic of the Congo
"TFM Copper/Cobalt Mine"	Tenke Fungurume Copper/Cobalt Mine located in Congo (DRC)
"Anglo American"	Anglo American PLC, a world-renowned large mining company
"BHR"	BHR Newwood Investment Management Limited
"TFM"	TenkeFungurume Mining S.A.(DRC)
"Luxembourg SPV"	CMOC Luxembourg S.A.R.L
"Lundin"	Lundin Mining Corporation
"CIL Phosphate" or "Brazil's Phosphate"	Chapadão Phosphate Mine of Copebras Indústria Ltda., located in the Catalão mining area in Brazil
"NML Niobium Mine" or "Brazil Niobium Mine"	Boa Vista Niobium Mine of Niobras Mineração Ltda., located in the Catalão mining area in Brazil
"NCCL"	New China Capital Legend Limited
"Natural Resources Investment Fund"	NCCL Natural Resources Investment Fund LP
"NREIL"	Natural Resource Elite Investment Limited
"IXM"	IXM B.V.
"Gécamines"	La Generale des Carrieres et des Mines
"CMOC Congo"	CMOC Congo SASU
"CCC SARL"	Congo Construction Company
"Hong Kong CMOC"	CMOC Limited
"NSR"	New Silk Road Commodities Limited
"SNEL"	Société nationale d'électricité
"Reporting period"	For the six months ended 30 June 2018

Note: In case of any inconsistency, the Chinese text of this interim report shall prevail over the English text.

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the People's Republic of China, 27 August 2018

As at the date of this announcement, the Company's executive directors are Mr. Li Chaochun and Mr. Li Faben; the non-executive directors are Mr. Ma Hui, Mr. Yuan Honglin and Mr. Cheng Yunlei; and the independent non-executive directors are Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.

* *For identification purposes only*