Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors of Zijin Mining Group Co., Ltd.* is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2018. (China Accounting Standards for Business Enterprises ("CAS") and the related laws and regulations were adopted for the preparation of the financial statements.)

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position
As at 31 December 2018
RMB

ASSETS	Note	31 December 2018	31 December 2017
CURRENT ASSETS			
Cash and cash equivalents		10,089,890,808	5,936,066,673
Financial assets held for trading		787,134,360	-
Financial assets at fair value through profit or loss		-	2,553,927,721
Bills receivable and trade receivables	14	1,009,871,109	2,812,240,046
Prepayments		1,419,162,525	1,344,141,153
Other receivables		1,415,512,562	1,153,002,957
Inventories		12,669,674,863	11,089,834,955
Assets held for sale		246,189,223	-
Current portion of non-current assets		307,233,993	257,775,683
Other current assets		2,504,018,792	3,528,021,403
Total current assets		30,448,688,235	28,675,010,591
NON-CURRENT ASSETS			
Available-for-sale investments		-	778,201,186
Long-term equity investments		7,041,753,269	6,797,348,216
Other equity instrument investments		1,983,796,793	-
Other non-current financial assets		401,513,674	-
Investment properties		608,221,789	350,540,469
Fixed assets		34,144,464,854	30,136,199,603
Construction in progress		5,355,805,804	3,296,568,444
Intangible assets		22,510,280,215	9,903,526,027
Goodwill		314,149,588	463,597,655
Long-term deferred assets		987,315,471	1,114,758,644
Deferred tax assets		884,776,204	840,108,626
Other non-current assets		8,198,537,946	6,959,404,089
Total non-current assets		82,430,615,607	60,640,252,959
TOTAL ASSETS		112,879,303,842	89,315,263,550

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position (continued)
As at 31 December 2018
RMB

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2018	31 December 2017
CURRENT LIABILITIES			
Short-term borrowings		15,616,680,236	9,855,873,011
Financial liabilities held for trading		242,482,582	-
Financial liabilities at fair value through profit or loss		-	2,314,244,937
Bills payable and trade payables	15	4,700,981,856	4,396,254,031
Advances from customers		-	2,143,111,140
Contractual liabilities		277,125,058	-
Employee benefits payable		726,630,090	661,764,830
Taxes payable		903,782,106	1,175,693,479
Other payables		4,979,586,829	3,646,308,326
Liabilities held for sale		68,739,751	-
Current portion of non-current liabilities		9,707,089,022	4,600,343,261
Total current liabilities		37,223,097,530	28,793,593,015
NON-CURRENT LIABILITIES			
Long-term borrowings		12,917,915,706	6,599,046,795
Bonds payable		8,879,453,693	13,779,116,465
Long-term payables		733,077,872	563,703,645
Provision		2,686,090,453	861,014,312
Deferred income		422,783,097	451,419,375
Deferred tax liabilities		2,743,172,789	624,524,725
Total non-current liabilities		28,382,493,610	22,878,825,317
TOTAL LIABILITIES		65,605,591,140	51,672,418,332

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position (continued)
As at 31 December 2018
RMB

LIABILITIES AND OWNERS' EQUITY (continued)	Note	31 December 2018	31 December 2017
EQUITY			
Share capital		2,303,121,889	2,303,121,889
Other equity instruments		4,985,500,000	498,550,000
Including: Perpetual bonds		*4,985,500,000*	*498,550,000*
Capital reserve		11,094,766,390	11,109,919,061
Other comprehensive income	12	(1,575,973,065)	(602,893,526)
Special reserve		147,393,497	176,862,772
Surplus reserve		1,319,401,104	1,319,401,104
Retained earnings	16	22,181,224,459	20,194,761,855
Equity attributable to owners of the parent		40,455,434,274	34,999,723,155
Non-controlling interests		6,818,278,428	2,643,122,063
TOTAL EQUITY		47,273,712,702	37,642,845,218
TOTAL LIABILITIES AND OWNERS' EQUITY		112,879,303,842	89,315,263,550

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Profit or Loss
For the year ended 31 December 2018
RMB

	Note	2018	2017
OPERATING INCOME	2	105,994,246,123	94,548,619,098
Less: Operating costs	2	92,651,374,475	81,371,973,684
Taxes and surcharges	3	1,598,995,649	1,352,340,359
Selling expenses		887,451,338	748,942,449
Administrative expenses		2,964,964,865	2,694,689,753
Research and development expenses		274,380,222	299,380,476
Financial expenses	4	1,254,241,143	2,012,950,292
Including: Interest expenses		*1,576,224,662*	*1,589,043,304*
Interest income		*351,234,358*	*321,154,652*
Impairment losses on assets	5	1,500,399,230	2,220,905,893
Credit impairment losses	6	(82,017,400)	-
Add: Other income		227,613,533	228,882,015
Investment income	7	1,060,522,923	155,670,082
Including: Share of profits/(losses) of associates and joint ventures		*373,063,390*	*(29,259,162)*
(Losses)/Gains on changes in fair value	8	(135,783,729)	750,200,343
Gains on disposal of assets		84,561,738	44,456,123
OPERATING PROFIT		6,181,371,066	5,026,644,755
Add: Non-operating income	9	365,953,586	57,610,854
Less: Non-operating expenses	10	417,144,870	516,295,416
PROFIT BEFORE TAX		6,130,179,782	4,567,960,193
Less: Income tax expenses	1	1,447,503,229	1,320,410,996
NET PROFIT		4,682,676,553	3,247,549,197
Classification according to the continuity of operation			
Net profit from continuing operations		4,682,676,553	3,247,549,197
Attributable to:			
Owners of the parent		4,093,773,630	3,507,717,627
Non-controlling interests		588,902,923	(260,168,430)

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Profit or Loss (continued)
For the year ended 31 December 2018
RMB

	Note	2018	2017
NET OTHER COMPREHENSIVE (LOSS)/ INCOME AFTER TAX			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Changes in fair value of other equity instrument investments		(1,159,682,051)	-
Other comprehensive (loss)/income to be reclassified to profit or loss			
Changes in fair value of available-for-sale investments		-	(109,669,097)
Effective part of cash flow hedging instruments		-	168,224,050
Costs of hedging - forward elements		61,666,120	-
Exchange differences arising from translation of financial statements denominated in foreign currencies		(62,020,181)	(18,760,719)
Net other comprehensive (loss)/income after tax attributable to owners of the parent		(1,160,036,112)	39,794,234
Net other comprehensive (loss)/income after tax attributable to non-controlling interests		(14,449,278)	20,989,731
SUBTOTAL OF NET OTHER COMPREHENSIVE (LOSS)/INCOME AFTER TAX		(1,174,485,390)	60,783,965
TOTAL COMPREHENSIVE INCOME		3,508,191,163	3,308,333,162
Attributable to:			
Owners of the parent		2,933,737,518	3,547,511,861
Non-controlling shareholders		574,453,645	(239,178,699)
Earnings per share			
Basic earnings per share	11	0.18	0.16

1. Taxes

Major taxes and tax rates

Value-added tax ("VAT")	For the Company and its subsidiaries in the PRC: sales of final gold products and carrying-gold minerals are exempted from VAT. The output VAT rate for mining and processing of iron ore and non-ferrous metals such as copper concentrates, zinc concentrates, and the sales and processing of copper cathodes, zinc bullion, silver bullion and materials before and after 1 May 2018 is 17% and 16% respectively. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. VAT rates for transportation service income before and after 1 May 2018 are 11% and 10% respectively. VAT rates for trademark royalty income and technical service income are 6% respectively. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. Small-scale taxpayer's VAT rate for all the income mentioned above is 3%. For the Company's overseas subsidiaries: local VAT or goods and services tax ("GST") are levied according to the relevant regulations, in which the tax rates are 10%-20% depending on the countries or regions where the overseas subsidiaries are situated in.
Urban construction and maintenance tax	Levied on actual payment of turnover tax at rates ranging from 1% to 7%.
Resource tax	For the Company and its subsidiaries in the PRC: Since 1 July 2016, taxes on the mineral resources are calculated with the price-based method instead of the quantity-based method. The basis for taxation was adjusted from the original ore quantity to the sales amount of original ore concentrates (or processed products from original ore), primary products or gold bullion. The tax rates were 1% to 4% for gold resources; 2% to 7% for copper resources; 1% to 6% for iron resources; and 2% to 6% for zinc-lead resources. For the Company's overseas subsidiaries: local resource tax, mineral utilisation charges and mineral resources mining tax are levied according to the relevant regulations, subject to different tax rates depending on the countries or regions where the overseas subsidiaries are situated in. Precious metals including gold, silver, etc. are subject to resource tax rate of 2.5%-6%, while bulk metal resources including copper, zinc, etc. are subject to resource tax rate of 2.5%-8%.

1. Taxes (continued)

Major taxes and tax rates (continued)

Corporate income tax	Provision for tax for the Company and the Company's subsidiaries in the PRC has been made at the rate of 25% based on the taxable profits, except for certain companies in the Group which enjoyed tax concession and preferential tax rate under approval documents and are further mentioned below. Provision for tax for the Company's subsidiaries in Hong Kong has been made at the rate of 16.5% on the assessable profits for the year. Provision for tax for the Company's subsidiaries or joint arrangement in Australia, the Democratic Republic of the Congo and Papua New Guinea has been made at the rate of 30% on the assessable profits for the year. Provision for tax for the Company's subsidiaries in the Republic of Tajikistan has been made at the rate of 13% on the assessable profits for the year. Provision for tax for the Company's subsidiaries in the Russian Federation has been made at the rate of 20% on the assessable profits for the year. Provision for tax for the Company's subsidiaries in the Republic of Serbia ("Serbia") has been made at the rate of 15% on the assessable profits for the year. Provision for tax for the Company's subsidiaries in the State of Eritrea has been made at the rate of 38% on the assessable profits for the year. For the Company's subsidiaries in the Kyrgyz Republic, according to the local tax laws, a zero corporate income tax rate is adopted for taxpayer specialising in mining activities and sale of gold ore, gold concentrates, alloy gold and refined gold. Meanwhile, income tax is imposed on the revenue ranging at the rate from 1% to 20% depending on the range of gold price.
Value-added tax on land	Pursuant to Regulations on Value-added Tax on Land of the People's Republic of China (Tentative), value-added tax on land is levied based on the added value obtained from transfer of real estates and the stipulated tax rates, at the rate of the 4th-level super progressive tax rate (30%-60%).

Tax incentives

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No. 58), from 1 January 2011 to 31 December 2020, the enterprises in the western region, which are principally engaged in encouraged industries as indicated in the Catalogue of Encouraged Industries of Western Region and the Catalogue of Industrial Structure Adjustment Guidance (2011 version) (Revised) (The National Development and Reform Commission Order [2013] No. 21) and which generate over 70% of their operating income from the encouraged industries for the year could apply for a tax incentive. After getting the approval of the tax bureau in charge, those enterprises could enjoy a reduced corporate income tax ("CIT") rate of 15%.

According to the Notice Concerning Issuance and Amendment of "Handling Methods of Preferential Corporate Income Tax Policies" issued by the State Administration of Taxation (State Administration of Taxation Announcement 2018 No. 23), the handling methods of "self-determination, reporting the entitlement and retaining the relevant information" shall be adopted by the enterprises enjoying the tax concessions.

1. Taxes (continued)

Tax incentives (continued)

In 2018, the following subsidiaries met the conditions for enjoying tax concessions and were entitled to a reduced CIT rate of 15%:

(1) Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") met the conditions of preferential taxation policies for the Western Development and was entitled to a tax concession at a preferential CIT rate of 15% in 2018.

(2) Xinjiang Zijin Zinc Industry Co., Ltd. ("Xinjiang Zijin Zinc Industry") met the conditions of preferential taxation policies for the Western Development and was entitled to a tax concession at a preferential CIT rate of 15% in 2018.

(3) Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") met the conditions of preferential taxation policies for the Western Development and was entitled to a tax concession at a preferential CIT rate of 15% in 2018.

(4) Hunchun Zijin Mining Co., Ltd. ("Hunchun Zijin") met the conditions of preferential taxation policies for the Western Development and was entitled to a tax concession at a preferential CIT rate of 15% in 2018.

(5) Wulatehouqi Zijin Mining Co., Ltd. ("Wulatehouqi Zijin") met the conditions of preferential taxation policies for the Western Development and was entitled to a tax concession at a preferential CIT rate of 15% in 2018.

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

	2018	2017
Current income tax expenses	876,963,943	1,181,765,670
Deferred tax expenses	570,539,286	138,645,326
	1,447,503,229	1,320,410,996

1. TAXES (continued)

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

	2018	2017
Profit before tax	6,130,179,782	4,567,960,193
Tax at the statutory tax rate (Note 1)	1,532,544,945	1,141,990,048
Effect of different tax rates applicable to certain subsidiaries (Note 1)	(352,487,710)	(608,906,485)
Adjustments in respect of current tax of previous periods	(42,457,827)	464,740
Income not subject to tax (Note 2)	(81,573,075)	(15,574,427)
Expenses not deductible for tax	42,902,995	67,693,562
Tax losses utilised from previous periods	(65,817,974)	(98,904,933)
Effect of unrecognised deductible temporary differences and deductible tax losses	414,391,875	833,648,491
Tax charge at the Group's effective tax rate	1,447,503,229	1,320,410,996

Note 1: Provision for the PRC corporate income tax expenses has been made at the applicable tax rates based on the estimated taxable profits. Provision for Hong Kong profits tax expenses has been made at applicable tax rate based on assessable profits. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing and in accordance with current laws, interpretations and customs in the countries/jurisdictions in which the Group operates.

Note 2: In 2018, income not subject to tax mainly included investment income from long-term equity investments under the equity method of RMB373,063,390 (2017: investment losses of RMB29,259,162). The amount of sales revenue from certain products of the Group that meet the national industrial policies and enjoyed exemption of profits tax was RMB39,033,294 (2017: RMB42,075,634).

2. OPERATING INCOME AND OPERATING COSTS

	2018		2017	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	105,098,239,175	91,989,132,007	93,789,085,365	80,874,651,456
Other operations	896,006,948	662,242,468	759,533,733	497,322,228
	105,994,246,123	92,651,374,475	94,548,619,098	81,371,973,684

Note: Sales income of the Group in the PRC in 2018 totalled RMB99,728,360,206.

3. TAXES AND SURCHARGES

	2018	2017
Resource tax	980,256,575	858,472,809
Education surcharges	86,595,719	95,114,327
City construction and maintenance tax	71,395,452	87,652,716
Property tax	67,467,075	64,157,454
Stamp duty	49,550,111	46,892,366
Value-added tax on land	35,108,475	51,762,834
Land use tax	28,655,676	42,428,302
Local development fund	23,090,833	8,070,605
Road tax (Note 1)	20,564,811	-
Customs duty (Note 1)	17,095,032	-
Environmental protection tax	13,032,582	707,900
Mineral concentrates tax (Note 1)	10,381,162	-
Vehicle and vessel use tax	1,469,212	838,717
Consumption tax	608,536	471,070
Farmland occupation tax	-	11,889,481
Others	193,724,398	83,881,778
	1,598,995,649	1,352,340,359

Note 1: Road tax, customs duty and mineral concentrates tax were payable by the Group's overseas subsidiary, La Compagnie Minière de Musonoie Global SAS ("Musonoie") for purchase and sales of mineral products.

4. FINANCIAL EXPENSES

	2018	2017
Interest expenses:	1,659,156,407	1,666,098,224
Including: Bank loans	*996,441,239*	*908,004,465*
Bonds payable	*662,715,168*	*686,351,537*
Ultra short-term financing bonds	*-*	*71,742,222*
Less: Interest income	351,234,358	321,154,652
Less: Capitalised interest expenses	82,931,745	77,054,920
Exchange (gains)/losses	(81,219,010)	688,501,032
Bank charges	110,469,849	56,560,608
	1,254,241,143	2,012,950,292

Capitalised interest expenses in 2018 were included in construction in progress. In 2018 and 2017, there was no interest income arising from impaired financial assets.

5. IMPAIRMENT LOSSES ON ASSETS

	2018	2017
Impairment provision for fixed assets	260,314,418	1,058,059,268
Provision for decline in value of inventories	(8,043,062)	(866,177)
Impairment provision for intangible assets	719,969,890	328,544,339
Impairment provision for available-for-sale investments (applicable for 2017 only)	-	49,704,548
Bad debt provision for trade and other receivables (applicable for 2017 only)	-	10,474,329
Impairment provision for construction in progress	111,456,562	614,088,766
Impairment provision for long-term equity investments	3,464,168	-
Impairment provision for goodwill	157,778,981	-
Impairment provision for construction materials	-	4,193,103
Impairment provision for investment properties	79,936,878	-
Impairment provision for other non-current assets	175,521,395	156,707,717
	1,500,399,230	2,220,905,893

6. CREDIT IMPAIRMENT LOSSES (applicable for 2018 only)

	2018
Impairment provision for trade receivables	2,455,700
Impairment provision for other receivables	(80,911,101)
Impairment provision for other current assets	5,662,056
Impairment provision for prepayments	1,076,140
Impairment provision for other non-current assets	(10,300,195)
	(82,017,400)

7. INVESTMENT INCOME

	2018	2017
Gains/(Losses) from long-term equity investments under the equity method	373,063,390	(29,259,162)
Gains on disposal of long-term equity investments	24,669,669	318,166,951
Investment income from remeasurement of long-term equity investments (Note 1)	430,958,659	-
Investment income from other equity instrument investments/available-for-sale investments during the holding period	29,514,500	18,478,000
Investment (losses)/gains on disposal of other equity instrument investments/available-for-sale investments during the holding period	(4,533,936)	222,451,937
Gains/(Losses) on disposal of financial assets and financial liabilities at fair value through profit or loss (Note 2)	209,040,948	(393,158,287)
Others	(2,190,307)	18,990,643
	1,060,522,923	155,670,082

Note 1: Investment income arising on measurement of 45% equity interest in Zijin Tongguan held by the Company at fair value.

Note 2: Gains/(Losses) on disposal of financial assets and financial liabilities at fair value through profit or loss are as follows:

	2018	2017
1. Equity instrument investments held for trading - Gains arising from stocks investments	34,923,544	40,823,181
2. Losses arising from gold leasing at fair value	(23,273,151)	(34,317,510)
3. Hedging instruments - Losses arising from ineffectively hedged derivative instruments	(728,017)	(32,406,939)
4.Gains/(Losses) arising from derivative instruments without designated hedging relationship	101,454,777	(374,580,431)
(4-1) Cross currency swap	*(9,323,071)*	*14,775,249*
(4-2) Gold leasing hedging contracts	*(59,802,540)*	*3,617,320*
(4-3) Commodity hedging contracts	*170,580,388*	*(392,973,000)*
5. Gains arising from derivatives with designated hedging relationship	6,639,271	-
6. Others	90,024,524	7,323,412
	209,040,948	(393,158,287)

8. (LOSSES)/GAINS ON CHANGES IN FAIR VALUE

	2018	2017
Financial assets at fair value through profit or loss	(143,996,214)	691,474,780
Financial liabilities at fair value through profit or loss	8,212,485	58,725,563
	(135,783,729)	750,200,343

(Losses)/Gains on changes in fair value are as follows:

	2018	2017
1. Equity instrument investments held for trading - (Losses)/Gains arising from changes in fair value of stock investments	(175,546,385)	726,127,489
2. Gains arising from changes in fair value of gold leasing at fair value	38,245,976	36,846,028
3. Hedging instruments - Gains arising from changes in fair value of ineffectively hedged derivative instruments	960,658	19,869,910
4. Gains/(Losses) arising from changes in fair value of derivative instruments without designated hedging relationship	32,984,054	(58,510,572)
(4-1) Cross currency swap	*7,190,493*	*11,217,858*
(4-2) Commodity hedging contracts	*25,793,561*	*(69,728,430)*
5. Others	(32,428,032)	25,867,488
	(135,783,729)	750,200,343

9. NON-OPERATING INCOME

	2018	2017	Non-recurring profit or loss in 2018
Government grants not related to daily operation	-	2,000,000	-
Penalty income	9,527,375	8,456,396	9,527,375
Recovery of bad debt written-off	-	18,347,100	-
Compensation income	276,878,897	-	276,878,897
Waivers of debts	25,539,410	-	25,539,410
Others	54,007,904	28,807,358	54,007,904
	365,953,586	57,610,854	365,953,586

10. NON-OPERATING EXPENSES

	2018	2017	Non-recurring profit or loss in 2018
Losses on disposal of non-current assets	138,468,772	278,806,173	138,468,772
Including: Losses on disposal of fixed assets	*138,468,772*	*259,364,127*	*138,468,772*
Losses on disposal of intangible assets	-	*18,891,557*	-
Losses on disposal of other non-current assets	-	*550,489*	-
Donations	206,505,553	154,494,008	206,505,553
Penalties and compensations	37,755,716	46,620,256	37,755,716
Losses on stocktaking	3,369,509	440,228	3,369,509
Others	31,045,320	35,934,751	31,045,320
	417,144,870	516,295,416	417,144,870

11. EARNINGS PER SHARE

	2018 RMB/Share	2017 RMB/Share
Basic earnings per share		
Continuing operations	0.18	0.16

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2018	2017
Earnings		
Consolidated net profit attributable to ordinary shareholders of the Company		
Continuing operations	4,093,773,630	3,507,717,627

	2018	2017
Shares		
Weighted average number of ordinary shares outstanding	23,031,218,891	22,443,195,782
Adjusted weighted average number of ordinary shares outstanding	23,031,218,891	22,443,195,782

12. OTHER COMPREHENSIVE INCOME

The accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated statement of financial position is as follow:

2018

	Opening balance	Impacts of changes in accounting policies	Movements			Closing balance
			Amount before tax	Income tax	Amount after tax	
Changes in fair value of other equity instrument investments	23,861,374	186,956,573	(1,158,320,421)	(1,361,630)	(1,159,682,051)	(948,864,104)
Costs of hedging - forward elements	-	-	61,666,120	-	61,666,120	61,666,120
Exchange differences arising from translation of financial statements denominated in foreign currencies	(626,754,900)	-	(62,020,181)	-	(62,020,181)	(688,775,081)
	(602,893,526)	186,956,573	(1,158,674,482)	(1,361,630)	(1,160,036,112)	(1,575,973,065)

2017

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

12. OTHER COMPREHENSIVE INCOME (continued)

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

2018

	Amount before tax	Less: Amount of other comprehensive income recognised in previous periods transferred into profit or loss during the current period	Less: Income tax	Attributable to the parent	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss					
Changes in fair value of other equity instrument investments	(1,157,992,851)	-	1,952,206	(1,159,682,051)	(263,006)
Other comprehensive income to be reclassified to profit or loss					
Costs of hedging – forward elements	61,666,120	-	-	61,666,120	-
Exchange differences arising from translation of financial statements denominated in foreign currencies	(76,206,453)	-	-	(62,020,181)	(14,186,272)
	(1,172,533,184)	-	1,952,206	(1,160,036,112)	(14,449,278)

2017

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

13. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has nine reportable operating segments as follows:

(1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;

(2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and the gold bullion in the business of physical gold trading;

(3) the gold concentrates segment engages in the production of gold concentrates that are up to smelting standard by processing gold ore produced by the Group;

(4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;

(5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;

(6) the copper concentrates segment engages in the production of copper concentrates that are up to smelting standard by processing copper ore produced by the Group;

(7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron ore;

(8) the zinc bullion segment engages in the production of zinc bullion; and

(9) segment of others comprises, principally, the production of vitriol, copperplate, silver, iron and real estate development.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted operating profit before tax. The adjusted operating profit before tax is measured consistently with the Group's operating profit before tax except that interest income, finance costs, dividend income, fair value gains or losses from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, equity investments at fair value through profit or loss, derivative financial instruments, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude financial liabilities at fair value through profit or loss, derivative financial instruments, bank and other borrowings, deferred tax liabilities, taxes payable, bonds payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties.

13. OPERATING SEGMENT INFORMATION (continued)

2018

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Segment revenue:											
Sales to external customers	3,310,723,558	48,991,067,837	1,567,562,177	99,265,231	16,528,108,174	4,461,642,686	5,558,942,830	3,688,520,425	21,788,413,205	-	105,994,246,123
Intersegment sales	2,567,661,177	6,608,835,006	1,661,796,083	737,630,646	2,436,088,711	3,521,111,167	1,232,840,603	670,041	8,225,450,032	(26,992,083,466)	-
Total	5,878,384,735	55,599,902,843	3,229,358,260	836,895,877	18,964,196,885	7,982,753,853	6,791,783,433	3,689,190,466	30,013,863,237	(26,992,083,466)	105,994,246,123
Segment profit#	842,164,414	7,224,569	324,982,129	34,340,948	408,294,297	3,901,257,789	3,536,520,336	134,138,067	(2,236,844,649)	-	6,952,077,900
Gains on disposal of assets	55,193,742	7,733,843	(65,704)	-	3,411,755	4,488,076	(660,398)	(2,650,887)	17,111,311	-	84,561,738
Interest and dividend income											380,748,858
Unallocated income											399,485,797
Finance costs											(1,686,694,511)
Profit before tax											6,130,179,782
Assets and liabilities											
Segment assets	54,497,749,118	12,382,301,708	11,234,169,610	7,456,492,593	9,825,550,966	19,752,633,311	13,821,184,525	2,482,268,446	145,231,571,218	(175,511,350,279)	101,172,571,216
Unallocated assets											11,706,732,626
Total assets											112,879,303,842
Segment liabilities	29,504,290,871	8,054,416,932	6,831,581,426	4,163,939,351	5,868,612,723	11,613,416,946	7,494,949,480	1,207,106,951	82,977,847,138	(118,579,486,584)	39,136,675,234
Unallocated liabilities											26,468,915,906
Total liabilities											65,605,591,140

13. OPERATING SEGMENT INFORMATION (continued)

2018 (Continued)

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Other disclosures											
Share of profits or losses of:											
Associates	-	-	-	74,378,038	-	(16,011,644)	106,350,003	-	68,700,631	-	233,417,028
Joint ventures	-	8,947,742	-	-	-	134,619,956	-	-	(3,921,336)	-	139,646,362
Impairment losses recognised in the statement of profit or loss	255,551,931	3,536,758	204,541,781	-	2,217,519	3,883,206	46,254,619	7,247,786	1,139,089,293	-	1,662,322,893
Impairment losses reversed in the statement of profit or loss	-	(4,298,276)	(679,022)	-	-	(208,002)	-	-	(238,755,763)	-	(243,941,063)
Unallocated non-cash income											(135,783,729)
Depreciation and amortisation	155,379,612	2,081,753,287	72,595,960	20,347,383	686,642,707	144,602,779	97,562,611	135,579,262	1,054,704,597	-	4,449,168,198
Investments in associates	-	-	-	596,152,414	-	363,999,658	239,705,354	-	2,187,201,944	-	3,387,059,370
Investments in joint ventures	-	186,455,873	-	-	-	1,705,286,682	-	-	1,762,951,344	-	3,654,693,899
Capital expenditure	1,879,832,062	180,428,940	658,182,559	681,626,098	118,295,489	2,307,619,537	910,659,084	172,326,522	17,708,670,647	-	24,617,640,938
Unallocated capital expenditure											30,351,805

13. OPERATING SEGMENT INFORMATION (continued)

2017

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Segment revenue:											
Sales to external customers	3,354,904,047	40,361,174,413	2,921,302,995	739,226,086	14,138,266,094	6,253,098,133	5,921,940,639	3,755,347,934	17,103,358,757	-	94,548,619,098
Intersegment sales	2,807,867,220	8,075,721,449	236,220,394	29,018,687	3,922,241,270	141,457,849	662,755,736	213,408,777	5,314,072,618	(21,402,764,000)	-
Total	6,162,771,267	48,436,895,862	3,157,523,389	768,244,773	18,060,507,364	6,394,555,982	6,584,696,375	3,968,756,711	22,417,431,375	(21,402,764,000)	94,548,619,098
Segment profit#	744,574,240	159,540,006	393,256,889	159,040,367	856,886,751	2,360,955,960	3,408,678,885	43,919,754	(1,964,792,642)	-	6,162,060,210
Interest and dividend income											339,632,652
Unallocated income											(288,128,757)
Finance costs											(1,645,603,912)
Profit before tax											4,567,960,193
Assets and liabilities											
Segment assets	52,046,928,371	12,289,114,406	11,181,073,027	6,894,400,638	9,607,781,908	17,614,063,788	13,724,538,900	2,424,958,834	68,552,566,062	(116,707,223,568)	77,628,202,366
Unallocated assets											11,687,061,184
Total assets											89,315,263,550
Segment liabilities	28,471,500,477	7,756,263,190	6,468,499,076	4,122,240,787	5,793,265,977	11,092,334,220	8,512,578,909	1,540,928,055	51,141,405,172	(105,454,310,584)	19,444,705,279
Unallocated liabilities											32,227,713,053
Total liabilities											51,672,418,332

13. OPERATING SEGMENT INFORMATION (continued)

2017 (Continued)

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Other disclosures											
Share of profits or losses of:											
Associates	-	-	-	13,880,929	-	(28,776,632)	68,052,120	-	73,523,069	-	126,679,486
Joint ventures	-	5,516,718	-	-	-	(196,933,315)	-	-	35,477,949	-	(155,938,648)
Impairment losses recognised in the statement of profit or loss	13,870,352	12,261,779	33,296,869	-	-	117,640,251	16,163,330	2,100,590	2,106,120,748	-	2,301,453,919
Impairment losses reversed in the statement of profit or loss	(41,709,355)	(10,695,763)	(4,923,057)	-	-	(312,989)	(3,706,862)	-	(19,200,000)	-	(80,548,026)
Unallocated non-cash income											750,200,343
Depreciation and amortisation	178,830,352	2,040,615,460	81,929,957	20,889,748	722,401,649	128,972,347	112,649,239	153,011,312	888,156,767	-	4,327,456,831
Investments in associates	-	-	-	219,274,376	-	335,697,308	1,085,924,256	-	1,634,954,312	-	3,275,850,252
Investments in joint ventures	-	186,038,974	-	-	-	1,570,666,726	-	-	1,764,792,264	-	3,521,497,964
Capital expenditure	598,746,464	95,992,472	341,059,932	117,644,927	61,541,867	1,371,209,200	562,202,730	37,136,084	1,720,256,031	-	4,905,789,707
Unallocated capital expenditure											35,401,581

13. OPERATING SEGMENT INFORMATION (continued)

#Segment profit/loss, which excluded intersegment transaction revenue/cost, is the operating profit/loss from external customers.

Geographical information

91% (2017: 94%) of the Group's operating income was derived from customers based in Mainland China, and 54% (2017: 71%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2018, the Group's income from Shanghai Gold Exchange was RMB47,167,523,218 (2017: RMB40,519,637,614), which was mainly derived from gold bullion segment and processed, refinery and trading gold segment.

14. BILLS RECEIVABLE AND TRADE RECEIVABLES

	2018	2017
Bills receivable (Note 1)	-	1,519,375,541
Trade receivables	1,009,871,109	1,292,864,505
	1,009,871,109	2,812,240,046

Note 1: The Group reclassified bills receivable into financial assets at fair value through other comprehensive income on 1 January 2018 and such items were presented under other current assets.

Bills receivable

	2017
Bank acceptance bills	1,260,004,739
Commercial acceptance bills	259,370,802
	1,519,375,541

In which, bills receivable which have been pledged are as follows:

	2017
Bank acceptance bills	280,000,000

14. BILLS RECEIVABLE AND TRADE RECEIVABLES (Continued)

Bills receivable (Continued)

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

	2017	
	Derecognised	Not derecognised
Bank acceptance bills	101,195,068	144,000,000
Commercial acceptance bills	-	18,250,000
	101,195,068	162,250,000

As at 31 December 2017, bills receivable of RMB15,509,262 were converted to trade receivables due to the drawer's inability to settle the bills on maturity.

Trade receivables

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

An ageing analysis of the trade receivables is as follows:

	2018	2017
Within 1 year	971,470,996	1,244,854,634
Over 1 year but within 2 years	28,163,819	46,108,796
Over 2 years but within 3 years	18,359,531	2,164,105
Over 3 years	3,863,260	10,933,492
	1,021,857,606	1,304,061,027
Less: Bad debt provision for trade receivables	11,986,497	11,196,522
	1,009,871,109	1,292,864,505

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

	At 1 January	Impact of changes in accounting policies	Additions	Reversal	Write-off	At 31 December
2018	11,196,522	9,495,496	2,455,700	-	(11,161,221)	11,986,497
2017	6,429,534	-	7,695,229	-	(2,928,241)	11,196,522

14. BILLS RECEIVABLE AND TRADE RECEIVABLES (Continued)

Trade receivables (continued)

	2018			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Bad debt provision has been provided individually	4,650,678	0.46	3,983,886	85.66
Bad debt provision by groups of credit risk characteristics	1,017,206,928	99.54	8,002,611	0.79
	1,021,857,606	100.00	11,986,497	1.17

	2017			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been provided individually	982,912,244	75.37	-	-
Bad debt provision by groups of credit risk characteristics	-	-	-	-
Individually not significant but for which bad debt provision has been provided individually	321,148,783	24.63	11,196,522	3.49
	1,304,061,027	100.00	11,196,522	0.86

The Group's bad debt provision for trade receivables based on ageing method is as follows:

	2018		
	Estimated carrying amount which default will occur	Expected credit loss ratio (%)	Expected credit losses during the lifetime
Within 1 year	971,384,134	0.30	2,914,152
Over 1 year but within 2 years	25,016,888	6.00	1,501,013
Over 2 years but within 3 years	17,695,503	15.00	2,654,325
Over 3 years	3,110,403	30.00	933,121
	1,017,206,928		8,002,611

In 2018, the provision for bad debt was RMB2,455,700 (2017: RMB7,695,229), and no provision for bad debt was reversed (2017: Nil).

In 2018, trade receivables written off amounted to RMB11,161,221 (2017: RMB2,928,241).

15. BILLS PAYABLE AND TRADE PAYABLES

	2018	2017
Bills payable	160,733,506	179,417,453
Trade payables	4,540,248,350	4,216,836,578
	4,700,981,856	4,396,254,031

Bills payable

	2018	2017
Bank acceptance bills	160,733,506	179,417,453

As at 31 December 2018 and 31 December 2017, there were no overdue bills payable.

Trade payables

As at 31 December 2018, an ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2018	2017
Within 1 year	3,941,803,169	3,677,169,188
Over 1 year but within 2 years	376,762,142	307,247,625
Over 2 years but within 3 years	119,449,275	103,327,622
Over 3 years	102,233,764	129,092,143
	4,540,248,350	4,216,836,578

16. RETAINED EARNINGS

	2018	2017
At 1 January	20,194,761,855	18,068,917,361
Changes in accounting policies	(9,495,496)	-
Net profit attributable to owners of the parent	4,093,773,630	3,507,717,627
Gains on disposal of other equity instrument investments	979,461	-
Less: Appropriation for the statutory reserve	-	-
Interest payables for perpetual bonds	25,985,291	-
Dividends payable in cash for ordinary shares	2,072,809,700	1,381,873,133
At 31 December	22,181,224,459	20,194,761,855

At the annual general meeting of the Company held on 30 June 2018, cash dividend distribution of RMB0.09 per share (2017: RMB0.06 per share) was approved. Based on the Company's number of issued shares of 23,031,218,891 (2017: 23,031,218,891), the total amount of cash dividend was RMB2,072,809,700 (2017: RMB1,381,873,133). The dividends were distributed in mid-2018 and were accounted for in the financial statements for the current year.

17. NET CURRENT LIABILITIES

	2018	2017
Current assets	30,448,688,235	28,675,010,591
Less: Current liabilities	37,223,097,530	28,793,593,015
Net current liabilities	(6,774,409,295)	(118,582,424)

18. TOTAL ASSETS LESS CURRENT LIABILITIES

	2018	2017
Total assets	112,879,303,842	89,315,263,550
Less: Current liabilities	37,223,097,530	28,793,593,015
Total assets less current liabilities	75,656,206,312	60,521,670,535

19. PROVISION FOR DEPRECIATION

	2018	2017
Fixed assets	3,435,984,806	3,436,259,583
Investment properties	15,418,250	13,233,083

20. CHANGES IN ACCOUNTING POLICIES

In 2017, the Ministry of Finance of the PRC announced the amended "Accounting Standard for Business Enterprises No. 14 - Revenue" (the "New Revenue Standard"); "Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standard for Business Enterprises No. 24 - Hedge Accounting" and "Accounting Standard for Business Enterprises No. 37 - Presentation and Reporting of Financial Instruments" (collectively the "New Financial Instruments Standards"). The Group started to implement accounting treatments pursuant to the abovementioned newly revised standards from 1 January 2018. According to the transitional provisions, the information for the comparable reporting period was not adjusted. The differences arising from implementation of the new standards on the first implementation date and the current standards were adjusted to retained earnings or other comprehensive income at the beginning of the reporting period.

The New Revenue Standard

The New Revenue Standard establishes a new revenue recognition model for regulating revenue generated from contracts with customers. According to the New Revenue Standard, the way in which the revenue is recognised shall reflect the mode in which the entity transfers goods or services to customers. The amount of revenue shall reflect the amount of consideration that the entity is expected to receive due to the transfer of such goods and services to the customers. At the same time, the New Revenue Standard also regulates the judgements and estimates required for each aspect of revenue recognition.

The impacts of implementation of the New Revenue Standard on the statement of financial position items as at 1 January 2018 are as follows:

The Group's consolidated statement of financial position

	Figures on the financial statements	Based on the original standard	Impacts
Contractual liabilities	2,143,111,140	-	2,143,111,140
Advances from customers	-	2,143,111,140	(2,143,111,140)
	2,143,111,140	2,143,111,140	-

The Company's statement of financial position

	Figures on the financial statements	Based on the original standard	Impacts
Contractual liabilities	8,133,245	-	8,133,245
Advances from customers	-	8,133,245	(8,133,245)
	8,133,245	8,133,245	-

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The New Revenue Standard (continued)

The impacts of implementation of the New Revenue Standard on the financial statements for the year 2018 are as follows:

The Group's consolidated statement of financial position

	Figures on the financial statements	Based on the original standard	Impacts
Contractual liabilities	277,125,058	-	277,125,058
Advances from customers	-	277,125,058	(277,125,058)
	277,125,058	277,125,058	-

The Company's statement of financial position

	Figures on the financial statements	Based on the original standard	Impacts
Contractual liabilities	9,110,298	-	9,110,298
Advances from customers	-	9,110,298	9,110,298
	9,110,298	9,110,298	-

The New Financial Instruments Standards

The New Financial Instruments Standards revise the classification and measurement of financial assets and establish three major measurement categories: at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss. An entity shall perform business model assessment and assess the contractual cash flow characteristics of financial assets for the classification. Equity investments shall be measured at fair value and the changes shall be recognised in profit or loss for the current period. However, entities can elect to designate equity investments measured at fair value through other comprehensive income at the date of initial application and the election is irrevocable (under this election, only qualifying dividends are recognised in profit or loss. Gains or losses on disposal are never reclassified to profit or loss).

The New Financial Instruments Standards require an "expected credit loss" model for recognition and measurement of impairment on financial assets instead of an "objective evidence of impairment" model. The expected credit loss model is applied to financial assets at amortised cost, financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

The Group holds certain wealth management products, the income of which is based on the rate of return of the underlying assets. Before 1 January 2018, the Group classified such items as available-for-sale investments. After 1 January 2018, the Group's analysis of their contractual cash flows is not only for payment of interests for the principals and outstanding principals. Therefore, such wealth management products were reclassified as financial assets at fair value through profit or loss. The Group endorsed certain bank acceptance bills in its daily fund management. The targets of the business model for management of the abovementioned bills receivable are obtaining the contractual cash flows as well as disposal sales. Therefore, after 1 January 2018, the Group reclassified such bills receivable as financial assets at fair value through other comprehensive income.

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The New Financial Instruments Standards (continued)

Reconciliation of classification and measurement of financial assets before and after amendments of recognition and measurement of financial assets on the first implementation date is as follow:

The Group	Recognition and measurement of financial assets before amendments		Recognition and measurement of financial assets after amendments	
	Classification	Book value	Classification	Book value
Trade receivables	Loans and receivables	1,292,864,505	Amortised cost	1,292,864,505
Bills receivable	Loans and receivables	1,519,375,541	Financial assets at fair value through other comprehensive income (as required by the standards)	1,519,375,541
Wealth management products	Available-for-sale investments	2,510,982,823	Financial assets at fair value through profit or loss (as required by the standards)	2,510,982,823
Equity investments	Available-for-sale investments	778,201,186	Financial assets at fair value through other comprehensive income (designated)	1,015,392,343
Equity investments	Financial assets at fair value through profit or loss	853,357,262	Financial assets at fair value through profit or loss (as required by the standards)	853,357,262
Equity investments	Financial assets at fair value through profit or loss	1,700,570,459	Financial assets at fair value through other comprehensive income (designated)	1,700,570,459

The Company	Recognition and measurement of financial assets before amendments		Recognition and measurement of financial assets after amendments	
	Classification	Book value	Classification	Book value
Trade receivables	Loans and receivables	994,007,531	Amortised cost	994,007,531
Bills receivable	Loans and receivables	159,100,091	Financial assets at fair value through other comprehensive income (as required by the standards)	159,100,091
Wealth management products	Available-for-sale investments	1,980,000,000	Financial assets at fair value through profit or loss (as required by the standards)	1,980,000,000
Equity investments	Financial assets at fair value through profit or loss	169,254,600	Financial assets at fair value through profit or loss (as required by the standards)	169,254,600
Equity investments	Available-for-sale investments	460,422,337	Financial assets at fair value through other comprehensive income (designated)	578,733,819
Equity investments	Financial assets at fair value through profit or loss	6,615,545	Financial assets at fair value through other comprehensive income (designated)	6,615,545

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The New Financial Instruments Standards (continued)

Reconciliation between the original and restated book values of the financial assets before and after recognition and measurement pursuant to the revised provisions on recognition and measurement of financial assets of the new standards on the first implementation date is as follow:

Category	Book value under the original financial instruments standards 31 December 2017	Reclassification	Remeasurement	Book value under the New Financial Instruments Standards 1 January 2018
Financial assets measured at amortised cost				
Trade receivables				
Balance under the original financial instruments standards	1,292,864,505	-	-	1,292,864,505
Remeasurement: provision for expected credit losses	-	-	(9,495,496)	(9,495,496)
Balance under the New Financial Instruments Standards	1,292,864,505	-	(9,495,496)	1,283,369,009
Financial assets at fair value through other comprehensive income				
Bills receivable				
Balance under the original financial instruments standards	1,519,375,541	(1,519,375,541)	-	-
Less: Transferred to financial assets at fair value through other comprehensive income (under the New Financial Instruments Standards)	-	1,519,375,541	-	1,519,375,541
Balance under the New Financial Instruments Standards	1,519,375,541	-	-	1,519,375,541
Equity investments				
Balance under the original financial instruments standards	2,478,771,645	(2,478,771,645)	-	-
Less: Transferred to financial assets at fair value through other comprehensive income (designated)	-	2,478,771,645	-	2,478,771,645
Add: Fair value adjustments	-	-	237,191,157	237,191,157
Balance under the New Financial Instruments Standards	2,478,771,645	-	237,191,157	2,715,962,802
Financial assets at fair value through profit or loss				
Equity investments				
Balance under the original financial instruments standards	853,357,262	(853,357,262)	-	-
Less: Transferred to financial assets at fair value through profit or loss (under the New Financial Instruments Standards)	-	853,357,262	-	853,357,262
Balance under the New Financial Instruments Standards	853,357,262	-	-	853,357,262
Wealth management products				
Balance under the original financial instruments standards	2,510,982,823	(2,510,982,823)	-	-
Less: Transferred to financial assets at fair value through profit or loss (under the New Financial Instruments Standards)	-	2,510,982,823	-	2,510,982,823
Balance under the New Financial Instruments Standards	2,510,982,823	-	-	2,510,982,823

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The New Financial Instruments Standards (continued)

Reconciliation between the original provision for impairment of financial assets as at 31 December 2017 after recognition and measurement pursuant to the amended financial instruments standards on the first implementation date is as follow:

Category	Impairment provision under the original financial instruments standards	Reclassification	Remeasurement	Impairment provision under the New Financial Instruments Standards
Loans and receivables (under the original financial instruments standards)				
Financial assets measured at amortised cost (under the New Financial Instruments Standards)				
Trade receivables	11,196,522	-	9,495,496	20,692,018

Changes in presentation of financial statements

Pursuant to the requirements of “Notice on Revising and the Issuing the Format of Financial Statements of General Enterprises for Year 2018” (Cai Kuai [2018] No. 15), in addition to the changes in presentation resulting from the implementation of the abovementioned New Financial Instruments Standards and New Revenue Standard, the Group combined “bills receivable” and “trade receivables” into the new “bills receivable and trade receivables” category, “dividends receivable” and “interest receivables” into “other receivables” category, “disposal of fixed assets” into “fixed assets” category, “construction materials” into “construction in progress” category, “bills payable” and “trade payables” into the new “bills payable and trade payables” category, and “special payables” into “long-term payables” category; in the statement of profit or loss, “research and development expenses” category is separated from “administrative expenses” category, “interest expenses” and “interest income” sub-categories are separated from “financial expenses” category; “changes in the defined benefit plan transferred into retained earnings” category is newly added in the statement of changes in equity. The Group correspondingly restated the comparable financial statements retrospectively. This change in accounting policy has no effect on the consolidated and company’s net profit and owners’ equity.

Changes in presentation of cash flows from government grants related to assets

Pursuant to the Interpretation of the Issues Concerning the Format of Financial Statements for General Enterprises in 2018 published by the Ministry of Finance of the PRC, when preparing the cash flow statements, government grants related to assets received shall be accounted for as cash flows from operating activities instead of cash flows from investing activities. The Group retrospectively adjusted the comparative figures. Such changes in accounting policies decreased the amount of net cash flows from investing activities while increased the amount of net cash flows generated from operating activities by the same amount in the consolidated and company’s statements of cash flows, hence there is no effect on the amount of net increase in cash and cash equivalents.

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The major impacts on the financial statements due to the retrospective adjustments from the abovementioned changes in accounting policies are as follows:

The Group

2018

	Book value based on the original standards	Impacts of the New Financial Instruments Standards		Impacts of the New Revenue Standard	Impacts of other changes in presentation of financial statements	Book value based on new standards
		Reclassification	Remeasurement			
	31 December 2017					1 January 2018
Financial assets held for trading	-	3,364,340,085	-	-	-	3,364,340,085
Financial assets at fair value through profit or loss	2,553,927,721	(2,553,927,721)	-	-	-	-
Bills receivable	1,519,375,541	-	-	-	(1,519,375,541)	-
Trade receivables	1,292,864,505	-	-	-	(1,292,864,505)	-
Bills receivable and trade receivables	-	-	(9,495,496)	-	2,812,240,046	2,802,744,550
Other current assets	3,528,021,403	(2,321,454,667)	-	-	-	1,206,566,736
Available-for-sale investments	778,201,186	(778,201,186)	-	-	-	-
Other equity instrument investments	-	2,478,771,645	237,191,157	-	-	2,715,962,802
Other non-current assets	6,959,404,089	(189,528,156)	-	-	-	6,769,875,933
Contractual liabilities	-	-	-	2,143,111,140	-	2,143,111,140
Advances from customers	2,143,111,140	-	-	(2,143,111,140)	-	-
Deferred tax liabilities	624,524,725	-	47,481,170	-	-	672,005,895
Other comprehensive income	(602,893,526)	-	186,956,573	-	-	(415,936,953)
Retained earnings	20,194,761,855	-	(9,495,496)	-	-	20,185,266,359
Non-controlling interests	2,643,122,063	-	2,753,414	-	-	2,645,875,477

20. CHANGES IN ACCOUNTING POLICIES (Continued)

The major impacts on the financial statements due to the retrospective adjustments from the abovementioned changes in accounting policies are as follows: (continued)

The Company

2018

	Book value based on the original standards	Impacts of the New Financial Instruments Standards		Impacts of the New Revenue Standard	Impacts of other changes in presentation of financial statements	Book value based on new standards
		Reclassification	Remeasurement			
	31 December 2017					1 January 2018
Financial assets held for trading	-	2,149,254,600	-	-	-	2,149,254,600
Financial assets at fair value through profit or loss	175,870,145	(175,870,145)	-	-	-	-
Bills receivable	159,100,091	-	-	-	(159,100,091)	-
Trade receivables	994,007,531	-	-	-	(994,007,531)	-
Bills receivable and trade receivables	-	-	-	-	1,153,107,622	1,153,107,622
Other current assets	2,256,160,618	(1,980,000,000)				276,160,618
Available-for-sale investments	460,422,337	(460,422,337)	-	-	-	-
Other equity instrument investments	-	467,037,882	111,695,937	-	-	578,733,819
Contractual liabilities	-	-	-	8,133,245	-	8,133,245
Advances from customers	8,133,245	-	-	(8,133,245)	-	-
Deferred tax liabilities	-	-	16,754,391	-	-	16,754,391
Other comprehensive income	-	-	94,941,546	-	-	94,941,546

The New Leases Standard

On 7 December 2018, the Ministry of Finance of the PRC amended “Accounting Standard for Business Enterprises No. 21 - Leases” (the “New Leases Standard”), which superseded the “Accounting Standard for Business Enterprises No. 21 - Leases” and Application Guidance for “Accounting Standard for Business Enterprises No. 21 - Leases” issued on 15 February 2006 and 30 October 2006 respectively. All companies listed in both the PRC and overseas or companies listed overseas and adopting International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements are required to implement the standard from 1 January 2019.

Under the New Leases Standard, at the commencement date of the lease, lessees shall recognise right-of-use assets and lease liabilities, except for those using simplified approach to account for short-term leases or leases of low-valued assets. Right-of-use assets shall be initially measured at cost. Cost model shall be adopted for the subsequent measurement by making reference to the depreciation provisions as stipulated in “Accounting Standard for Business Enterprises No. 4 – Fixed Assets” to provide depreciation on the right-of-use assets. Impairment test shall be carried out on the right-of-use assets and impairment shall be provided for those with impairment losses identified pursuant to “Accounting Standard for Business Enterprises No. 8 - Impairment of Assets”. Lease liabilities shall be initially measured on the commencement date of the lease at the lease payments that are not paid at that date. After the commencement date, lessees shall measure interest on the lease liabilities in each period during the lease term at the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability and the amount shall be recognised in the profit or loss for the current period. The Group planned to implement the New Leases Standard from 1 January 2019, adjust the amounts of retained earnings and other relevant items in the financial statements at the beginning of the year for the accumulated amounts affected pursuant to the transitional provisions of the New Leases Standard. The comparative figures will not be restated. The Group estimated that the implemetation of the New Leases Standard will not have material impact on the Group.

CHAIRMAN'S STATEMENT

2018 marks a year full of special significances. It is the 25th anniversary of establishment of Zijin Mining, the 15th anniversary of the listing of H Shares in Hong Kong, the 10th anniversary of the listing of A Shares in the PRC.

In the previous year, the dream interweaved into the reality while opportunities arose with challenges. We dedicated to the Zijin spirit of "founding business from difficult situations with the spirit of pioneering and innovation", realising new significant results in production, operation, reform and development. The total assets and operating income of the Company both exceeded RMB100 billion while the net profit attributable to owners of the parent and the operating cash flows realised favourable increase; the production volumes of mine-produced gold, mine-produced copper and mine-produced zinc ranked among the top tier of domestic mining companies; the international development fully accelerated and major breakthroughs were achieved in terms of overseas investment and acquisition, with a substantial raise in the resources reserve volume in gold, copper and zinc; the reform on the management system of the Company which aimed at conciseness, regulation and efficiency was vigorously promoted and attained remarkable results; the fundamentals of safety, environment protection and occupational health were further strengthened and new achievements were realised in ecological green mine constructions; the nurture and introduction of international talents were speeded up, and the capability of scientific and technological innovation was continuously improved; the constructions of the Heilongjiang Duobaoshan copper mine and the hydrometallurgy plant of the Kolwezi copper and cobalt mine in the DR Congo were completed and the projects commenced production, and the key construction projects including the Kamoa copper mine stepped up to progress. The Group demonstrates a favourable developing trend, and a large-scale international and multinational metal mining corporation is gradually emerging!

Success only favours those who struck the water in venturing midstream and boldly forge ahead. China has entered into a new era, and Zijin Mining makes an entrance to a key stage of a new round of business development with the main focus on internationalisation; the new era belongs to the strivers. Zijin Mining will make consistent efforts in order to become a sizable and multinational metal mining company with global competitiveness.

In a certain period of time in the future, although complicated issues emerge in international economic situation and trade protectionism is heightening against the trend, while a number of uncertainties in the global and Chinese economies exist and the growth momentum of the emerging economies is slowing down with constant changes in the mining market, peace and development remain to be the global focus and it is expected that certain economic growth can be maintained and realised. The vigorous reforms carried out on the mining industry, environmental protection policies and supply and demand create a relatively favourable environment for the mining market. Zijin Mining achieved significant breakthroughs in terms of control of crucial mineral resources. Approximately 50 million tonnes of copper resources reserve on equity basis was attained, part of which are world class super high-grade quality resources. Also, with more than 1,700 tonnes of gold and approximately 10 million tonnes of zinc (lead), a solid resources basis is provided for the increase of gold, copper and zinc products of the Company.

At present, we will set out again based on the foundation accumulated in the past 25 years, and a great business is just initiated in a larger-scale, higher-level and more encouraging and exciting way. For the year of 2019, we continue to uphold the main work focus of "clinging to reforms, stabilising growth and boosting development":

-Clinging to reform as the growth driver. We should adapt to internationalised development and reform the management ideas and patterns. Through 2-3 years of reform, the ideas, systems, rules and conducts focusing on domestic management shall be gradually transformed into the management system of a sizable international metal mining company; specific measures to "deepen reform and establish a concise, regulated and efficient management system" shall be further improved and enhanced, in order to tune the management, control and service functions of the Company's headquarters, exert the impact of business departments and mobilise the initiative of subsidiaries.

-Stabilising growth as the main focus. We should maintain growth in the operating results as the fundamental guarantee of the new round of construction and development of the Company; advanced technology and management innovation are the important ways to realise good benefits; strict cost control remains the sole option to achieve the operation results beyond expectation. Not only should we enhance the reserves volume and improve the operation and management of the existing projects in production, but we should also push forward the increase in production volume. The production and operation of the Duobaoshan copper mine, Musonoie's copper (cobalt) mine, the newly acquired Bor copper mine, the Bisha zinc multi-metal mine and other enterprises are the crucial steps for realising expected results or results exceeding the expectation. After a continuous decrease for two years, the production volume of mine-produced gold is expected to realise an increase of 10%, and the production volumes of copper and zinc are expected to realise substantial increase.

-Boosting development as the objective. We should make efforts to develop and build the foundation and conditions for sustainable and healthy development. **Firstly,** mineral resources are the most important material base for mining companies. The strategy of giving priority to resources shall be upheld, and new progress shall be made in acquisition and prospecting. **Secondly**, capital market shall be well and fully used to cleverly design the capital structure for raising the funds needed for acquisition and investment; completion of the public issuance of A shares is one of the most significant tasks of the Company in 2019. **Thirdly,** we should endeavor to push forward the construction of the acquired projects with great significance, in order to convert the advantage in resources to economic benefit at the fastest pace; the high-grade Kakula copper mine project, the high-grade upper zone of the Timok copper-gold mine project, the technological upgrade project of the Bor copper mine and other projects will have decisive impact on the production volumes of copper (gold) and a very substantial growth in the Company's profits. **Fourthly,** the risk control and resistance of the corporation shall be emphasised to avoid the subversive strategic or investment faults, and the risks of safety and environmental protection should be the most important risks that we should be alerted all the time. **Fifthly,** good abilities of adjusting to and expanding the markets, sustainable innovation, highly efficient operation and management and outstanding corporate culture shall be formed and established, so as to comprehensively enhance the level of informatisation, promote the nurture and introduction of international talents and strengthen the supervisory and anti-corruption work. The working and living conditions of the Company's staff and workers of the outsourcing companies should be continuously improved in every aspects, and the innovative idea of the Company should be integrated with the local cultures in the overseas areas where the Company operates.

"Those who surpass themselves will continue to surpass others". Being a corporation with the goal of becoming a global top-tier multinational mining company, Zijin Mining will follow the trend of the era, seize the development opportunities, uphold the strategic, capability and cultural confidence for the development of the Company, persist in the international development direction and innovational development, comprehensively complete various objectives and tasks of deepening reform and high-quality development, to embrace the new era, take new actions and realise a new leap for development!

OVERVIEW OF THE COMPANY'S OPERATION

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

1. Business scope

The Company is engaged in the exploration and mining of gold, copper, zinc and other metal mineral resources globally, supplemented by refining, processing and sales of related products. The Company also carries out other mining and metallurgy related businesses such as research and development, construction, trade and finance, etc.

2. Operating model

Obtain mineral resources by exploration or acquisition. Adhering to the mining resource priority strategy, the Company has strong geological prospecting technologies and capacity. Resources reserve is obtained at low cost by carrying out exploration at the projects. Moreover, the Company insists in carrying out projects of merger and acquisition of mining companies and resources projects at appropriate times in order to ensure that the growth of resources reserve volume can meet the Group's needs of sustainable development.

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

Enhance the industrial chain of refining and processing business. The Company carries on refining and processing business of gold, copper and zinc in an optimal scale to supplement its mining business. Steps are taken to perfect the industrial chain and expand business scale for forming upstream and downstream synergies to enhance industrial security and gain value-added income.

Technological research and construction business. The Company has an optimal research and development system with strong pertinence and practicability, which specialises in geology, mining, processing, metallurgy, and environmental protection application. Its design entities are qualified as grade A with a strong mine construction capacity.

Combine mining with finance, trade and logistics. The Company has established a finance company, Hong Kong treasury centre and capital investment company for fund management and capital operation across global business. The Company proactively explores the pathway to a successful combination among mining industry and finance, trade and logistics, and has built the platforms for selling, trading and marketing of gold and other metal products.

3. Position in the industry

The rankings published by the Forbes Magazine in 2018 show that the Company ranked the 947th in the list of "Global 2000: The World's Largest Public Companies", the 14th among the global non-ferrous metals corporations and the 2nd among the global gold corporations. According to Fortune in 2018, the Company ranked the 82nd in Fortune China 500.

The Company is one of the first batch of large-cap A Share companies being included in the MSCI Index. The top three renowned credit rating institutions including Moody's, Standard & Poor's and Fitch published credit rating reports of the Company, which are all investment-grade with stable outlook, indicating their acknowledgement on the strategy, operating efficiency, industry status and development prospect of the Company and marking that the overall strength of the Company has earned recognition across the international capital market.

The Company is one of the Chinese companies with the largest resources reserve volumes of gold, copper and zinc, in which the Company holds 49.52 million tonnes of copper resources reserve, close to the level of top international mining companies. The production volumes of mine-produced gold, mine-produced copper and mine-produced zinc of the Company are among the top three in the PRC. The Company leads the industry in terms of profitability.

	The Group	**Total volume of mines in the PRC**	**Proportion of the Group's volume to the total volume of mines in the PRC**
Retained gold resources reserve (tonnes)	1,727.97	13,195.56	13.10%
Production volume of mine-produced gold (tonnes)	36.50	345.97	10.55%
Retained copper resources reserve (million tonnes)	49.5211	106.0775	46.68%
Production volume of mine-produced copper (million tonnes)	0.2486	1.5060	16.51%
Retained zinc resources reserve (million tonnes)	8.3661	184.9385	4.52%
Production volume of mine-produced zinc (million tonnes)	0.2780	2.8403	9.79%

Note: China's total resources reserve volume of gold, copper and zinc are extracted from the "2018 China Mineral Resources Report" issued by the Ministry of Natural Resources of the PRC. China's total production volume of mine-produced gold is from China Gold Association, and China's total production volumes of mine-produced copper and mine-produced zinc are from China Nonferrous Metals Industry Association. The resources reserve volume of the Company is based on equity basis.

II. Significant changes in the major assets of the Company during the reporting period
The total consolidated assets of the Company as at 31 December 2018 was RMB112.879 billion, representing a 26.38% growth compared with the end of last year. In which, overseas assets amounted to RMB42.208 billion, representing 37.39% of the total consolidated assets.

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

III. Analysis on the core competitiveness during the reporting period

The Company focuses on mining as the principal business by implementing the strategy of prioritising mineral resources. Through management and technological innovation, effective control is imposed on the aspects of investment and costs. After 25 years of development, the Company locates a pathway that suits its development well, and an innovative idea with the Company's own characteristics was formed. The Company also properly applies general scientific theories to the actual conditions, seeks for the type of innovation that best caters to corporate needs, and relentlessly challenges the achievements of itself. Innovation has become the Company's core competitiveness. The Company's principal competitive advantages include:

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

Advantage in strategic development. The Company aims at extra-large scale international mining group with high technology and efficiency as its strategic goal and insists on the core business of gold, copper and zinc minerals production; the Company has formulated medium and long-term strategic planning objectives, which will be revised and adjusted according to the changes in the situation; the Company has clear goals and objectives as well as precise positioning. Corporate strategies of the Company are executed in a persistent and firm manner.

Advantage in resources reserve. The Company has abundant high-quality resources and reserves. Its resources of gold, copper and zinc (on equity basis) reach 1,728 tonnes, 49.52 million tonnes and 8.37 million tonnes respectively. The volume of copper reserves is close to the standards of top international mining companies. The Company has a number of mature mines in production and newly-acquired projects or projects under construction with high resources reserve volume and high-grade minerals; among them, the Kamoa copper mine in the DR Congo is a world-class super large high-grade copper mine, with copper metal resources reserve volume of more than 42 million tonnes. It is the largest copper mine in Africa and also the fourth largest copper mine in the world.

Advantage in technological innovation. The Company possesses core technologies and occupies a leading position in domestic metal mining industry in the aspects of geological prospecting, hydrometallurgy, energy consumption indicators, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on. The Company owns several high-level research and development platforms and design entities for scientific research including the exclusive State Key Laboratory in gold industry, the national enterprise technology centre, workstations for academicians' scientific research, workstations for post-doctors' scientific research, research institutes of mining and metallurgy, technology companies and design companies, etc. A technological innovation system with Zijin's characteristics and a batch of independent intellectual property rights and scientific research achievements are formed. The Company, together with several of its subsidiaries, were recognised as the national "High and New Technology Enterprises".

Advantage in costs. The Company possesses outstanding technological innovation ability. Effective control on investment is achieved by optimising construction plan of projects. Resources with comparatively low costs are obtained through excellent prospecting capacity. The costs of key investments and key mineral products of the Company are lower than the average of the industry, and the gross profit margins of mineral products are also comparatively high. These bring good operating cash flows and financial credibility to the Company. The Company's mineral products also have outstanding risk resistance ability during the market downturn.

Advantage in synergies. Focusing on development of mineral resources, the Company appropriately extends upstream and downstream industries, continuously increases resource reserves through geological prospecting, and achieves complementary advantages of upstream and downstream and enhances added value of products through metal refining compatible with the scale of self-owned mines in production. The Company mainly engages in the businesses of gold, copper and zinc metals. Gold has significant financial attributes and anti-risk ability during the economic downturn, which synergises with non-ferrous metals products including copper and zinc. The complementary advantages in prices enhance the Company's anti-risk capability and profitability.

Competitive advantage in talents. The Company has a dedicated, professional and loyal management team; most senior management members are experts in the industry; middle-level teams have strong practical capabilities, professional management capabilities and high corporate loyalty, and a relatively strong overseas operational capability has been developed. An international talent team is preliminarily formed.

Advantage in corporate culture. The Company has fostered an innovation-based corporate culture and the mindset of "founding business from difficult situations with the spirit of pioneering and innovation". High attention and focuses are laid on environmental protection, eco-development, occupational health and professional development of employees as well as charity and social responsibility, and a collaborative, harmonious and mutual development belief has earned broad recognition and support from the society.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

Market overview during the reporting period
In 2018, the world's economy continued to grow moderately, but the growth momentum slowed down; the differentiations of growth trend, inflation levels and monetary policy of major economies were obvious. As the economy of the United States was recovering, the United States Federal Reserve continued to raise the interest rate and shrink the balance sheet, coupled with the rise in protectionism and unilateralism and brewing adjustments of international economic rules; some emerging economies' currencies depreciated sharply, and the real economy and financial market underwent turmoil.

In the context of the intensification of Sino-US trade frictions, China's economic development was greatly disrupted in the first half of the year. Meanwhile, crises such as domestic private enterprises' credit risk and equity pledges of listed companies followed. The central government of the PRC adopted a series of economy stabilising measures in a timely manner and maintained the stable development of the Chinese economy. The growth structure continued to be optimised, and the overall financial risk declined. The Chinese economy is transforming from a high-speed growth stage to a high-quality development stage.

Condition of the industry

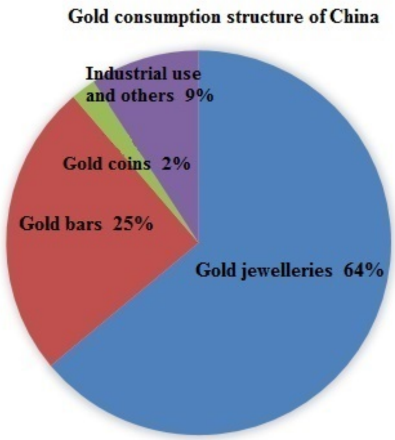
In 2018, the overall performance of the global metal market was worse than expected. Prices of major commodities fluctuated and declined, while the pace of performance improvement of mining companies slowed down, and the capital market significantly reduced investment in mining assets. During the same period, investment in prospecting of mining companies accelerated, and the total consideration of global mining merger and acquisition reached a new peak for the past five years, indicating that the optimistic expectations on mining industry for the medium and long term have not changed. Important resource countries strengthened strategic resource management and control, raising the demand for sharing the benefits of development of mineral resources.

Gold

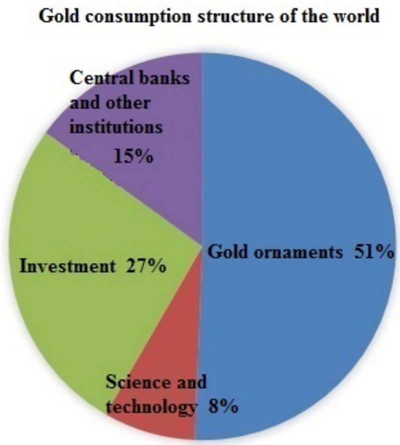
In 2018, the international gold price trend showed a wide range of fluctuation. The highest price of gold reached USD1,366/ounce, while the lowest price hit USD1,160/ounce, and it closed at USD1,282/ounce at the end of the year. The annual average price was USD1,269/ounce representing a 0.8% growth year-on-year. Under the influence of the U.S. Dollar Index, the domestic gold price declined first then turned to an upward trend. The highest price of gold reached RMB288/gramme, while the lowest price hit RMB263/gramme. The closing price at the end of 2018 was RMB284/gramme. The average price of the year was RMB271/gramme, representing a decrease of 1.5% compared with the same period last year.

According to the statistics of the World Gold Council, in 2018, the global gold production volume was 3,346.9 tonnes, representing a growth of 0.8% compared with the same period last year. The global demand of gold was 4,345.1 tonnes, representing a growth of 4.5% compared with the same period last year.

According to the statistics of the China Gold Association, in 2018, the national gold production was 401.1 tonnes, representing a decrease of 25 tonnes or 5.9% compared with the same period last year, in which, 346 tonnes were produced from gold mines and 55.2 tonnes were produced from non-ferrous raw materials.



Source of data: China Gold Association



Source of data: World Gold Council

Copper and zinc

In 2018, the macro sentiment had a significant impact on non-ferrous metals. In the first half of the year, copper and zinc prices fluctuated at a high level. As global trade tensions escalated and the U.S. Dollar Index rebounded, the sentiment of risk aversion increased. The copper and zinc markets began to drop substantially after June.

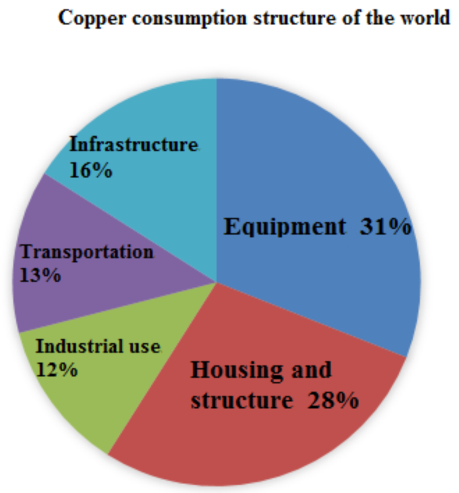
During the reporting period, the highest price of copper in London market reached USD7,348/tonne, while the lowest price hit USD5,773/tonne, and it closed at USD5,949/tonne at the end of the year. The annual average price was USD6,527/tonne, representing a 5.7% growth year-on-year. The average spot price of copper in the PRC was RMB50,689/tonne, representing a year-on-year growth of 2.9%.

During the reporting period, the highest price of zinc in London market reached USD3,596/tonne, while the lowest price hit USD2,071/tonne, and it closed at USD2,519/tonne at the end of the year. The annual average price was

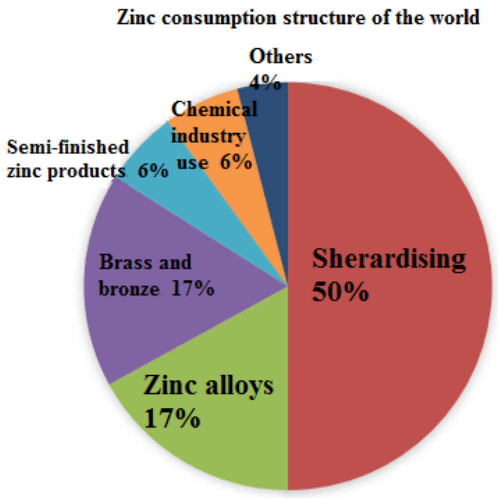
USD2,919/tonne, which was basically the same as the previous year's average price. The average spot price of zinc in the PRC was RMB23,674/tonne representing an 1.7% decrease year-on-year.

According to the statistics of International Copper Study Group ("ICSG") for 2018, the global production volume of mine-produced copper was 20.52 million tonnes, representing an increase of 2.3% compared with the same period last year; the global production volume of refined copper was 23.876 million tonnes, representing an increase of 1.5% compared with the same period last year; the global consumption volume of refined copper was 24.263 million tonnes, representing an increase of 2% compared with the same period last year.

According to the statistics of International Lead and Zinc Study Group ("ILZSG") for 2018, the global production volume of mine-produced zinc was 12.87 million tonnes, representing an increase of 2% compared with the same period last year; the global production of refined zinc was 13.27 million tonnes, which was basically the same as the previous year; the global consumption of refined zinc was 13.67 million tonnes, representing a decrease of 0.3% compared with the same period last year.



Source of data: ICSG



Source of data: ILZSG

According to the statistics of China Nonferrous Metals Industry Association for 2018, the national production volumes of mine-produced copper and mine-produced zinc were 1.5060 million tonnes and 2.8403 million tonnes respectively, representing an increase of 3.9% and a decrease of 4.9% compared with the same period last year respectively; the national production volumes of refined copper and refined zinc in 2018 were 9.0286 million tonnes and 5.6811 million tonnes respectively, representing an increase of 8% and a decrease of 3.2% compared with the same period last year respectively.

In 2018, the realised operating income and realised profit of non-ferrous metal mining enterprises above designated size in China were RMB5.4289 trillion and RMB185.5 billion respectively, representing an increase of 8.8% and a decrease of 6.1% compared with the same period last year respectively, in which, the realised profit of mining and processing was RMB41.6 billion which was basically the same as the previous year; the realised profits of refining and processing were RMB67.9 billion and RMB75.6 billion, representing a decrease of 10.2% and 5.6% compared with the same period last year respectively.

Business overview

During the reporting period, the Company echoed to the requirements of the new era and tightly grasped "clinging to reforms, stabilising growth and boosting development" as the main focus of work, continued to promote high-quality development, founding business from difficult situations with the spirit of pioneering and innovation, which led to a substantial progress in operating results and the reform and development. The Company's major financial indicators realised favourable growth and maintained as one of the leading companies in the industry. The production volumes of mine-produced gold, mine-produced copper and mine-produced zinc ranked the top three in China. The Company has achieved a substantial growth in the production volume of mine-produced copper. Its structural growth momentum was continuously released. The Company has solidly promoted deep reform and built a more concise, regulated and efficient management system for the Group. The Company has significantly accelerated its internationalisation process and achieved significant breakthroughs in overseas mergers and acquisitions. The Company's successful acquisitions of RTB Bor Group in Serbia and Nevsun (a Canadian listed company) substantially increased the Group's resources reserve volumes of gold, copper and zinc, and the production capacity was uplifted as well. They have become new profit drivers for the Group. The Company continued to strengthen the fundamentals for safety, environmental protection and occupational health, and actively built a green eco-brand, with fruitful results in scientific and technological innovation. The brand value and industry status of the Company have been promoted.

During the reporting period, the Group realised an operating income of RMB105.994 billion, representing an increase of 12.11% compared with the same period last year (2017: RMB94.549 billion); net profit attributable to owners of the parent was RMB4.094 billion, representing an increase of 16.71% compared with the same period last year (2017: RMB3.508 billion). As at the end of December 2018, the Group's total assets was RMB112.879 billion, representing an increase of 26.38% compared with the beginning of the year (beginning of the year: RMB89.315 billion); net assets was RMB47.274 billion, in which the net assets attributable to owners of the parent was RMB40.455 billion, representing an increase of 15.59% compared with the beginning of the year (beginning of the year: RMB35.0 billion).

Comparison table of production volumes of the Company's major mineral products for 2016-2018

	Mine-produced gold (tonnes)	**Mine-produced copper (thousand tonnes)**	**Mine-produced zinc (thousand tonnes)**
2016	42.55	155.0	250.0
2017	37.48	208.0	270.0
2018	36.50	248.6	278.0

GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 241,628kg (7,768,514 ounces) of gold, representing an increase of 13.03% compared with the same period last year (2017: 213,765kg).

Among which, 36,497kg (1,173,405 ounces) was mine-produced gold, representing a decrease of 2.63% compared with same period last year (2017: 37,483kg).

	Name	**Interest held by the Group**	**Mine-produced gold (kg)**
Major enterprises or mines	Porgera gold mine in Papua New Guinea	47.5%	6,766
	JV Zeravshan LLC in Tajikistan	70%	4,567
	Norton Gold Fields Limited in Australia	100%	4,262
	Fujian Zijinshan gold and copper mine	100%	3,241
	Altynken Limited Liability Company in Kyrgyzstan	60%	3,237
	Jilin Hunchun Shuguang gold and copper mine	100%	3,111
Total of other gold producing entities of the Group			11,313
Total			36,497

205,131kg (6,595,110 ounces) of refinery, processed and trading gold was produced, representing an increase of 16.37% compared with same period last year (2017: 176,282kg).

Sales income from the gold business represented about 50.82% (after elimination) of the total operating income during the reporting period. Gross profit of the gold business represented about 21.40% of the gross profit of the Group.

(1 troy ounce = 31.1035g)

COPPER MINE BUSINESS

During the reporting period, the Group produced a total of 683,078 tonnes of copper, representing an increase of 7.40% compared with the same period last year (2017: 636,008 tonnes).

Among which, 248,577 tonnes of mine-produced copper were produced (including 19,763 tonnes of mine-produced copper cathodes), representing an increase of 19.52% compared with the same period last year (2017: 207,987 tonnes).

Major enterprises or mines	**Name**	**Interest held by the Group**	**Mine-produced copper (tonne)**	**Note**
	Fujian Zijinshan gold and copper mine	100%	76,631	Including: 19,231 tonnes of copper

				cathodes
	Kolwezi copper mine in the DR Congo	72%	53,235	
	Xinjiang Ashele copper mine	51%	44,528	
	Heilongjiang Duobaoshan copper mine	100%	39,775	
	Jilin Hunchun Shuguang gold and copper mine	100%	15,182	
Total of other mines			19,226	
Total			248,577	Including: 19,763 tonnes of copper cathodes

434,501 tonnes of copper were produced from refineries, representing an increase of 1.51% compared with the same period last year (2017: 428,022 tonnes).

Sales income from the copper business represented about 19.90% (after elimination) of the total operating income during the reporting period. Gross profit of the copper business represented about 36.24% of the gross profit of the Group.

ZINC (LEAD) MINE BUSINESS

During the reporting period, the Group produced zinc of 461,169 tonnes, representing a decrease of 1.25% compared with the same period last year (2017: 466,998 tonnes). In which, the Group produced mine-produced zinc in concentrate form of 278,038 tonnes, representing an increase of 2.98% compared with the same period last year (2017: 269,989 tonnes). 183,131 tonnes of zinc bullion were produced from refineries, representing a decrease of 7.04% compared with the same period last year (2017: 197,009 tonnes).

During the reporting period, the Group produced lead in concentrate form of 35,909 tonnes, representing a decrease of 0.92% compared with the same period last year (2017: 36,243 tonnes).

	Name	**Interest held by the Group**	**Mine-produced zinc (tonne)**	**Mine-produced lead (tonne)**	**Mine-produced zinc + mine-produced lead (tonne)**
Major enterprises or mines	Longxing Company in Tuva, Russia	70%	99,918	4,152	104,070
	Xinjiang Zijin Zinc Industry	100%	93,551	12,535	106,086
	Wulatehouqi Zijin Mining Company Limited	95%	74,435	14,050	88,485
	Xinjiang Ashele Copper Company Limited	51%	9,001	-	9,001
Total of other mines			1,133	5,172	6,305
Total			278,038	35,909	313,947

Sales income from lead and zinc business represented about 6.59% (after elimination) of total operating income during the reporting period. Gross profit of the lead and zinc mine business represented approximately 21.30% of the gross profit of the Group.

SILVER, IRON MINE AND OTHER BUSINESS

During the reporting period, the Group produced silver of 604,760kg, representing a decrease of 8.53% compared with the same period last year (2017: 661,122kg). Among which, 383,884kg of silver was produced from refinery as by-product, representing a decrease of 9.25% compared with the same period last year (2017: 423,028kg); 220,877kg of mine-produced silver was produced, representing a decrease of 7.23% compared with the same period last year (2017: 238,094kg).

Major enterprises or mines	**Name**	**Interest held by the Group**	**Mine-produced silver (kg)**
	Fujian Wuping Zijin Mining Company Limited	77.5%	42,115

	Fujian Zijinshan gold and copper mine	100%	29,976
	Xinjiang Ashele Copper Company Limited	51%	29,545
Total of other mines			119,241
Total			220,877

During the reporting period, the Group produced iron ore of 2.97 million tonnes, representing an increase of 0.7% compared with the same period last year (2017: 2.95 million tonnes).

	Name	Interest held by the Group	Iron concentrates (million tonne)
Major enterprises or mines	Xinjiang Jinbao Mining Company Limited	56%	2.47
	Fujian Makeng Mining Company Limited	41.5%	0.5 (on equity basis)
Total			2.97

Sales income from iron mines, silver and other products represented about 22.69% (after elimination) of total operating income during the reporting period, the gross profit of which represented approximately 21.06% of the gross profit of the Group.

Major measures taken during the reporting period:

Continued to improve corporate governance, comprehensively deepened reform and advanced orderly
Starting with the Company's 25th anniversary, the 15th anniversary of listing of the H Shares and the 10th anniversary of listing of the A Shares, the Company formulated the "Company 2018-2022 Development Plan", which set the goals for the next 5 years. The Company completed the revision of major systems on adding the Party's building and development in the Company's articles of association, and continuously regulated the governance system adhering to the guiding policy of "deepening reform, building a concise, regulated and efficient management system". The role of the Execution and Investment Committee of the Board of Directors in the Company's major production operations and investment decision-making was clarified, which achieved stable and efficient decision-making in major investment and financing projects. The comparative independence, effectiveness and responsibility of the supervision system were further strengthened. The business department management model was deepened, and the corporate governance status of subsidiaries was enhanced. The vitality of the business sectors continued to be stimulated. The headquarters' functions of management services were strengthened, and the financial, marketing, logistics, and construction platforms were standardised orderly. Diversified human resources mechanisms were effective. The governance and management systems with distinctive Zijin characteristics were further consolidated and optimised.

Steady growth in operating performance and improved efficiency in high-quality development
The all-round high-quality development was promoted and the assessment and management of major technical and economic indicators were strengthened by adhering to legal compliance operations. The Company emphasised on improving the "five-rate" indicators including ore loss rate, dilution rate, processing recovery rate, equipment operation rate and labour productivity, and the operating level of domestic mining sector, refining and processing sector and overseas sector have been continuously optimised to promote the coordinated development of auxiliary sectors such as finance, construction, trade and logistics. Projects not relating to main business and small in size were disposed of more rapidly.

Obvious acceleration of the internationalisation process with major breakthroughs in project mergers and acquisitions
The internationalisation process of the Company has been significantly accelerated, with major breakthroughs made in overseas project mergers and acquisitions and the increasing influence along the "Belt and Road Initiative". The construction of overseas projects accelerated. Completion and operation of phase 2 hydrometallurgy plant for the Kolwezi copper and cobalt mine in the DR Congo in only nine-month period and the implementation of the Chinese standard and Zijin plan let Zijin spirit shine again in Africa. The resources reserve volume of the Kamoa copper mine in the DR Congo exceeded 42 million tonnes, making it the fourth largest copper mine in the world, the construction of which is being pushed forward orderly. The management of overseas projects continued to be standardised, and safety production and compliance control continued to improve. Environmental protection became a beautiful business card for the Company's overseas projects.

In 2018, mineral resources produced by the Company's overseas projects included mine-produced gold, mine-produced copper and mine-produced zinc of 19.07 tonnes, 60,100 tonnes and 99,900 tonnes respectively, representing 52.26%, 24.19% and 35.94% of respective total of the Group respectively. The reserves volumes of gold, copper and zinc of overseas projects (on equity basis) were 1,131.78 tonnes, 38,794,400 tonnes and 2,424,400 tonnes, respectively, representing 65.50%, 78.34% and 25.29% of the respective total reserve of the Company.

With the rapid development of the Company's overseas business, it is expected that the overseas production of major products will exceed the domestic market in the next 2 to 3 years, becoming the Company's largest growth driver.

Promoted high unification between mining development and ecological and environmental conservation, actively performed social responsibility

The safety production, environmental protection and occupational health of the Company are in a good trend as a whole. Adhering to the goal of "zero death in workplace, zero environmental incident and zero occupational disease", the fundamentals of safety and environmental protection management were constantly consolidated, to promote the paramilitary management of safety production and integration of the external engineering team for unified management, implementation of safety points system and the campaign of "every staff is security officer". The safety production awareness and performance ability of the head commander have been improved by introducing advanced western safety management concepts and methods and promoting statistical analysis of the loss rate per a million working hours. The concepts of "life comes first, environmental protection in priority" and "green mountains and clean water are our invaluable assets" have more deeply rooted in people's minds. The awareness and level of safety and environmental protection of employees, and the international safety and environmental protection management system have been significantly improved. Adhering to high unification between mine development and ecological environment, the Company continued to promote the development of green mines. The impact of green eco-brands has further expanded, and the Group has achieved the goal of "zero environmental incident".

The Company continued to serve local communities and their development, poverty alleviation and charity, and donated RMB206.5 million in the year 2018. For details, please refer to the Zijin Mining 2018 Environmental and Social Responsibility Report.

Thoroughly implemented the innovation-driven development strategy, and speeded up the upgrade in informatisation development

The Company vigorously optimised its technology infrastructure and promoted the construction of a science and technology innovation center. The State Key Laboratory of Comprehensive Utilisation of Low-grade Refractory Gold Ores successfully passed the first assessment organised by the Ministry of Science and Technology and received a "good" rating. By strengthening the position of technological innovation and promoting key projects and core technologies, the scientific and technological achievements of the subsidiaries, Bayannaoer Zijin and Changsha Science Environmental Technology Co., Ltd., won the second prize of National Science and Technology Progress Award of 2018 and the second prize of National Technology Invention Award respectively. "A method for selective gold extraction from copper-containing oxidised gold ore with cyanide" of the Company won the China Patent Excellence Award; the superfine grinding technology reform of the Tuva zinc and polymetallic mine in Russia and comprehensive recovery of refractory ore of the Taror mine in Kyrgyzstan obtained significant breakthroughs. In 2018, Zijin Testing Company, Wulatehouqi Zijin, Zijin Tungsten and Kuitun Tongguan Metallurgical Chemical Company Limited passed the national high-tech enterprise certification. The Company comprehensively launched the informatisation construction, formulated the "Five-year Development Plan for Informatisation", and actively promoted the "three-oriented" construction.

Promoted key projects in an orderly manner, and released capacity to ensure sustainable growth

The Company's construction projects are in smooth progress while maintaining gradual release in production capacity, providing an important guarantee for sustainable growth. The phase 2 of the hydrometallurgy plant of the Kolwezi copper and cobalt mine in the DR Congo (adding 40,000 tonnes of mine-produced copper per year, 3,000 tonnes of mine-produced cobalt per year) and phase 2 expansion project of the Heilongjiang Duobaoshan copper mine (adding 60,000 tonnes of copper per year) were successfully put into pilot production and will gradually release new capacity. Heilongjiang Zijin Copper's copper refining project, Xinjiang Zijin Non-ferrous' zinc refining project, Zijin Copper's comprehensive utilisation of resources from copper refining and harmless treatment project, and Fujian Zijin Copper's high-performance copper alloy and energy-saving reform project are currently underway in an orderly manner as planned.

Resource exploration obtained promising results, continuous progress was made in the expansion of overseas resources

During the reporting period, the Group insisted on mineral resources as the core assets and the basis for sustainable development and strengthened the inputs into mine exploration. By concentration of capital and technology on the major breakthrough, the Group achieved fruitful results in reserves increase by exploration which provides the important mining resources for sustainable growth. In which, the Kamoa copper mine in the DR Congo increased 5.92 million tonnes of copper resources reserve; the Kolwezi copper mine in the DR Congo increased copper and cobalt resources volumes by 430,000 tonnes and 45,000 tonnes respectively; the Xinjiang Wulagen mine increased 280,000 tonnes of lead+zinc resources volumes; Shanxi Yixingzhai-Yilian project increased 28 tonnes of gold resources volumes. Moreover, the Xinjiang Ashele Copper, Inner Mongolia Wulatehouqi Zijin and the Helongjiang Duobaoshan copper mine achieved good results in discovery of resources through prospecting and exploration. During the reporting period, the Group invested RMB301 million (on equity basis) in exploration and the aggregate volume of resources reserve of mineral resources (grade 333 or above, on equity basis) newly added from exploration were 39 tonnes of gold, 3.03 million tonnes of copper, 520,000 tonnes of lead and zinc, 168 tonnes of silver and 32,400 tonnes of cobalt.

As at the end of 2018, the Group owned 195 exploration rights covering a total area of 2,279.90 square kilometers, and 233 mining rights covering a total area of 874.45 square kilometers.

The table below sets out the retained resources reserve volume (after review) of the Group on equity basis as at the end of 2018:

Summary of resources reserve volume of the Group's major mines as at the end of 2018

Type of mineral	Unit	Resources reserve volume (grade 333 or above)		
		As at the end of 2018	As at the end of 2017	Growth rate compared with same period last year (%)
Gold	t (metal)	1,355.62	1,161.22	16.74
Gold associated with other metals	t (metal)	372.35	158.85	134.40
Sub-total of gold	t (metal)	1,727.97	1,320.07	30.90
Copper	Mt (metal)	49.5211	31.4751	57.33
Silver	t (metal)	1,846.59	836.05	120.87
Molybdenum	Mt (metal)	0.6785	0.6809	-0.35
Zinc	Mt (metal)	8.3661	7.8304	6.84
Lead	Mt (metal)	1.2192	1.4403	-15.36
Tungsten	WO_3, t	74,400	75,600	-1.60
Tin	Mt (metal)	0.1397	0.1397	-
Iron	Mt (ore)	198	206	-4.03
Coal	Mt	69	69	-
Platinum	t (metal)	235.80	235.80	-
Palladium	t (metal)	148.76	148.76	-

STATUS OF MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period, the Group recorded operating income of RMB105.994 billion, representing an increase of 12.11% compared with the same period last year (2017: RMB94.549 billion).

Analysis of main businesses
1. Operating results
The table below sets out the sales by products for the two years ended 31 December 2018 and 2017:

Item	2018 (Jan – Dec)					2017 (Jan – Dec)					Increase/ decrease in unit price
Product name	Unit price (Tax excluded)		Sales volume		Amount (RMB'000)	Unit price (Tax excluded)		Sales volume		Amount (RMB'000)	
Mine-produced gold	252.06	RMB/g	36,133	kg	9,107,740	249.36	RMB/g	37,377	kg	9,320,290	1.08%
Refinery and processed gold	270.59	RMB/g	205,478	kg	55,599,900	274.97	RMB/g	176,152	kg	48,436,900	-1.59%
Mine-produced silver	2.29	RMB/g	220,801	kg	505,160	2.56	RMB/g	235,961	kg	603,240	-10.55%
Mine-produced copper	35,353	RMB/t	249,475	t	8,819,650	34,406	RMB/t	208,183	t	7,162,800	2.75%
Refinery copper	43,499	RMB/t	435,964	t	18,964,200	41,885	RMB/t	431,191	t	18,060,510	3.85%
Mine-produced zinc	14,186	RMB/t	282,805	t	4,011,760	14,547	RMB/t	279,562	t	4,066,710	-2.48%

Refinery zinc	20,205	RMB/t	182,591	t	3,689,190	19,997	RMB/t	198,470	t	3,968,760	1.04%
Iron ore (excluding non-subsidiaries of the Company)	588	RMB/t	2.4677	Mt	1,451,370	460	RMB/t	2.4250	Mt	1,116,620	27.83%
Trading income					17,118,880					14,198,930	
Others (Note 1)					13,718,480					9,016,620	
Less: Internal sales					-26,992,080					-21,402,760	
Total					105,994,250					94,548,620	

Note 1: During the reporting period, other sales income mainly included: RMB1.610 billion from properties, RMB1.201 billion from refinery and processed silver, RMB943 million from gold manufacturing products, RMB840 million from copper pipe, RMB869 million from copperplate, RMB471 million from lead concentrates, RMB290 million from tungsten concentrates etc., and RMB7.494 billion from other products, intermediate services and other services.

In 2018, except for the drop in the prices of mine-produced zinc and mine-produced silver, the prices of the Group's other mineral products elevated. Except that the sales volume of mine-produced gold, mine-produced silver and refinery zinc decreased compared with the same period last year, sales and production volumes of other minerals all reported increase compared with the same period last year. The unit prices of mine-produced copper and refinery copper increased compared with the same period last year.

2. Analysis on cost and gross profit margin

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

The table below sets out the details of the unit cost of sales and gross profit margin by product for the two years ended 31 December 2017 and 2018. (Note 1)

Item	**Unit cost of sales**				**Gross profit margin (%)**	
Product name	**2018 (Jan - Dec)**	**2017 (Jan - Dec)**	**Unit**	**Compared with same period last year (%)**	**2018 (Jan - Dec)**	**2017 (Jan - Dec)**
Mine-produced gold	172.99	164.70	RMB/g	5.03	31.37	33.95
Refinery and processed gold	269.90	273.45	RMB/g	-1.30	0.25	0.55
Mine-produced silver	1.73	1.56	RMB/g	11.27	24.31	39.12
Mine-produced copper	17,694	16,992	RMB/t	4.13	49.95	50.61
Refinery copper	41,958	39,547	RMB/t	6.10	3.54	5.58
Mine-produced zinc	4,917	4,838	RMB/t	1.63	65.34	66.74
Refinery zinc	19,559	18,198	RMB/t	7.48	3.20	8.99
Iron ore	170	156	RMB/t	9.21	71.04	66.13
Overall gross profit margin (Note 2)					12.59	13.94
Overall gross profit margin (excluding refining and processing enterprises)					46.31	47.24

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

Note 2: The Group's overall gross profit margin was 12.59%, representing a decrease of 1.35 percentage points compared with the same period last year. The overall gross profit margin of mineral products (excluding processed and refined products) was 46.31%, representing a decrease of 0.93 percentage point compared with the same period last year, which was mainly owing to the rise in the costs of mineral products.

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

Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Changes (%)
Operating income	105,994,246,123	94,548,619,098	12.11
Operating costs	92,651,374,475	81,371,973,684	13.86
Taxes and surcharges	1,598,995,649	1,352,340,359	18.24
Selling expenses	887,451,338	748,942,449	18.49
Administrative expenses	2,964,964,865	2,694,689,753	10.03
Research and development expenses	274,380,222	299,380,476	-8.35
Financial expenses	1,254,241,143	2,012,950,292	-37.69
Impairment losses on assets	1,500,399,230	2,220,905,893	-32.44
Credit impairment losses	-82,017,400	-	Not applicable
(Losses)/Gains or losses on changes in fair value	-135,783,729	750,200,343	Not applicable
Investment income	1,060,522,923	155,670,082	581.26
Share of profits/(losses) of associates and joint ventures	373,063,390	-29,259,162	Not applicable
Gains on disposal of assets	84,561,738	44,456,123	90.21
Non-operating income	365,953,586	57,610,854	535.22
Net profits/(losses) attributable to non-controlling shareholders	588,902,923	-260,168,430	Not applicable
Changes in fair value of available-for-sale investments	0	-109,669,097	Not applicable
Costs of hedging - forward elements	61,666,120	-	Not applicable
Exchange differences arising from translation of financial statements denominated in foreign currencies	-62,020,181	-18,760,719	Not applicable
Net cash flows from operating activities	10,233,009,701	9,764,355,514	4.80
Net cash flows used in investing activities	-13,640,210,446	-5,947,602,813	Not applicable
Net cash flows used in financing activities	7,655,168,438	-2,674,287,343	Not applicable

Explanations:

(1) Operating income/operating costs: Please refer to the previous analysis;

(2) Taxes and surcharges: Due to the increase in resource tax;

(3) Selling expenses: Please refer to the analysis in “Expenses”;

(4) Administrative expenses: Please refer to the analysis in “Expenses”;

(5) Research and development expenses: Please refer to the analysis in “Expenses”;

(6) Financial expenses: Please refer to the analysis in “Expenses”;

(7) Impairment losses on assets: Mainly due to decrease in impairment provision for non-current assets including fixed assets, intangible assets, construction in progress, etc., which had indication of impairment compared with last year;

(8) Credit impairment losses: Due to the implementation of the New Financial Instruments Standards, it is not comparable;

(9) (Losses)/Gains on changes in fair value: From 1 January 2018, the Group implements the New Financial Instruments Standards, which reclassified certain stock investments which were originally classified as “financial assets at fair value through profit or loss” into “financial assets at fair value through other comprehensive income”. The unrealised profit or loss generated therefrom did not have impact on the profit or loss for the current period.

(10) Investment income: Please refer to the analysis in “Expenses”;

(11) Share of (losses)/profits of associates and joint ventures: Mainly due to an increase in profitability of associates and joint ventures under equity method in 2018 compared with the same period last year;

(12) Gains on disposal of assets: Mainly due to an increase in gains on the sale of assets in 2018 compared with the same period last year;

(13) Non-operating income: Mainly due to the earthquake insurance indemnity received by BNL, a company under joint operation of the Group in 2018;

(14) Change in net profit attributable to non-controlling interests: Mainly due to increase in profitability of certain non-wholly owned subsidiaries;

(15) Changes in fair value of available-for-sale investments: Due to the implementation of the New Financial Instruments Standards and the amount was reclassified to changes in fair value of other equity instrument investments;
(16) Costs of hedging - forward elements: Due to the implementation of the New Financial Instruments Standards, it is not comparable;
(17) Exchange differences arising from translation of financial statements denominated in foreign currencies: Due to the fluctuation of exchange rate of Renminbi to foreign currencies;
(18) Net cash flows from operating activities: Please refer to the analysis in "Cash Flows";
(19) Net cash flows used in investing activities: Please refer to the analysis in "Cash Flows";
(20) Net cash flows used in financing activities: Please refer to the analysis in "Cash Flows";

4. Analysis on sales and costs
The Company mainly engages in the production of mineral products or refining products of gold, copper, lead and zinc and other metals, and earns profits from selling these products.

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

Unit: RMB'000

Status of main businesses by product						
By product	**Operating income**	**Operating costs**	**Gross profit margin (%)**	**Changes in operating income compared with last year (%)**	**Changes in operating costs compared with last year (%)**	**Changes in gross profit margin compared with last year (percentage point)**
Mine-produced gold	9,107,740	6,250,580	31.37	-2.28	1.54	Decreased by 2.58 percentage points
Refinery, processed and trading gold	55,599,900	55,459,310	0.25	14.79	15.13	Decreased by 0.30 percentage point
Mine-produced silver	505,160	382,350	24.31	-16.26	4.12	Decreased by 14.81 percentage points
Mine-produced copper	8,819,650	4,414,270	49.95	23.13	24.78	Decreased by 0.66 percentage point
Refinery copper	18,964,200	18,292,260	3.54	5	7.27	Decreased by 2.04 percentage points
Mine-produced zinc	4,011,760	1,390,520	65.34	-1.35	2.81	Decreased by 1.40 percentage points
Refinery zinc	3,689,190	3,571,280	3.2	-7.04	-1.12	Increased by 5.79 percentage points
Iron ore	1,451,370	420,290	71.04	29.98	11.13	Increased by 4.91 percentage points
Others	30,837,360	28,795,180	6.62	32.83	33.77	Decreased by 0.66 percentage point
Less: Internal sales	-26,992,080	-26,324,670				
Total	105,994,250	92,651,370	12.59	12.11	13.86	Decreased by 1.35 percentage points
Status of main businesses by region						
By region	**Operating income**	**Operating costs**	**Gross profit margin (%)**	**Changes in operating income compared with last year (%)**	**Changes in operating costs compared with last year (%)**	**Changes in gross profit margin compared with last year (percentage point)**
Mainland China	124,492,020	114,358,460	8.14	14.79	16.78	Decreased by 1.57 percentage points
Outside Mainland China	8,494,310	4,617,580	45.64	13.30	9.36	Increased by 1.96 percentage points
Less: Internal sales	-26,992,080	-26,324,670				
Total	105,994,250	92,651,370	12.59	12.11	13.86	Decreased by 1.35 percentage points

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

Approximately 91% of the Company's operating income was originated from customers in Mainland China, in which 44.50% was from the Shanghai Gold Exchange. Therefore, the Company was unable to sort customers in Mainland China by region.

(2) Table of analysis on production and sales volume

Major product	Production volume	Sales volume	Inventory volume	Changes in production volume compared with last year (%)	Changes in sales volume compared with last year (%)	Changes in inventory volume compared with last year (%)
Mine-produced gold (kg)	36,497	36,133	2,139	-2.63	-3.33	-0.97
Refinery, processed and trading gold (kg)	205,131	205,478	22	16.37	16.65	-94.00
Mine-produced silver (kg)	220,877	220,801	5,910	-7.23	-6.42	1.29
Mine-produced copper (tonne)	248,577	249,475	4,142	19.52	19.83	-16.36
Refinery copper (tonne)	434,501	435,964	1,394	1.51	1.11	-51.21
Mine-produced zinc (tonne)	278,038	282,805	1,312	2.98	1.16	-78.42
Refinery zinc (tonne)	183,131	182,591	551	-7.04	-8.00	5,101.76
Iron ore (million tonnes) (excluding non-subsidiaries of the Company)	2.47	2.47	0.22	1.68	1.76	-4.28

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

(3) Table of cost analysis
The table below sets out the breakdown of direct costs for the two years ended 31 December 2017 and 2018

Unit: RMB million

Product	Cost structure	Amount for the current period	Proportion to total cost during the current period (%)	Amount for the same period last year	Proportion to total cost during the same period last year (%)	Changes in amount for the current period compared with the same period last year (%)
Mine-produced gold	Raw materials	2,651.79	42.42	2,622.42	42.60	1.12
	Salary	738.13	11.81	842.76	13.69	-12.42
	Depreciation	1,270.70	20.33	1,178.11	19.14	7.86
	Energy consumption	682.65	10.92	562.19	9.13	21.43
	Others	907.31	14.52	950.48	15.44	-4.54
Mine-produced silver	Raw materials	196.99	51.52	181.57	49.44	8.49
	Salary	38.42	10.05	43.06	11.73	-10.78
	Depreciation	69.39	18.15	70.24	19.13	-1.21
	Energy consumption	39.47	10.32	38.33	10.44	2.97
	Others	38.08	9.96	34.03	9.26	11.90
Mine-produced copper	Raw materials	1,808.23	40.96	1,693.57	47.87	6.77
	Salary	332.38	7.53	263.72	7.45	26.04
	Depreciation	785.45	17.79	639.60	18.08	22.80
	Energy consumption	538.21	12.19	454.21	12.84	18.49
	Others	950.00	21.53	486.41	13.76	95.31
Mine-produced	Raw materials	584.04	42.00	506.90	37.48	15.22

zinc	Salary	113.14	8.14	97.56	7.21	15.97
	Depreciation	444.01	31.93	498.17	36.83	-10.87
	Energy consumption	139.04	10.00	136.30	10.08	2.01
	Others	110.29	7.93	113.59	8.40	-2.91
Iron ore	Raw materials	235.81	56.11	234.72	62.06	0.46
	Salary	32.59	7.75	26.27	6.95	24.06
	Depreciation	47.00	11.18	50.52	13.36	-6.97
	Energy consumption	30.07	7.15	28.34	7.49	6.10
	Others	74.82	17.81	38.35	10.14	95.10
Refinery copper	Raw materials	17,605.10	96.24	16,226.69	95.16	8.49
	Salary	120.58	0.66	106.96	0.63	12.73
	Depreciation	244.56	1.34	268.09	1.57	-8.78
	Energy consumption	100.13	0.55	246.57	1.45	-59.39
	Others	221.89	1.21	204.07	1.19	8.73
Refinery zinc	Raw materials	3,018.83	84.53	3,053.09	84.53	-1.12
	Salary	111.41	3.12	83.50	2.31	33.43
	Depreciation	99.49	2.79	102.57	2.84	-3.00
	Energy consumption	310.56	8.70	346.02	9.58	-10.25
	Others	30.99	0.86	26.67	0.74	16.20

Other explanations on the analysis of costs

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

(4) Information on major suppliers and customers

The sales income from the top five customers amounted to RMB60.952 billion, representing 57.51% of the total sales income of the year, in which the sales amount from connected persons among the top five customers was RMB0, representing 0% of the total sales income of the year.

The procurement amount from the top five suppliers amounted to RMB29.284 billion, representing 31.61% of the total procurement amount of the year, in which the procurement amount from connected persons among the top five suppliers was RMB0, representing 0% of the total procurement amount of the year.

Other information

The Group’s major customers included Shanghai Gold Exchange, Guangzhou Lianhua Industrial Company Limited, Fujian Shanghang Taiyang Copper Company Limited, Tianjin Ling North Metal Materials Trading Co., Ltd., the Australian Mint, Trafigura Investment (China) Co., Ltd., etc.; the major suppliers included Shanghai Gold Exchange, Werco Trade AG, Zisen Xiamen Supply Chain, Louis Dreyfus Commodities Metals Trading Co., Ltd., etc.

5. Expenses

Selling expenses

During the reporting period, the Group’s selling expenses was RMB887.45 million, representing an increase of 18.49% compared with the same period last year (2017: RMB748.94 million). The increase in selling expenses was mainly due to the increase in transportation expenses.

Administrative expenses (research and development expenses included)

During the reporting period, the Group’s administrative expenses amounted to RMB3.23935 billion, representing an increase of 8.19% compared with the same period last year (2017: RMB2.99407 billion). It was mainly because of the increase in exploration costs in expenditure nature and consulting fees for mergers and acquisitions.

Financial expenses

During the reporting period, the Group’s financial expenses was RMB1.25424 billion, representing a decrease of 37.69% compared with the same period last year (2017: RMB2.01295 billion). It was mainly because exchange gains was recorded in 2018 while there was exchange losses in 2017.

Impairment losses on assets/Credit impairment losses
During the reporting period, the Group's impairment losses on assets/credit impairment losses was RMB1.41838 billion, representing a decrease of 36.13% compared with the same period last year (2017: RMB2.22090 billion). The details of the provision for impairment on assets in 2018 are as follows: credit impairment losses of -RMB82.02 million, provision on decline in the value of inventories of -RMB8.04 million, impairment on fixed assets of RMB260.31 million, impairment on construction in progress of RMB111.46 million, impairment on intangible assets of RMB719.97 million, impairment on goodwill of RMB157.78 million, impairment on other non-current assets of RMB175.52 million, impairment on investment properties of RMB79.94 million and impairment on long-term equity investments of RMB3.46 million.

Investment income
During the reporting period, the investment income of the Group was RMB1.06052 billion, representing an increase of RMB904.85 million compared with the same period last year (2017: RMB155.67 million). It was mainly due to increase in investment income from long-term equity investments under equity method, gains on disposal of financial assets and liabilities at fair value through profit or loss and investment income generated from remeasurement of long-term equity investments during 2018 compared with the same period last year.

Gains on changes in fair value
As at 31 December 2018, the Group's unrealised gains from stocks, funds, futures contracts, gold leasing spot and gold leasing hedging contracts was RMB135.78 million (2017: unrealised gains of RMB750.20 million).

6. Research and development expenditure

Table of research and development expenditure

Unit: RMB

Expensed research and development expenditure for the year	274,380,222
Capitalised research and development expenditure for the year	150,297,749
Total research and development expenditure	424,677,971
Percentage of total research and development expenditure to operating income (%)	0.40
Number of research and development staff	339
Number of research and development staff to total number of staff of the Company (%)	1.76
Percentage of capitalised research and development expenditure (%)	35.39

7. Cash flows
As at 31 December 2018, the Group's cash and cash equivalents was RMB9.933 billion, representing an increase of RMB4.178 billion or 72.61% as compared with the same period last year.

During the reporting period, the total net cash inflows generated from the Group's operating activities was RMB10.233 billion, representing an increase of RMB469 million compared with the same period last year, in which, the cash inflows generated from operating activities was RMB111.280 billion, representing an increase of RMB10.348 billion as compared with the same period last year; cash outflows used in operating activities was RMB101.047 billion, representing an increase of RMB9.879 billion compared with the same period last year. The increase in net cash flows from the Group's operating activities was mainly owing to significant increase in sales income caused by increase in sales price and expanded production capacity compared with the same period last year.

During the reporting period, net cash outflows used in the Group's investing activities was RMB13.640 billion, representing an increase of RMB7.693 billion as compared with the same period last year. The main investing expenditures in 2018 included: (1) cash payment of RMB7.809 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) net cash outflows of RMB7.854 billion for acquisition of subsidiaries and other operating units.

During the reporting period, net cash outflows used in the Group's financing activities was RMB7.655 billion, while the net cash outflows during the same period last year was RMB2.674 billion. It was mainly due to significant increase in the amount of new financing compared with the same period last year.

As at 31 December 2018, the Group's total borrowings amounted to RMB47.148 billion (31 December 2017: RMB37.019 billion). Among which, the amount repayable within one year was approximately RMB25.351 billion, the amount repayable within one to two years was approximately RMB5.985 billion, the amount repayable within two to five years was approximately RMB14.280 billion, and the amount repayable more than five years was approximately RMB1.532 billion. The interest rates of all borrowings ranged from 1.2% to 6.87% per annum.

The Group's daily capital requirements and capital expenditures in maintenance nature can be financed from its operating cash flows. The Group also has loan facilities with no usage restriction of approximately RMB151.265 billion provided by banks.

As at 31 December 2018, the Group's monetary assets in foreign currencies were equivalent to RMB10.831 billion in total, representing an increase of RMB5.070 billion compared with the previous year. The total amount of monetary liabilities in foreign currencies was equivalent to RMB22.390 billion, representing an increase of RMB12.037 billion compared with the previous year.

Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2018, the Group's consolidated total liabilities was RMB65,605,591,140 (RMB51,672,418,332 as at 31 December 2017), and the Group's consolidated total equity was RMB47,273,712,702 (RMB37,642,845,218 as at 31 December 2017). As at 31 December 2018, the Group's gearing ratio was 1.388 (1.373 as at 31 December 2017).

Key quarterly financial data for year 2018

Unit: RMB

	First quarter (Jan-Mar)	Second quarter (Apr-Jun)	Third quarter (Jul-Sep)	Fourth quarter (Oct-Dec)
Operating income	22,863,594,836	26,950,295,999	26,358,888,293	29,821,466,995
Net profit attributable to owners of the parent	1,085,362,589	1,441,060,510	825,945,966	741,404,565
Net profit attributable to owners of the parent after non-recurring profit or loss	1,051,044,330	1,325,424,725	850,286,683	-165,505,213
Net cash flows from operating activities	1,326,940,832	3,653,744,458	1,638,895,623	3,613,428,788

Non-recurring profit or loss items and their amounts

Unit: RMB

Non-recurring profit or loss items	Amount for 2018	Note (If applicable)	Amount for 2017
Losses on disposal of non-current assets	-53,907,034		-234,350,050
Government grants recognised in the statement of profit or loss for the current period, except for government grants which are closely related to the Company's normal business operations, and in line with the country's policies, calculated according to certain standards or continuously granted in fixed amount	227,613,533		230,882,015
Capital utilisation fee received from non-financial enterprises recognised in profit or loss for the current period	341,735,525		164,403,514
Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date	44,990,444		
Gains on changes in fair value from financial assets and financial liabilities held for trading, and investment gains on disposal of financial assets and financial liabilities held for trading and available-for-sale investments except for the effective portion of hedge closely related to the Company's normal operations	79,791,238	Including the gains on changes in fair value of investment including trading stocks, funds and currency swaps, etc. of RMB54,489,584 and gains on disposal of stocks, funds, currency swaps and wealth management products of RMB25,301,654.	598,484,635
Reversal of bad debt provision on trade receivables individually subject to impairment test	140,992,416		
Non-operating income and expenses other than the aforesaid items	42,287,044		-181,878,389
Other profit or loss items which meet the definition of	455,628,328		268,462,403

non-recurring profit or loss			
Impact on the non-controlling interests	-26,515,531		-59,137,799
Impact on income tax	-220,092,858		23,942,795
Total	1,032,523,105		810,809,124

Items measured at fair value

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit for the current period
Financial assets held for trading (excluding derivative financial assets)	2,537,224,490	679,594,526	-1,857,629,964	-89,750,592
Derivative financial assets	16,703,231	107,539,834	90,836,603	31,006,362
Financial liabilities held for trading (excluding derivative financial liabilities)	-2,231,963,403	-74,841,064	2,157,122,339	22,163,318
Derivative financial liabilities	-82,281,534	-167,641,518	-85,359,984	132,628,387
Total	239,682,784	544,651,778	304,968,994	96,047,475

ANALYSIS OF ASSETS AND LIABILITIES

Status of assets and liabilities

Unit: RMB

Item	Amount at the end of 2018	Proportion to total assets as at the end of 2018 (%)	Amount at the end of 2017	Proportion to total assets as at the end of 2017 (%)	Percentage change in the amount at the end of 2018 compared with the amount at the end of 2017 (%)	Reasons for the change
Cash and cash equivalents	10,089,890,808	8.94	5,936,066,673	6.65	69.98	Mainly due to funds reserved for mergers and acquisitions
Bills receivable and trade receivables	1,009,871,109	0.89	2,812,240,046	3.15	-64.09	Mainly due to reclassification of bills receivable into other current assets
Other receivables	1,415,512,562	1.25	1,153,002,957	1.29	22.77	Mainly due to increase in the number of enterprises included in the scope of consolidation
Assets held for sale	246,189,223	0.22	-	-	Not applicable	As Chongli Zijin would be sold within a short period, the Group presented assets of Chongli Zijin as assets held for sale
Available-for-sale investments	-		778,201,186	0.87	Not applicable	Reclassification of investments into other equity instrument investments pursuant to the New Financial Instruments Standards
Investment properties	608,221,789	0.54	350,540,469	0.39	73.51	Mainly due to increase in the number of properties held by real estate

						company
Construction in progress	5,355,805,804	4.74	3,296,568,444	3.69	62.47	Mainly due to increase in the number of enterprises included in the scope of consolidation
Intangible assets	22,510,280,215	19.94	9,903,526,027	11.09	127.30	Mainly due to increase in the number of enterprises included in the scope of consolidation
Goodwill	314,149,588	0.28	463,597,655	0.52	-32.24	Mainly due to full impairment provision on Norton's goodwill
Short-term borrowings	15,616,680,236	13.83	9,855,873,011	11.03	58.45	Mainly due to increase in borrowings for merger and acquisition of projects
Advances from customers	-		2,143,111,140	2.4	Not applicable	Mainly due to implementation of reclassification under new standards and real estate company's sales settlement of properties projects
Contractual liabilities	277,125,058	0.25	-	-	Not applicable	Mainly due to implementation of reclassification under the New Financial Instruments Standards
Liabilities held for sale	68,739,751	0.06	-	-	Not applicable	As Chongli Zijin would be sold within a short period, the Group presented liabilities of Chongli Zijin as liabilities held for sale
Current portion of non-current liabilities	9,707,089,022	8.60	4,600,343,261	5.15	111.01	Mainly due to reclassification of certain corporate bonds due within one year
Long-term borrowings	12,917,915,706	11.44	6,599,046,795	7.39	95.75	Mainly due to increase in financing scale of long-term borrowings
Bonds payable	8,879,453,693	7.87	13,779,116,465	15.43	-35.56	Mainly due to reclassification of certain corporate bonds due within one year
Long-term payables	733,077,872	0.65	563,703,645	0.63	30.05	Mainly due to increase in the number of enterprises included in the scope of consolidation
Provision	2,686,090,453	2.38	861,014,312	0.96	211.97	Mainly due to increase in the number of enterprises included in the scope of consolidation
Deferred tax liabilities	2,743,172,789	2.43	624,524,725	0.7	339.24	Mainly due to increase in the number of enterprises included in the scope of consolidation
Other equity instruments	4,985,500,000	4.42	498,550,000	0.56	900.00	Mainly due to increase in perpetual bonds in 2018
Other comprehensive income	-1,575,973,065	-1.40	-602,893,526	-0.68	Not applicable	Mainly due to unrealised exchanges losses arising on certain stock investments designated as

						"financial assets at fair value through other comprehensive income" held by the Group

Due to implementation of the New Financial Instruments Standards, the "financial assets at fair value through profit or loss", "financial assets held for trading", "financial liabilities at fair value through profit or loss", and "financial liabilities held for trading" are not comparable with the last period.

Analysis on the operating information of the industry

1. Material changes in industrial policies during the reporting period

(1) Since 1 July 2018, the Administrative Regulations for Resource Tax Collection has been implemented, which clarifies the methods for determination on taxable prices for self-exploited and self-used raw ores or concentrates as well as the scope and basis for deduction of transportation and miscellaneous expenses and externally-purchased ores, standardises the implementation of the policy for reduction or exemption of resource tax and resource tax withholding and remitting, and improves inter-department coordination and risk prevention and control measures. The abovementioned measures achieve a fairer tax burden among different mineral products and avoid double taxation.

(2) Since 1 October 2018, the Construction Norms for Green Mines in respect of Gold Industry (DZ/T 0314-2018) and Construction Norms for Green Mines in respect of Non-ferrous Metals Industry (DZ/T 0320-2018) have been implemented. Through the development of such norms, the enterprises operating in the ore industry are more disciplined and actively assume their corporate responsibilities of saving and intensive use of resources, energy conservation and emission reduction, environmental reconstruction, land rehabilitation, and promotion of local economic and social development by increasing investments in ecological and environmental protection and governance in mines.

2. Material changes in tax policies during the reporting period

(1) Since 1 May 2018, the Notice of the State Administration of Taxation on Adjusting the Value-Added Tax Rate (Cai Shui [2018] No. 32) has been implemented, which provides that "for taxpayers engaged in VAT taxable sales activities or import of goods, the original applicable tax rates, being 17% and 11%, have been adjusted to 16% and 10%, respectively."

The above tax rate adjustment has relieved, to a certain extent, enterprises' burden of value-added tax and surcharges. To ensure the legitimate corporate operation, the Group has immediately made corresponding amendments to the purchase and sales contracts with suppliers and clients with regard to the applicable tax rates.

(2) Since 1 January 2018, the Environmental Protection Tax Law of the PRC and the Implementation Rules for Environmental Protection Tax Law of the PRC have been implemented, which changes the previous pollutant discharge fees to environmental protection tax as collected by the taxation authority with minimum tax impact, aiming to strengthening corporate responsibility of pollution control and emission reduction, and strictly regulate and limit the pollutants discharge by mining enterprises.

3. Payment of resource tax and environmental protection tax

In 2018, environmental protection tax payable by the Company amounted to RMB13,032,582, and RMB10,933,608.66 was paid; resource tax payables amounted to RMB980,256,575, and RMB931,707,210.57 was paid.

4. Resource tax rate and tax incentives

Since 1 July 2016, taxes on the mineral resources were calculated with price-based method instead of quantity-based method. The basis for taxation was adjusted from original ore quantity to the sales amount of original ore concentrates (or processed products from original ore), primary products or gold bullion. The resource tax rates are 1% to 4% for gold resources; 2% to 7% for copper resources; 1% to 6% for iron resources; and 2% to 6% for zinc-lead resources.

Xinjiang Ashele Copper Company Limited, Xinjiang Zijin Zinc Industry Co., Ltd., Xinjiang Jinbao Mining Company Limited, Hunchun Zijin Mining Company Limited, Wulatehouqi Zijin Mining Company Limited and Qinghai West Copper Company Limited were entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2018.

The Company, the Nanwenhe tungsten mine of Malipo Zijin Tungsten, Shanxi Zijin Mining Company Limited and Xiamen Zijin Mining and Metallurgy Technology Company Limited were entitled to a tax concession of High and New Technology Enterprises at a preferential CIT rate of 15% in 2018.

Analysis on operating information of non-ferrous metals industry

Profitability of various non-ferrous metals products during the reporting period

Please refer to "(1) Status of the main businesses by industry, product and region" in "4. Analysis on sales and costs" in "Status of Main Businesses During the Reporting Period" of "Discussion and Analysis on Operating Performance".

Basic information of self-owned mines

Name of mine	Major type	Total retained resources volume (including basic reserves volume)		Basic reserves volume		Extractable reserves volume (111)		Remaining resources mining year	Effective period of permit/mining licence	Standard for calculation of resources reserve volume	Risk warning	Explanation on extractable reserves volume (111)
		Metal volume	Grade	Metal volume	Grade	Metal volume	Grade					
Porgera gold mine	Gold	349,413	4.57	137,499	4.93	137,499	4.93	10	Mining licence (17 August 2019) Application for extension has been accepted for consideration	For cutoff grade, the reserve volume is based on gold price of USD1,200/ounce, resource volume is based on gold price of USD1,500/ounce, calculated by software	N/A	Proved + probable reserves volume
Paddington	Gold	336,350	1.27	31,339	1.55	31,339	1.55	5	174 exploration and mining rights (all within effective period)	Cutoff grade of open-pit mine: 0.5-0.8 g/t, cutoff grade of underground mine: 1.5-3.0g/t, calculated by software	Proportion of reserves volume is comparatively low	Proved + probable reserves volume
Zuoan gold mine	Gold	68,652	5.85	36,640	5.21	0	-	15	2 mining licences (5 January 2026)	Cutoff grade of 0.5g/t, industrial grade of 2g/t, calculated by software	Grade C1: 36,639.8kg	
Taror, Jilau gold mine	Gold	97,543	2.65	64,105	4	9,896	7.88	7 (Jilau) 16 (Taror)	2 mining licences (27 January 2021) 2 mining licences (25 February 2023)	Cutoff grade and industrial grade of Jilau: 0.5g/t and 0.8g/t respectively; cutoff grade and industrial grade of Taror: 1.5g/t and 2g/t, calculated by software	N/A	Grade B reserves volume
Shuguang gold mine	Gold	26,628	0.44	12,864	0.5	151	0.89	8	Mining licence (August 2025) Mining licence (May 2023)	Cutoff grade of gold equivalent of 0.45g/t, industrial grade of gold equivalent of 0.6g/t, calculated by software	N/A	Grade 111b x designated percentage extraction
	Copper	116,788	0.19	54,728	0.21	581	0.34					
Zijinshan gold and copper mine	Gold	8,473	0.34	357	0.32	271	0.32	23	Mining licence (13 June 2043)	Cutoff grade and industrial grade of gold of 0.2g/t and 0.5 g/t respectively, cutoff grade and industrial grade of copper of 0.25% and 0.40% respectively, calculated by software	Proportion of basic reserves volumes of gold mine is comparatively low	
	Copper	1,693,465	0.51	501,440	0.68	146,023	0.73					
Ashele copper mine	Copper	412,128	2.11	161,181	3.17	137,092	4.33	7.5	Mining licence (2 February 2031)	Cutoff grade of 0.3%, industrial grade of 0.5%, calculated by horizontal parallel cross-section method	N/A	Grade 111b x designated percentage extraction
Duobaoshan	Copper	2,582,031	0.4	549,778	0.5	0	-	27	Mining licence	Cutoff grade of 0.2%，	Grade 122b basic	

copper mine									(10 April 2026)	industrial grade of 0.4%, calculated by vertical parallel cross-section method	resources volume: 549,778 tonnes	
Kolwezi copper mine	Copper	1,472,728	4.3	639,643	4.8	0	-	16	2 mining licences (4 March 2024)	Cutoff grade of 0.5%, industrial grade of 1.0%, calculated by software	Grade 122 probable extractable volume: 607,600 tonnes	
Bor copper mine	Copper	10,235,994	0.4	4,684,465	0.38	1,742,080	0.38	15(JM) 15(VK) 42(NC) 23(MS)	5 mining licences (permanent)	Cutoff grade of 0.1%, calculated by traditional ore block method	N/A	Extractable reserves volume of the mine reported to the State Reserve Bureau
Kamoa copper mine	Copper	42,150,000	2.48	6,691,200	2.73	6,691,200	2.73	25	Mining licence (19 August 2042) Exploration permit (10 May 2020)	Cutoff grade of 1%, calculated by software	N/A	Proved+ probable reserves volume
Upper Zone of the Timok copper-gold mine project	Copper	1,280,000	3	890,000	3.28	890,000	3.28	11	Exploration permit (19 April 2022)	Cutoff grade by NSR, resources volume: USD35/tonne and reserves volume of USD35/tonne	N/A	Proved+ probable reserves volume
	Gold	81,491	1.91	55,986	2.07	55,986	2.07					
Lower Zone of the Timok copper-gold mine project	Copper	14,300,000	0.86	0	-	0	-	Feasibility study not carried out yet	Exploration permit (19 April 2022)	Cutoff grade by NSR, resources volume: USD25/tonne	All are inferred resources volume	
	Gold	298,593	0.18	0	-	0	-					
Bisha copper-zinc mine	Zinc	3,128,000	4.66	530,000	6.25	530,000	6.25	9	Mining licence (25 May 2028) Mining licence (4 July 2022) Exploration permit (24 July 2021) Exploration permit (24 July 2026)	Cutoff grade by NSR, resources volume: zinc of USD1.05/pound, copper of USD3.35/pound, gold of USD1,350/ounce, silver of USD23/ounce; reserves: zinc of USD1.00/pound, copper of USD2.70/pound, gold of USD1,200/ounce, silver of USD18/ounce	N/A	Proved+ probable reserves volume
	Copper	655,000	0.97	85,000	1	85,000	1					
Kyzyl-Tash Turk zinc polymetallic mine	Zinc	913,877	9.66	732,877	9.82	26,185	9.35	14	Mining licence (1 January 2025)	Industrial grade of DZn>5% (DZN=Zn+Pb+0.6Cu), calculated by traditional cross section method	Grade B reserves volume is comparatively low	Grade B reserves volume
Miaogou-Sanguikou lead and zinc mine	Zinc	1,933,977	2.35	1,469,829	2.39	0	-	23	Mining licence (6 June 2042) Exploration permit (7 December 2019)	Cutoff grade of 0.5%, industrial grade of 1.6%, calculated by geological ore block method	Grade 121b Basic reserves volume: 371,475 tonnes	
Wulagen lead and zinc mine	Zinc	4,084,740	2.19	47,834	3.1	400	2.77	21	Mining licence (3 July 2022)	Oxidised ore: cutoff grade of 2%, industrial	Basic reserves volume is	Grade 111b x designated

									Mining licence (27 February 2023) Exploration permit (8 October 2020) Exploration permit (20 July 2018) pending for issuance of permit Exploration permit (31 December 2018) pending for issuance of permit	grade of 6%; sulphide ore: cutoff grade of 1%, industrial grade of 2%, calculated by SURPAC software	comparatively low	percentage extraction

Explanation:

1. Unit of gold metal volume: kg; unit of copper and zinc metal volume: tonne; unit of grade of gold: g/t, unit of grade of copper and zinc: %
2. Data of resources reserve volume of the Porgera gold mine, Paddington, Kamoa copper mine, Upper Zone of the Timok copper-gold mine, Lower Zone of the Timok copper-gold mine and Bisha copper-zinc mine is extracted from NI43-101 report, and proved + probable reserves volumes are reported as the extractable reserves volume (Grade 111).
3. Former Soviet Union standards are used for the Zuoan gold mine, Taror and Jilau gold mines, Bor copper mine and Kyzyl-Tash Turk zinc polymetallic mine; grade B reserves volume is reported as extractable reserves volume (Grade 111), and Grade B + Grade C1 are reported as basic reserves volume.
4. The Shuguang gold mine, Ashele copper mine, Wulagen lead and zinc mine have not adopted extractable reserves volume (Grade 111) as the management data for resources reserve volume, therefore Grade 111b x designated percentage extraction is reported as the extractable reserves volume (Grade 111).
5. According to Classification for Resources/Reserves of Solid Fuels and Mineral Commodities (GB/T 17766-1999), basic reserves volume is a component of identified mineral resources, which is classified into measured (feasibility) economic basic reserves volume (111b), measured (pre-feasibility) economic basic reserves volume (121b) and indicated economic basic reserves volume (122b). Reserves volume is the economically extractable part of the basic reserves volume, which can be classified into measured extractable reserves volume (111) and pre-extractable reserves volume (121, 122) based on different levels of geographical reliability and stages of feasibility estimations.

Profitability of different areas during the reporting period

Please refer to "(1) Status of the main businesses by industry, product and region" in "4. Analysis on sales and costs" in "Status of Main Businesses During the Reporting Period" of "Discussion and Analysis on Operating Performance".

ANALYSIS ON INVESTMENT STATUS

1. Overall analysis on external equity investment

The Group continued to carry out the development strategy of "internationalisation, project upsizing, asset securitisation", with main focus on gold and copper projects. The Company continued to pay attention to and keep track of a batch of high-quality resouces projects around the globe to seize the market opportunities and stress the investments in enterprises or projects with relatively large resources reserve, current production and profits. For the year of 2018, the Company realised substantial progress relating to overseas project acquisitions and consecutively completed the acquisitions of two significant projects, namely RTB Bor Group, a Serbian state-owned copper company, and Nevsun, a Canadian listed company. A further increase in the resources reserve of gold, copper, zinc and other metals is achieved for the Company, which enhances the core competitiveness and long-term profitability of the Company.

Key equity investments

1) The Company entered into the Agreement on Strategic Partnership with the Republic of Serbia on 17 September 2018. The Company, being the strategic partner, proposed to invest a total amount of USD350,000,000 in cash (approximately equivalent to RMB2.398 billion) for the capital increase of RTB Bor Group, in order to obtain 63% of the equity interest of RTB Bor Group. The abovementioned acquisition was completed on 18 December 2018 (Serbian local time) in Serbia. The Company deposited a total amount of USD350,000,000 in the bank account of RTB Bor Group for its capital increase on the closing date and obtained 63% of the equity interest of RTB Bor Group.

RTB Bor Group is a state-owned copper company in Serbia. It owns the only copper mines and smelter plant in production in Serbia. In 2018, RTB Bor Group realised production volumes of 42,500 tonnes of mine-produced copper and 67,000 tonnes of smelter-produced copper cathodes. According to the business development plan submitted by the Company in the bidding, the Company proposed that RTB Bor Group will invest a total of USD1,260,000,000 (including the abovementioned USD350,000,000 of capital increase) within six years after the closing date for technological upgrade, expansion or construction of its four mines and one smelter plant. It is expected that after completion of phase one, the mines can produce copper concentrates containing 82,000 tonnes of copper per annum, and the smelter plant can produce 80,000 tonnes of copper cathodes per annum. It is expected that after completion of phase two (including phase one), the mines can produce copper concentrates containing 120,000 tonnes of copper per annum, and the smelter plant can produce approximately 150,000 tonnes of copper cathode per annum.

2) The Company entered into the Pre-Acquisition Agreement with Nevsun on 5 September 2018. The Company proposed to make an all cash takeover to acquire all of the Nevsun's issued common shares ("Nevsun Shares") and any other common shares issued after the date of the offer (including any but prior to the expiry time) at a consideration of CAD6 per common share. The total consideration of the transaction would be approximately CAD1.858 billion (approximately equivalent to RMB9.363 billion). As at the closing time of market on 12 March 2019 (Toronto time), the Company acquired all the remaining Nevsun Shares pursuant to compulsory acquisition and holds 100% shares of Nevsun; the de-listing the Nevsun Shares from the Toronto Stock Exchange and the New York Stock Exchange has been completed.

Nevsun owns two core assets including the Timok copper-gold mine in Serbia (Nevsun owns 100% interest of the Upper Zone and 60.4% interest of the Lower Zone (which may be diluted to 46% eventually according to the joint agreements)) and 60% interest in the Bisha copper-zinc mine in Eritrea. The Timok copper-gold mine is yet to be developed, while the Bisha copper-zinc mine is currently in production, with annual production volumes of approximately 125,000 tonnes of zinc and 17,000 tonnes of copper in 2018.

3) The Execution and Investment Committee of the Board of the Company considered and approved the Proposal on Capital Increase of Zijin Tongguan and the Proposal on Receipt of Transfer of 6% Shareholding Interest of Zijin Tongguan from the Joint Shareholder in 2018. It was approved that the Company, Tongling Nonferrous Metals Group Holdings Co., Ltd ("Tongling Nonferrous") and Xiamen C&D Inc. ("Xiamen C&D") conduct the capital increase of RMB0.366 billion in Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan") in proportion to the respective shareholding of 45%, 35% and 20%, so as to increase the registered capital of Zijin Tongguan from RMB1.35 billion to RMB1.716 billion, in which the Company will carry out the capital increase of RMB0.1647 billion in cash; in the meantime, the meeting also approved that the Company received the transfer of 6% of shareholding interest of Zijin Tongguan from Xiamen C&D at the consideration of RMB0.20131 billion. After the

completion of transfer of shares, the Company, Tongling Nonferrous and Xiamen C&D hold 51%, 35% and 14% of the shareholding interests in Zijin Tongguan respectively. Zijin Tongguan owns 100% of shareholding interest in the Rio Blanco copper-molybdenum mine project in Peru. The abovementioned capital increase and receipt of transfer of shares were completed on 26 December 2018.

4) The Execution and Investment Committee of the Board of the Company considered and approved the Proposal on the Forward Work Plan of the Acquisition of Nkwe Platinum Limited in 2018. It was approved that the Company acquired 354,385,240 outstanding shares of Nkwe through a wholly-owned subsidiary at a consideration of AUD0.1 per share, totalled approximately AUD35.44 million (approximately equivalent to RMB167.6 million), which were not owned the Company or the wholly-owned subsidiary. The consideration was recommended by the independent directors of Nkwe and the transaction was considered and approved at the shareholder's general meeting of Nkwe. As at the date of the announcement, the abovementioned acquisition has been completed. The shareholding interest of the Company in Nkwe increased from 60.47% to 100%. Nkwe will be de-listed from the Australia Stock Exchange. The core asset of Nkwe is the 74% shareholding interest in the mining right of the Garatau platinum project in Limpopo Province, South Africa.

5) Pursuant to the anti-dilution agreement entered into between the Company and Ivanhoe Mines Ltd. ("Ivanhoe"), the Company exercised the anti-dilution right on 23 June 2018 and subscribed for 21,227,538 ordinary shares of Ivanhoe at a consideration of CAD3.68 per share. The total consideration was approximately CAD78.12 million (approximately equivalent to RMB409.54 million). The Company currently owns 9.9% of shareholding interest in Ivanhoe.

Key non-equity investments

Project name	Amount (RMB billion)	Progress	Investment during the reporting period (RMB billion)	Actual accumulated investment (RMB billion)	Project return status
Construction of Duobaoshan copper mine phase 2	2.477	The pilot production was achieved at the end of 2018, and the remaining construction was in progress.	0.634	1.423	After completion of phase 2 construction, together with phase 1, the annual production capacity of copper is expected to increase to 80,000 tonnes.
Xinjiang Zijin Non-ferrous zinc refining project	1.337	Basic formalities before the construction of the project were completed.	0.056	0.056	After completion of the project, the designated production capacity will be 100,000 thousand tonnes of zinc bullion.

Financial assets measured at fair value

Stock code	Name of Stock	Initial investment cost (RMB)	Number of shares held	Book value as at the end of the reporting period (RMB)	Changes in owner's equity during the reporting period (RMB)
IVN	Ivanhoe Mines	944,178,003	99,706,058	1,194,102,034	-911,247,583
AKG	Asanko Gold	175,580,890	26,829,097	117,542,499	-25,356,875
PVG	Pretium Resources	83,290,503	2,696,131	157,159,679	-41,228,792

ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

Unit: RMB'000

Gold segment							
Company name	**Mine**	**Interest held by the Group**	**Annual processing capacity**	**Total assets**	**Net assets**	**Operating income**	**Net profit**

Barrick (Niugini) Limited (Note 1)	Porgera gold mine	50%	5.8 million tonnes	3,396,430	1,368,990	1,803,600	242,010
Norton Gold Fields Limited	Paddington	100%	3.73 million tonnes	2,036,970	940,910	1,157,610	14,510
Altynken Limited Liability Company	Zuoan gold mines	60%	630 thousand tonnes	2,291,490	77,960	903,260	157,630
JV Zeravshan LLC	Jilau, Taror gold mines	70%	2.77 million tonnes	2,570,570	-252,630	1,129,850	95,400
Hunchun Zijin Mining Company Limited	Shuguang gold mine	100%	8.94 million tonnes	1,720,630	1,415,250	1,292,020	502,260
Zijin Mining Group Company Limited* (Note 2)	Zijinshan gold mine	100%	10.34 million tonnes	-	-	-	-

Copper segment

Company name	Mine	Interest held by the Group	Annual processing capacity	Total assets	Net assets	Operating income	Net profit
Zijin Mining Group Company Limited* (Note 2)	Zijinshan copper mine	100%	20.79 million tonnes	-	-	-	-
Xinjiang Ashele Copper Company Limited	Ashele copper mine	51%	2.25 million tonnes	3,015,630	1,919,410	1,947,680	844,510
Heilongjiang Duobaoshan Copper Company Limited	Duobaoshan copper mine	100%	10.04 million tonnes	5,455,750	2,720,800	1,613,260	331,700
La Compagnie Minière de Musonoie Global SAS	Kolwezi copper mine	72%	1.68 million tonnes	3,153,480	700,200	1,826,830	503,760
Hunchun Zijin Mining Company Limited	Shuguang copper mine	100%	8.94 million tonnes	1,720,630	1,415,250	1,292,020	502,260

Zinc segment

Company name	Mine	Interest held by the Group	Annual processing capacity	Total assets	Net assets	Operating income	Net profit
Russia Longxing Company Limited	Kyzyl-Tash Turk zinc and polymetallic mine	70%	1.20 million tonnes	3,451,180	1,289,090	1,677,660	792,380
Wulatehouqi Zijin Mining Company Limited	Miaogou-Sanguikou lead and zinc mine	95%	3.84 million tonnes	2,186,560	1,536,660	1,364,140	395,930
Xinjiang Zijin Zinc Industry Company Limited	Wulagen lead and zinc mine	100%	4.02 million tonnes	1,534,670	1,264,250	1,518,580	679,710

Refining segment

Company name	Major product	Interest held by the Group	Annual processing capacity	Total assets	Net assets	Operating income	Net profit
Zijin Copper Company Limited	Refinery copper	100%	300 thousand tonnes of copper cathode	7,924,460	3,979,660	18,938,700	418,550
Bayannaoer Zijin Non-ferrous Metals Company Limited	Zinc bullion	87.2%	200 thousand tonnes of zinc bullion	2,708,930	1,036,820	3,877,040	129,040

Other segments

Company name	Major product	Interest held by the Group	Annual processing capacity	Total assets	Net assets	Operating income	Net profit
Xinjiang Jinbao Mining Company Limited	Iron ore	56%	5.50 million tonnes	1,421,000	1,028,600	1,453,910	632,410
Fujian Makeng Mining Company Limited	Iron ore	41.5%	2.90 million tonnes	4,676,620	1,314,000	569,690	27,960

Note:
1. The data of Barrick (Niugini) Limited is on equity basis, and data of financial statements is based on 50% interest;
2. Zijinshan is the branch of the Company and it is not separately reported.

DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Landscape and development trend in the industry

The global economy maintained its development momentum of increasing demands for resources, which speeded up the pace of global economic benefits distribution and layout adjustment. The growing frictions among relevant countries as a result of securing resources and market shares and resolving ecological and environmental issues imposed more pressures to China's future development and opening up as well as higher requirements on China's ongoing involvement in the international competition. In the aspect of gold industry, the two material mergers including the merger of Barrick Gold with Randgold and the merger of Newmont with Goldcorp of Canada since 2018 demonstrated the increasingly intense competition for securing market shares and resources in the gold industry, which brought about large challenges for the future development of the gold industry.

As a late entrant in the global mining industry, the gold and non-ferrous metal enterprises in the PRC have yet developed with important internationalised influence with regards to resource control, mineral production volume or profit from overseas projects. With the development and expansion Chinese economy and mining enterprises, Chinese mining enterprises have gradually become important driving forces for the global mining industry, but will still have a long way to go in respect of internationalisation.

On the other hand, there have been more constraints from mineral resources and environmental protection policies in the PRC, which makes it difficult for Chinese mining enterprises to explore a promising future unless they venture abroad. Therefore, enhancing overseas mergers and acquisitions and development of overseas projects will be an important choice as well as the most severe challenge for Chinese mining enterprises in a new era.

(II) Development strategies of the Company

The Company is in the process of a new round of business featuring "internationalisation, project upsizing and asset securitisation", striving to achieve the general strategic objective of becoming a "extra-large scale international mining group with high technology and efficiency" by 2030. The Board of the Company approved the Thirteenth Five-Year Plan and the Outline of Long-term Plan for 2030 in 2016, and considered and approved the Resolution on Strategic Plan for 2018-2022 in 2018, raising the long-term, medium-term and short-term plans and objectives for the Company. The Board also passed the Development Plan for Green Mines of Zijin Mining at the strategic level as the Company attaches great importance to ecological and environmental protection and insists on the development strategy for green mines.

The Company maintains the continuity of its strategies and makes appropriate amendments and adjustments thereto based on the changes in situations. For strategies, the Company emphasises and insists on highlighting the direction of internationalisation, and advantages in gold and copper mines and production, and endeavours to record a significant increase in terms of major economic indicators on the basis of those in 2017, thereby becoming a globally important gold, copper and zinc products producer, ranking the top worldwide in respect of resource reserve and production volume of mineral products, and developing the ability to compete globally in terms of technology and efficiency.

(III) Business plans

Business environment

In 2019, the global economy will face many new uncertainties. However, it is expected that a certain growth will still be on target as peace and development will remain the mainstream in the world.

Domestically, as affected by the external economic operating environment and unsettled economic and trade negotiations between the PRC and the U.S., China's economy will be under pressures. However, as China has become the worlds' second largest economy and has the largest population of middle-income group in the world as well as a strong leadership and management, China will still maintain its high-level growth speed as supported by its resiliency and continuity benefiting from the superiority of combining China's exceptional advantages in socialist system with market economy. As the central government put forward the 6.0-6.4% growth target, "six stabilities" policy measures and decreased taxes and charges to a greater extent in 2019, China's economy is expected to operate at a steady pace within a reasonable range.

In 2019, it is expected that the global mining market will still maintain a tight balance, but it will fluctuate significantly due to the risks in macroscopic fields, and increasing uncertainties and heightening market volatility. The development of the global economy and the PRC economy will continue to support the mining industry, in particular, the development of non-ferrous metal market.

The decelerating U.S. dollar interest rate increase leads to a weaker suppressing impact on gold price. Trade frictions, geopolitics and other uncertainties as well as the increasing gold reserves by the central banks worldwide will give support to the subsequent rise of gold price.

The current copper price has partially showed pessimistic expectation, and the future tendency will depend on the material recovery of the macroscopic expectation. The tight balance of supply and demand will remain unchanged for the medium-to-long run. Copper price may improve in general.

The release of global zinc production capacity will continue to speed up, while the slower macroeconomic development will lower the consumption expectation of zinc in the long run. In 2019, it is expected that zinc price will continue to operate under pressures.

Business plans
The planned production volumes of major mineral products of the Company for year 2019 are: mine-produced gold of 40 tonnes, representing an increase of 9.6% compared with last year; mine-produced copper of 350,000 tonnes, representing an increase of 41.1% compared with last year; mine-produced zinc of 380,000 tonnes, representing an increase of 36.7% compared with last year; mine-produced silver of 275 tonnes, representing an increase of 24.6% compared with last year; and iron ore of 2.5 million tonnes, which is basically the same with last year. The newly constructed and acquired projects are the main factors of the increase in production volumes of major mineral products.

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

Specific business strategies for 2019
Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and insisting on the scientific conclusions of “development as the top priority, talent as the first resource and innovation as the primary driving force”, the Company will unswervingly execute its development strategies and further implement the spirit of the strategic working conference held in Gutian. With the main work focus of “clinging to reforms, stabilising growth and boosting development”, the core of speeding up the pace of internationalisation and improving the quality of internationalised operation, and the objective of improving corporate benefits and development quality, the Company will stick to the path of innovation-driven development to comprehensively achieve various targets of deepening reform, production and operation and high-quality development.

1. Continue to deepen reforms and lead the high-quality corporate development
Sustained efforts should be made to improve corporate governance and reinforce the hierarchical authorisation and supervision system. Internationalisation development is to be accelerated for the purpose of building an international management system and operation model with Zijin’s characteristics. The business departments shall continue to play an important role in the production and operation, and the service awareness and service quality of the headquarters and consulting agencies will be reinforced. The Company will comprehensively fulfill the major responsibility in respect of production and operation, consolidate the corporate governance structure of subsidiaries, and maintain balance of rights and responsibilities. We will enhance the comparative independence, effectiveness and accountability of supervision.

2. Enhance management of production and operation to ensure steady growth in results
Synergy among various business segments will be achieved to optimise key production indicators, reinforce refined management, maintain strict costs control, and leverage on the favorable conditions for the growth of mineral products market and major mineral products, and fully realise the production and operation objectives and tasks set for 2019. We will strive to improve the “five-rate” indicators of the domestic mining segment and the international segment, focus on strengthening research on mining technology and method, exploring the establishment of self-operated mining model, and continue to consolidate the legal and compliant operations. The Company will take forward the management of “green metallurgy” target of the refining and processing segments, improve the quality and efficiency of production and operations, strictly manage metallurgical balance, strengthen the scientific management of inventories, and enhance market risk management and control. We will strengthen the reform of logistics, procurement and sales system, and establish a business management system in line with internationalisation.

3. Strengthen the internationalised development and fully implement the operation of projects with new growth potential
The Company will stick to the internationalised development, accelerate the construction of major acquired overseas mining projects and commencement of production, and improve the profitability of overseas projects. Particularly, we will accelerate the construction of the Kamoa copper mine in the DR Congo and the Upper Zone of the Timok copper

mine in Serbia, and actively promote the technological upgrade and expansion projects in Kolwezi copper mine in the DR Congo and the Bor copper mine in Serbia, and the integrated operation of Bisha zinc and polymetallic mine in Eritrea. We are committed to innovating our management models and improving the operation, management and construction of overseas projects by upholding the innovation spirit and philosophy of Zijin, learning from the operation and management experience of international first-class mining companies in conjunction with actual situations of overseas projects. We will persistently maintain legal and compliant operation, and reinforce the control over overseas capital, policy risk and community risk. The Company will diversify and improve the means of mergers and acquisitions to continue to keep track of overseas investment and acquisition opportunities and focus on projects under production recording benign cash flows with a certain scale.

4. Fully promote the public issuance of A Shares and optimise the Company's asset and liability structure

The Company announced the proposal of public issuance of A Shares in the A Shares market to raise proceeds of RMB8 billion in early 2019, which is an important measure to improve the Company's asset structure and one of the most important tasks in 2019 as well. The Company will fully promote the public issuance of A Shares, in order to provide financial support for the Company's international development, optimise the equity and financial structure, and enhance the Company's long-term core competitiveness. The Company will focus on the development of the principal business, and by adhering to the principle of "investment in large projects and give up the small ones", increase efforts to dispose the small-sized and non-mining projects. We will consolidate management of financial foundation, introduce new technical means to strengthen budgeting and risk control, and refine the construction of overseas financial systems. Attention will be paid to risk control, in order to effectively use all types of capital, and control the Company's debt-asset ratio and cash flows.

5. Step up the training and introduction of internationalised talents and nurture a team of high-level technical workers

Measures will be made to innovate the introduction and nurturing of international high-quality talents, and break through the bottleneck of high-quality international talents through practical actions. A competitive talent remuneration system will be established with reference to the pattern of large multinational companies, while the echelon building of an internationalised talent team will also be reinforced, by focusing on the training and nurturing of high-quality reserve talents, outstanding young talents and university graduates under the age of 30. We will step up the development and nurturing of high-level technical worker team and stimulate the vitality of the workforce. We also pay attention to employees' longing and pursuit for a better life, and persistently improve humanistic care for them and their happiness.

6. Build up the safety foundation and actively promote environmentally friendly eco-brands

By solidly sticking to the red line awareness and bottom-line mindset in respect of the safety and environmental protection and ecological development, and upholding the goal of "zero death in workplace, zero environmental incident and zero occupational disease", the Group continues to improve the safety, environmental protection and ecological development. We will further implement the spirit of the on-site meeting in Ashele regarding production safety, increase efforts on the implementation of various measures, so as to truly integrate the cooperative units into the unified safety management system, and to promote the fundamental improvement of the safety production circumstances. We strive to establish an internationally responsible corporate image, combine environmental protection under "Chinese standards" with the actual practice of the places where overseas projects locate, and create the Zijin's international brand in environmental protection and ecological development. We will implement the policy of "giving priority to prevention, combining precaution with control" to improve the occupational health management.

7. Persist in innovation-driven development and comprehensively enhance informatisation construction

The Company is to step up measures to overcome major technical problems, encourage innovation, persistently make concrete and solid efforts, stress practical results, with a view to forming innovative advantages in prospecting, mining, selection, metallurgy and material processing. We will increase efforts to establish a team of scientific and technological research talents, particularly, by creating an independent and eased scientific and technological innovation atmosphere and stimulating the potential of scientific and technological research personnel. We will comprehensively improve the informatisation development, implement the "five-year development plan for informationisation", step up to introduce and nurture talent teams for informationisation construction, and build up our own information construction capability. By benchmarking against the world's leading mining companies, the Company will continue to promote automation and intelligence development.

8. Adhere to the resource priority strategy and accelerate the project construction to continuously release new capacity

The Company will increase efforts in exploration, accelerate the construction and resource evaluation of exploration of key projects, attach importance to the theoretical research of prospecting and mineralisation and the application of new technologies and equipment, and enhance the quality of exploration results. A variety of projects will be accelerated, including the construction of the new tailing pool of the Zijinshan gold and copper mine, the second phase expansion project of the Duobaoshan copper mine, the copper refining project of Heilongjiang Zijin Copper, the zinc refining project of Xinjiang Zijin Non-ferrous, and Zijin Copper's phase 2 project for tapping into potentials and enhancing efficiency. We will endeavor to strengthen the building, construction and safety management of the projects, uphold the innovation concept of Zijin, optimise the feasibility study and design of projects, and enhance the project licence, formalities and contract management according to laws and regulations. We will also continue to refine the bidding system, and strengthen management during the construction process and budgeting management of projects.

9. Enhance corporate culture development and fulfill corporate social responsibility
The Company will uphold the core values of socialism, accelerate the normalised development of civilisation, explore the excellent corporate culture with Zijin's characteristics, and carry on cultural inheritance. We endeavour to exploit the mutual integration of Zijin culture and the culture of the countries where our projects are located in the course of international development, forming an advanced corporate culture for overseas entities featuring Zijin's characteristics and combining Chinese and foreign culture. We insist on strict corporate governance, step up anti-corruption efforts and ensure the sustainable and healthy development of the Company. By upholding the values of coordinated development of enterprise, employees and the society, the Company actively takes part in social welfare, education, charity and other public welfare undertakings, and fulfill the corporate social responsibility as a "corporate citizen".

(IV) Possible risks

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

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

3. Safety and environmental protection risks. Mining companies are exposed to relatively higher safety and environmental protection risks. The Company always adheres to the principle of "safety first, emphasis on precaution and comprehensive management" by strengthening the implementation of production safety responsibilities and continuously improving the safety standardisation operating system. By comprehensively using system, management, and economic measures, the Company ensures the continuity and stability of production safety of the Company. The Company attaches great importance to and continues to improve environmental protection. It adheres to the environmental protection concept of "green mountains and clear water are our invaluable assets". The Company earnestly puts environmental protection and ecological restoration into practice, emphatically promotes the construction of green mines, and remains highly committed to moving forward the eco-development trend.

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

Plan for capital expenditures
According to the Company's preliminary plan, for the year 2019, the planned amount of investment in project construction (including technological upgrade) is RMB6 billion, the amount required for investment, merger and acquisition is RMB5 billion, and the amount to be spent on geological exploration is RMB400 million. The funds for the abovementioned capital expenditures will be mainly raised by the self-owned funds, bank borrowings, issuance of bonds and notes and other feasible means of financing.

SIGNIFICANT MATTERS

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

Formulation, execution or adjustment of cash dividend distribution policy
According to the "Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies" (Zheng Jian Fa [2012] No. 37) and "Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies" (Zheng Jian Fa [2013] No. 43) issued by the CSRC and the requirements of other laws, regulations and regulatory documents and the articles of association of the Company, in order to improve the decision making of the Company's profit distribution policy and supervisory mechanism, while taking into consideration of the Company's production, operation and sustainable development and maintaining a reasonable return to investors of the Company, the Company formulated the "Profit Distribution and Return Plan for the Next Three Years (Year 2015-2017)" (the "Profit Distribution and Return Plan 2015-2017") in the first extraordinary general meeting in 2015 convened on 18 August 2015. As the Profit Distribution and Return Plan 2015-2017 expired, the Proposal on Formulation of the Profit Distribution and Return Plan for the Next Three Years (Year 2018-2020) of the Company (the "Profit Distribution and Return Plan 2018-2020") was considered and approved at the fifteenth extraordinary meeting of the sixth term of the Board held on 29 December 2018, which is still subject to the approval of the first extraordinary general meeting in 2019 of the Company.

The Profit Distribution and Return Plan 2015-2017 clearly defines that unless there is a special circumstance, the Company's cumulative profit distribution by way of cash for the latest three years shall not be less than 60% of the average annual distributable profits realised for the latest three years. In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realised distributable profits for the year (excluding the accumulated undistributed profits of last year). Based on the Profit Distribution and Return Plan 2015-2017, the profit distribution plan for the year of 2017 was considered and approved at the annual general meeting for the year of 2017. On the basis of 23,031,218,891 total issued shares before the profit distribution, a dividend of RMB0.9 per 10 shares (tax included) (a total of RMB2,072,809,700.19 in cash) was distributed. The above profit distribution was completed on 29 June 2018.

The Profit Distribution and Return Plan 2018-2020 clearly defines that unless there is a special circumstance, the Company's cumulative profit distribution by way of cash for the latest three years shall not be less than 75% of the average annual distributable profits realised for the latest three years. In principle, the Company's annual distribution of cash dividends shall not be less than 25% of the realised distributable profits for the year (excluding the accumulated undistributed profits of last year).

As audited by Ernst & Young Hua Ming LLP, the Group's net profit attributable to owners of the parent for the year ended 31 December 2018 prepared in accordance with CAS was RMB4,093,773,630. The Board proposed the profit distribution plan for the year ended 31 December 2018 to be: on the basis of 23,031,218,891 shares as at 31 December 2018, to pay the qualified shareholders of the Company the final cash dividend of RMB1 per 10 shares (tax included). The total distribution of cash dividend amounts to RMB2,303,121,889.1. The remaining balance of undistributed profit will be reserved for future financial years.

Independent Directors of the Company considered that the profit distribution for 2018 is in line with the relevant provisions of the articles of association of the Company and fully protects the legitimate rights and interests of minority investors. They agreed with the profit distribution plan.

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

Unit: RMB

Year of profit distribution	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax included)	Capital conversion for every 10 shares (share)	Amount of cash dividend (tax included)	Net profit attributable to ordinary shareholders of listed company on consolidated financial statement for the dividend distribution year	Percentage of dividends to net profit attributable to ordinary shareholders of the listed company accounted for in the consolidated financial statements

						(%)
2018	0	1.0	0	2,303,121,889	4,093,773,630	56.26
2017	0	0.9	0	2,072,809,700	3,507,717,627	59.09
2016	0	0.6	0	1,381,873,133	1,839,798,820	75.11

Performance of undertakings

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

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

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

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

Summary of the event	Index for details
The registration of the shares subscribed by phase 1 of employee stock ownership scheme of Zijin Mining Group Co., Ltd. was completed at China Securities Depository and Clearing Corporation Limited (Shanghai Branch) on 7 June 2017. 129,163,987 A Shares were subscribed for, the subscription amount was RMB401.7 million, the subscription price was RMB3.11 per share and the lock-up period was 36 months.	For details, please refer to the Resolutions of the First Holders' Meeting of Phase 1 Employee Stock Ownership Scheme of Zijin Mining Group Co., Ltd.* and Announcement in relation to the Issuance Results of Non-public Issuance of A Shares and Changes in Share Capital of Zijin Mining Group Co., Ltd.* disclosed on HKEXnews website (http://www.hkexnews.hk) dated 8 June 2017

Connected transactions related to daily business operation

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

Summary of event	Index for details
The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), entered into a copper	For details, please refer to the Company's announcement disclosed on HKEXnews website

concentrates supply contract with Xinjiang Wuxin Copper Co., Ltd., a wholly-owned subsidiary of Xinjiang Ashele's substantial shareholder, Xinjiang Non-ferrous Metals Industry (Group) Company Limited, on 23 January 2018. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contract was entered into under normal commercial terms, which reflects the principles of fairness and reasonableness. During the reporting period, the total amount of the transaction was RMB990 million (tax excluded).	(http://www.hkexnews.hk) dated 23 January 2018.

INFORMATION OF CORPORATE BONDS

Overview of corporate bonds

Unit: RMB billion

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

2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	17 Zijin Y1	143917	12 September 2017	The base period is 3 years. At the end of the base period and the end of each renewal period, the Company has an option to renew the bonds for one more period (i.e., 3 years). The renewable corporate bonds will mature when the Company does not exercise the renewal option and redeems the bonds in full amount.	0.5	5.17%	When the Company does not exercise the option to delay interest payment, the interest shall be paid annually.	Shanghai Stock Exchange
2018 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	18 Zijin Y1	136951	16 October 2018	The base period is 3 years. At the end of the base period and the end of each renewal period, the Company has an option to renew the bonds for one more period (i.e., 3 years). The renewable corporate bonds will mature when the Company does not exercise the renewal option and redeems the bonds in full amount.	4.5	5.17%	When the Company does not exercise the option to delay interest payment, the interest shall be paid annually.	Shanghai Stock Exchange

Settlement of interests and principals of the corporate bonds

Dates of the first and second payments of interest of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* were 18 March 2017 (if it is a public holiday or non-working day, the day will extend to the next business day, same hereafter) and 18 March 2018 respectively, and the payments were settled on schedule. Dates of payment of the first and second interests of 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* were 15 July 2017 and 15 July 2018 respectively, and the payment were settled on schedule.

Date of payment of the initial interest of 2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued) was 12 September 2018, and the payments were settled on schedule. Date of payment of the initial interest of 2018 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued) was 17 October 2019. No interest payment was made during the reporting period.

Use of proceeds raised from corporate bonds

As at the date of the announcement, RMB5 billion of proceeds raised from 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, and the unused balance of the proceeds is RMB0; and RMB3 billion of proceeds raised from 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, and the unused balance of the proceeds is RMB0; RMB0.5 billion of proceeds raised from 2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, and the unused balance of the proceeds is RMB0; RMB4.5 billion of proceeds raised from 2018 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* has been fully used for supplementing working capital, and the unused balance of the proceeds is RMB0. During the reporting period, the designated account for the proceeds raised was well operated.

Settlement of interests of other bonds and debt financing instruments
As at 31 December 2018, the Company has issued medium-term notes of RMB5.80 billion, and all the interest payments were settled on schedule.

Changes in the Company's Directors, Supervisors and senior management
There was no change in the Company's Directors, Supervisors and senior management for the year ended 31 December 2018.

For the constitution of the Directors, Supervisors and senior management, please refer to the Company's 2018 annual report.

Details of the shareholders' general meeting

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions
2017 annual general meeting of the Company	17 May 2018	www.hkexnews.hk	17 May 2018

Purchase, sale or redemption of listed securities of the Company
Save as disclosed in this announcement, the Board confirmed that neither the Company nor any of its subsidiaries purchased, sold, redeemed or wrote off any of the Company's listed securities for the year ended 31 December 2018.

Corporate Governance
As required by provision A.1.8 of Appendix 14 Corporate Governance Code and Corporate Governance Report to the Listing Rules (the "CG Code"), an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board currently considers that the Company and the Board have adopted sufficient measures to prevent Directors from committing errors and minimise the risk in claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board will review this policy of insurance from time to time and may arrange insurance later. As required by provision F.1.3 of the CG Code, an issuer's company secretary should report to the board chairman and/or the chief executive. The Board considers that the company secretary in Hong Kong reporting to the secretary to the Board is more suitable to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and Mainland China. The provision A.5.6 of the CG Code (in effect during the year 2018) stipulated that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The nomination and remuneration committee of the Company would review the Board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. The Board was in the course of preparing a board diversity policy during the year 2018 and such policy has been in force as at the date of this announcement. Further information as to the board diversity policy will be set out in the Company's 2018 annual report.

Save as disclosed above, for the year ended 31 December 2018, the Board confirmed that the Group has adopted and complied with the provisions of the CG Code and has followed most of its recommended best practices with no deviation (for details, please refer to the Company's 2018 annual report).

Independent Non-executive Directors
In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which provide that the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting or related financial management expertise. The Company appointed four independent non-executive Directors and one of them possesses accounting and related financial management expertise. Brief biographies of the independent non-executive Directors have been provided in the Company's 2018 annual report.

Securities transactions by the Directors and Supervisors
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by the Directors of the Company. The effective date was 23 December 2003. Having made specific reasonable enquiries with all Directors

and Supervisors of the Company, the Company confirmed that all Directors and Supervisors have complied with the provisions of the Model Code for the year ended 31 December 2018.

Shareholdings of the Directors and Supervisors in the Company

As at 31 December 2018, Mr. Chen Jinghe, an executive Director and the chairman of the Board of the Company, held 102,000,000 A Shares and 8,000,000 H Shares, Mr. Lan Fusheng, an executive Director, vice-chairman and president, held 7,530,510 A Shares, Mr. Zou Laichang, an executive Director, held 1,430,000 A Shares, Mr. Lin Hongfu, an executive Director, held 862,500 A Shares, Mr. Fang Qixue, an executive Director, held 301,000 A Shares, Ms. Lin Hongying, an executive Director, held 200,000 A Shares, Mr. Lin Shuiqing, a Supervisor, held 300,000 A Shares, and Mr. Liu Wenhong, a Supervisor, held 24,450 A shares and 10,000 H Shares in the Company.

Audit and internal control committee

The audit and internal control committee of the Board has reviewed the Group's financial report for the year ended 31 December 2018 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the year ended 31 December 2018 was in compliance with the applicable accounting standards and relevant laws and regulations and has made sufficient disclosure.

Appointment and dismissal of auditors

Unit: RMB million

	Currently appointed
Auditors in Mainland China	Ernst & Young Hua Ming LLP
Remuneration for auditors in Mainland China this year	10.45
Appointment term of the auditors in Mainland China	Renew once a year

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

Important events after reporting period

1. On 6 September 2018, the Company made an all cash friendly takeover bid of Nevsun at a consideration of CAD6 per common share. On 31 December 2018, the Group acquired 89.37% of Nevsun's issued and outstanding common shares. On 12 March 2019, the Group completed the acquisition of the remaining 10.63% of Nevsun Shares. Since then the Group holds 309,749,905 Nevsun Shares, representing 100% of the total issued and outstanding Nevsun Shares. The Nevsun Shares have been delisted from the Toronto Stock Exchange and the New York Stock Exchange.

2. On 19 March 2018, the Company issued an offer to Nkwe to acquire all the Nkwe's shares at a consideration of AUD0.1 per share in cash. On 31 December 2018, the Group acquired and owned 60.47% of the issued shares of Nkwe. On 14 March 2019, the Group completed the acquisition of the remaining 39.53% of the issued shares of Nkwe. Since then, the Group holds 896,371,120 Nkwe's shares, representing 100% of the total issued shares of Nkwe.

3. On 21 January 2019, the change of business registration regarding the transfer of the equity interest of Chongli Zijin completed.

4. On 7 and 8 March 2019, the Group carried out the issuance of the 2019 Mid-Term Notes (the First Tranche) (Type One and Type Two). The scale of issuance amounted to RMB2.5 billion in total. Among which, the date of initial interest accrued and date of maturity of Type One were 11 March 2019 and 11 March 2022 respectively, with a term of three years, coupon rate of 3.8% and face value of RMB100; the date of initial interest accrued and date of maturity of Type Two were 11 March 2019 and 11 March 2024 respectively, with a term of five years, coupon rate of 4.3% and face value of RMB100.

5. On 25 February 2019, the third extraordinary meeting in 2019 of the sixth term of the Board considered and approved the Proposal on the Public Issuance of A Shares of Zijin Mining Group Co., Ltd.* for the year 2018 (revised version)". It was resolved that the Company proposed to issue Renminbi-denominated ordinary shares of not more than 15% of the number of total issued Shares of the Company in the PRC (i.e. 3,400,000,000), which would raise gross proceeds of up to RMB8 billion to be used for the acquisition of Nevsun.

After the completion of the public issuance, the distribution of shareholding of the Company will satisfy relevant listing conditions. There will be no change in the actual controller and controlling shareholder of the Company. The current and new Shareholders after the completion of the public issuance will rank pari-passu to the entitlement of the accumulated distributable profits before the public issuance.

After obtaining the approvals of the CSRC regarding the issuance, the Company will seek favourable time to carry out the Issuance within the period as approved and relevant regulations.

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

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

Definition

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

A Share(s)	The domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange
BNL	Barrick (Niugini) Limited, a company under joint operation of the Company
Board, Board of Directors	The board of Directors of the Company
Chongli Zijin	Chongli Zijin Mining Company Limited
Company, Zijin, Zijin Mining	Zijin Mining Group Co., Ltd.*
CSRC	China Securities Regulatory Commission
Director(s)	The director(s) of the Company
DR Congo	The Democratic Republic of the Congo
H Share(s)	The overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange
Heilongjiang Zijin Copper	Heilongjiang Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Longxing Company	Russia Longxing Company Limited, a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Musonoie	La Compagnie Minière de Musonoie Global SAS, a subsidiary of the Company
Nevsun	Nevsun Resources Ltd., a subsidiary of the Company and delisted in March 2019
Nkwe	Nkwe Platinum Limited, a subsidiary of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
PRC	The People's Republic of China but for the purpose of this announcement, excludes Hong Kong SAR, Macau SAR and Taiwan
RTB Bor Group	Rudarsko-Topioničarski Basen RTB Bor Doo, a subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Xinjiang Ashele Copper, Ashele	Xinjiang Habahe Ashele Copper Company Limited, a subsidiary of the Company
Xinjiang Zijin Non-ferrous	Xinjiang Zijin Non-ferrous Metals Company Limited, a wholly-owned subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Zijin Tongguan	Xiamen Zijin Tongguan Investment Development Company Limited, a subsidiary of the Company

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue, and Ms. Lin Hongying as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, and Cai Meifeng as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

Fujian, PRC, 22 March 2019
**The Company's English name is for identification purpose only*