洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd. *

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

(Stock Code: 03993)

UPDATE ON THE PROPOSED ACQUISITION OF THE TARGET COMPANY WHICH HOLDS IXM

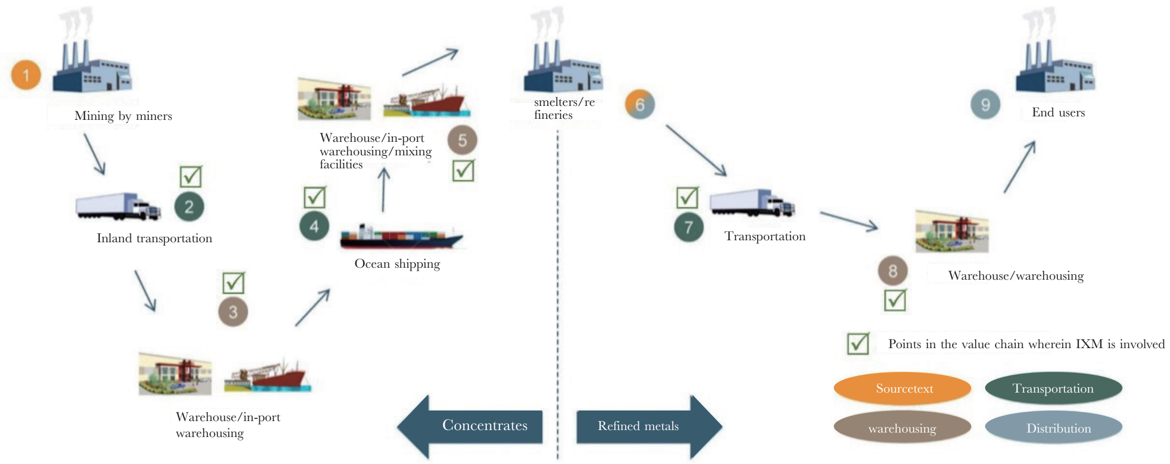
We refer to the announcements (the "**Announcements**") of China Molybdenum Co., Ltd.* (the "**Company**") dated 29 October 2018, 4 December 2018, 25 January 2019, 14 February 2019, 21 February 2019, 22 February 2019, 28 February 2019, 22 March and 26 April 2019 in relation to the Proposed Acquisition of the Target Company which holds IXM. Capitalised terms used in this announcement have the same meanings as those defined in the Announcements, unless otherwise stated herein.

In accordance with the applicable regulatory requirements of the PRC, the Company has published the Report on the Substantial Acquisition of Assets by China Molybdenum Co., Ltd.* (Draft) (《洛陽欒川鉬業集團股份有限公司重大資產購買報告書(草案)》) (the "**Report**") on the website of the Shanghai Stock Exchange and its own website, in which certain information related to the Target Company and IXM is extracted and/or summarized below.

PRINCIPAL MODEL OF REVENUE-GENERATING AND OPERATION OF IXM

1. Mode of Profit-making

IXM is a company deeply involved in the concentrate and refined metal trade, with business presence in various points of the entire value chain (as illustrated in the chart below).



IXM makes profit mainly by seeking low-risk arbitrage opportunities in the value chain and hedges the risk of price fluctuation in its spot position by means of derivative financial instruments like futures contracts. It seeks the price-mismatching opportunities by figuring out demand/supply in the market, monitoring the relative price for goods of different grades (QSD), goods delivered to different destinations (GPD) and goods with different lead time (forward margin). Upon locating any mismatch, IXM will lock up the profits by buying in the low-end market and selling in the high-end market, in parallel with transformation of the goods in terms of space, time and form. In the course of such arbitrage, IXM will evade the risk of any change in the price of the target by means of hedging.

Similar to the profit-making mode adopted in bulk commodities trading, IXM proceeds with arbitrage mainly by ways of:

(1) Geographic arbitrage: the global presence of IXM ensures its capacity to purchase and sell goods worldwide and, in the course of geographic transfer of goods (e.g. transportation from the place of production or mining to that of processing and selling), IXM is on the strength of its understanding of the non-ferrous metals and its knowledge of the worldwide freight market keeps optimizing the geographic location of demand and supply to reduce the logistics cost and seek more room for arbitrage.

(2) Temporal arbitrage: the non-concurrent changes in demand and supply of goods due to seasonal, geopolitical and climatic factors enable IXM to address the temporal mismatch in demand and supply by way of either stockpiling or downsizing its inventory and to make profit from the difference in price.

(3) Technical arbitrage: IXM may satisfy the demand of individual customers by leveraging its extensive logistic and warehousing network to mix or process various products. Hence it ensures ability to acquire raw materials at a lower price and its flexibility in providing tailor-made products to its customers and make profits thereby.

(4) Contractual arbitrage: in entering into contracts with its business counterparts, be it the buyers or the sellers, IXM enjoys certain options in pricing. For example, IXM may opt for a pricing period for a specific contract with respect to some customers, such as pricing based on the average price in one month before or after loading of goods. Such flexible pricing provides IXM with multiple choices and more room for arbitrage.

The trading business of IXM may be divided in terms of product lines into such two parts as concentrates and refined metals.

(1) The gross profit made by IXM in the concentrate trade comes from treatment charge/refining charge (TC/RC) along with arbitrage through difference in grade and value and mineral mixing. To be specific, the profits made by IXM from the difference between the processing/refining charge agreed with miners and smelters on the strength of its in-depth understanding and well-informed prediction of demand and supply in the market, as well as its well-established partnership with miners and smelters represent relatively high percentage of its gross profit from the concentrate business. The grade-based arbitrage means that, as concentrates are non-standard products containing various impurity elements and smelters usually set a certain threshold for acceptable grades, IXM may provide concentrates of a grade which is most appropriate to respective smelters by figuring out their preference in this respect. Value-based arbitrage means the room for arbitrage in the course of buying and selling concentrates due to the difference in the value of concentrates determined by different third-party professionals engaged by IXM. Mineral mixing means purchasing concentrates of various grades at lower price by IXM in light of the requirements of its customers (metal content, metallurgical technology, etc.) and then mixing them to meet the delivery standard, arbitraging from the difference between the purchasing and selling price.

Concentrates are priced principally in reference to their metal content and the corresponding value (i.e. metal content × the benchmark price posted by the exchange) minus the corresponding processing/refining costs (TC/RC) and other costs and expenses. TC/RC means the cost of processing concentrates into refined metals, while other costs and expenses mainly include those of transportation, insurance and financial treatment. The relevant formulas are set as follows:

a. Mining cost=value of concentrates (i.e. the value of the metal in concentrates determined by reference to their metal content)－TC/RC agreed with the miners－other costs and expenses;

b. Selling price=value of concentrates－TC/RC agreed with the miners－other costs and expenses;

c. Selling price-purchasing cost=difference in TC/RC+difference in value + difference in other relevant costs and expenses.

Set out below are some indicative cases of arbitrage through the difference in processing fees:

Item	**Week 1**	**Week 2**	**End of week 2**
Reference price	Price of zinc: US$2,800/ton	Up to US$3,000	Price of zinc: US$3,000
Transactions	Buying 30,0000 tons of zinc concentrates (containing 1 ton of zinc) from miner at price of the reference price minus US$300 (processing fee)		Selling 30,000 tons of zinc concentrates (containing 1 ton of zinc) to the processing facility at price of the reference price minus US$200 (processing fee)
Transportation	The ascertained cost of transaction (transportation, insurance, etc.) amounts to US$15/ton	To the processing facility	Delivery at the processing facility
Bi-lateral loans	Borrowing US$75M for lending at the beginning of the period	Additional borrowing in an amount of US$2M	Repayment of the balance of loans in an amount of US$77M
Hedging with futures	Price hedged at US$2,800/ton	Using the additional bi-lateral loan for payment of additional deposit in an amount of US$2M	Position closed
Ultimate result	The falling price of spot goods may be hedged with futures (i.e. hedging price risk) and the ultimate net income of such transaction may be foretold at its outset, i.e., the difference of US$1M in processing fees minus the cost of transaction in an amount of US$450K		

(2) The gross profit made by IXM in the trade of refined metals mainly come from basis arbitrage. Where the profit made from basis (i.e. the difference between spot goods and futures or the difference between near-term and forward futures contracts) covers in full the corresponding holding cost (including the cost of storage, insurance and financing, etc.), IXM will be enabled to lock up its profits with lower risk.

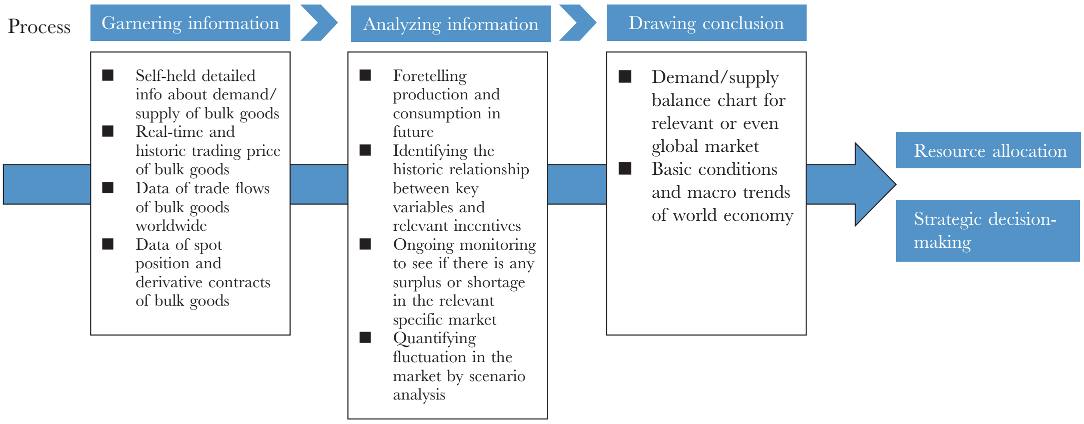
Set out below are some indicative cases of basis arbitrage:

Item	First month	Second month	Third month	End of the third month
Reference price	Price of spot copper: US$6,000/ton Price of copper futures: US$6,300/ton	Up to US$6,500	Down to US$5,500	Copper price: US$5,500
Transaction	Buying 10,000 tons of spot copper at the reference price; entering into a futures contract whereby 10,000 tons of copper will be sold at US$6,300 at the end of the third month			Delivering 10,000 tons of copper to the counterpart under the futures contract at US$6,300
Transportation	Buying in Africa. The ascertained holding cost amounts to US$250/ton	Storage	Transportation to Asia	Selling to buyers in Asia and added to the holding cost of US$2.5M
Bi-lateral loans	Borrowing at the beginning of the period amounts to US$60M	Additional borrowing of US$5M	Using US$10M of deposit for repayment of loans	Repayment of the balance of loans in an amount of US$55M
Hedging with futures	Price hedged at US$6,300/ton	Using the additional bi-lateral loan of US$5M for payment of additional deposit of US$5M	Receipt of deposit in an amount of US$10M	Performance and delivery under the futures contract to close the position
Ultimate result	The falling price of spot goods may be hedged with futures (i.e. hedging price risk) and the ultimate net income of such transaction may be foretold at its outset, i.e., a premium of US$3M minus the holding cost of US$2.5M (including the cost of storage, insurance and financing, etc.)			

2. Mode of Operation

(1) Mode of research

IXM has established a clear-cut process for research and analysis, the details of which are set out as follows:

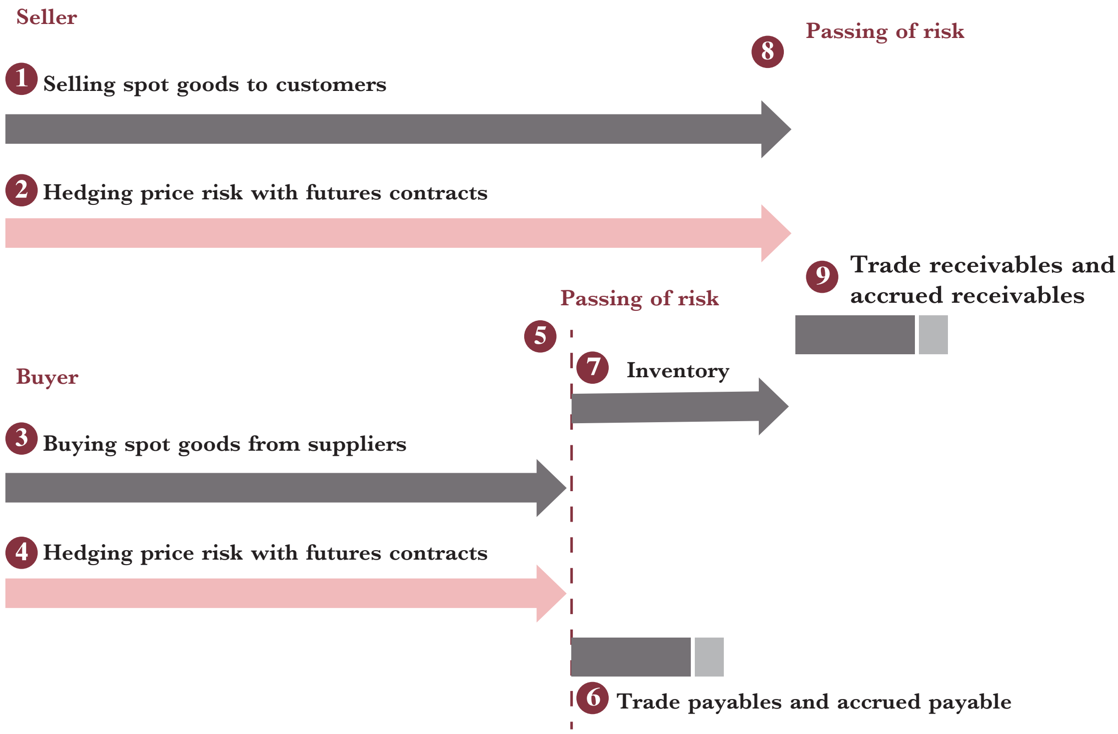


IXM acquires an in-depth understanding of the key markets and demand/supply therein by way of special-purpose survey and market intelligence, principally relying on its global research and analysis teams deployed in Shanghai, Geneva and Lima in Peru, IXM covers in its scope of research copper, zinc, lead (including concentrate and refined metal), aluminum and nickel (refined metal). These teams then come up with a demand/supply balance chart for specific markets and the whole world using a variety of analytic approaches on the basis of the market data in their possession, e.g. trade flows, inventory and the productivity and turnover of miners and smelters.

Meanwhile, these teams rely on their long-term partnership with suppliers and customers, build up a business network with financing institutions and engage warehousing and logistic service providers in close communication, thereby finding out the status quo of the industry and the competitive scenario therein and garnering market information. Their efforts will optimize allocation of resources and strategic decision-making, including preparation of our overall transaction strategies, long-term asset strategies and sales agreements.

(2) Purchase and sales mode

The major purchase and sales process adopted by IXM is set out as follows:



① ② IXM enters into a trade and sales contract with its customers whereby refined metals or concentrate will be delivered at a future date on mutually agreed conditions. Upon agreement on the pricing under such trade contracts, IXM would instantly hedge the same with a futures contract of matching term and subject matter;

③ ④ IXM enters into a trade and purchase contract with its suppliers whereby refined metals or concentrate will be purchased on mutually agreed conditions, in parallel with hedging with a futures contract. IXM will not need to make such purchase if it holds metals satisfying transaction in future;

⑤ ⑥ Closing under the purchase contract along with recognition by IXM of its profits and loss arising from marking the market in income statement and reflection of its inventory and accounts receivables in balance sheet. 10% of such trade receivables usually accrued as payable as per market practice;

⑦ Inventory shall be recognized at its net realizable value and, according to IFRS, the inventory of a company dealing in bulk commodities can be calculated at fair value. So IXM measures its inventory by fair value minus the cost of relevant sales etc.;

⑧ ⑨ IXM performs the futures contract by delivering the metals before confirming such sales by reflecting the same under the corresponding items. Trade receivables also contain some accrued payable as usual.

Customers and suppliers in the area of metals and minerals are characterized by their diversity, including miners, smelters and metal dealers, etc. IXM has established long-term and close partnership with its suppliers and customers, leveraging its own logistic resources and infrastructure as well as its financing channels to support its suppliers and customers in terms of operating cash flow, logistics and storage, as well as hedging and risk sharing, thereby strengthening their mutual cooperation.

With regard to trade contracts, there are two modes for the purchase and sales of IXM, namely long-term order and spot goods. The long-term orders mainly consist of one-year and three-year orders, focusing on one-year orders.

IXM's trade business is divided into different product lines, mainly consisting of concentrates of copper, zinc and lead and refined copper, zinc, aluminum, nickel and lead. IXM has different departments responsible for the purchase and sale of different products. Long-term orders are usually negotiated by the transaction director of the relevant department, and the negotiation is conducted in such forms as regular global meetings followed by e-mails/phone calls. For spot transaction, generally speaking, the traders can make purchases or sales within the scope of authorization directly with customers or thorough commodity brokers. Where any transaction exceeds a certain amount, it shall be subject to approval by management personnel at different levels in accordance with the authority management system. When it becomes necessary to adjust the global position, spot transactions will also be subject to approval by appropriate management personnel.

For all transactions, the traders must verify the financial position of the counterparty and related credit authorization and, when necessary, require risk insurance. Any transaction involving a new customer will trigger a relevant customer due diligence procedure, which requires the target company to fully know the actual controller of the account and the actual beneficiary of the transaction and check the identity, permanent address and business of the customer and the legality of source of funds before doing any business with the new customer.

(3) *Mode of Warehousing and Logistics*

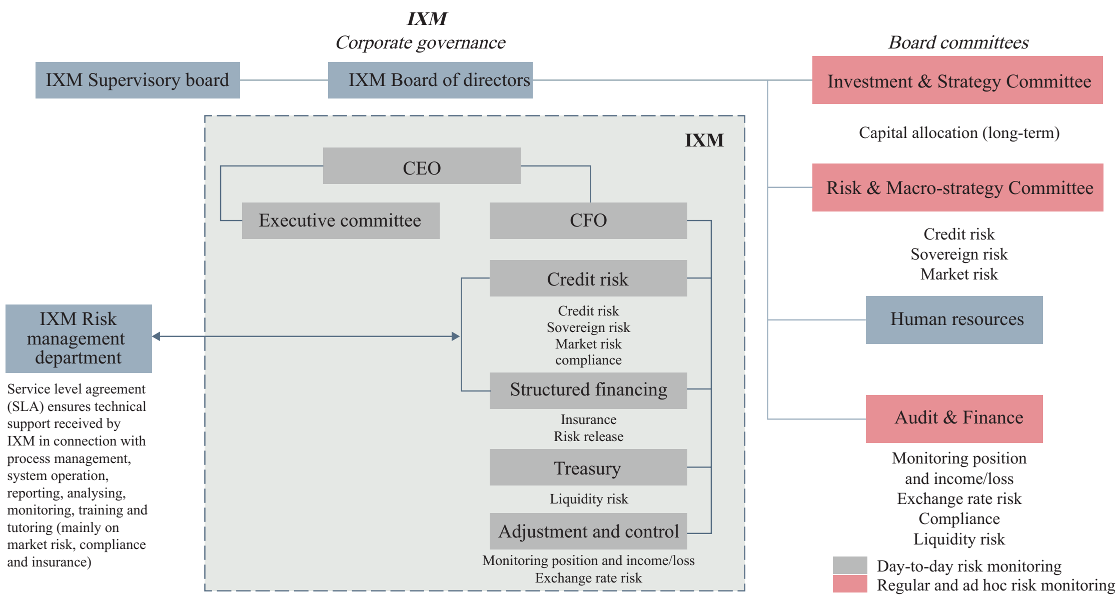
IXM has been active in the industry for over ten years and built up a global logistics and warehousing system (including the strategic warehouses in South America and Africa and the warehousing network and outsourcing facilities in China) to meet the storage, transportation and blending requirements of products of the company, which has developed into a certain industrial barrier and competitive advantages.

The warehousing and logistics system of IXM manly consists of leased and third-party warehousing and logistics facilities. IXM's leased warehouses are located in Mexico, Namibia and Peru and the third party warehousing operators used by IXM include such global operators as Access World, Steinweg and Independent Commodities Logistics. The third party warehousing and logistics services are paid when they are used, and are charged and included in costs based on IXM's actual use.

(4) *Mode of Risk Management*

Risk management is one of the core competitiveness of traders and an important part of IXM's business. Since its establishment, IXM has developed sophisticated and effective procedures and methods to manage risks and incorporated them in its corporate governance and culture.

The major risks faced by IXM's trade business include credit risk, market risk and liquidity risk. The specific methods and strategy to manage such risks are as follows.



① *Credit risk*

Type of Risk	Payment risk Performance risk Storage risk
Risk Management	Credit risks are monitored and managed by the credit risk team, which reports directly to CFO of IXM. If any individual risk event is subject to approval by an authority higher than the executive board, it should be examined and approved by the risk management and macroscopic strategy committee. Any very material risk event shall be examined and approved by the board of directors of IXM Before dealing with any new transaction counterparty (or storage provider), both the dealer and the credit risk team should get an understanding of the counterparty. The credit extending department must record all ratings, credit levels, terms of payment and transaction status of the counterparty in the credit risk information system (CRIS) Possible ways to mitigate credit risks Credit insurance (for a single buyer or a group of buyers) Letter of credit Discounting and factoring of accounts receivable Security Prepayment

② *Market Risk*

Type of Risk	Drop in the index prices of futures, long-term agreements and spot inventory Basis risk(serious deviation of spot price from index price) Risk of difference arising from arbitrage resulting from time difference and geographical factors
Risk Management	The executive board, risk department and risk and macro-strategy committee team of IXM monitor and control market risks based on daily VaR report, daily loss and income report and daily position report. The audit and finance team will also examine major positions and the components of income statement Any case exceeding the credit limit will be identified and analyzed immediately Individual credit cap at the level of trading account or product portfolio will be reported on a daily basis Measures to adjust the cap due to breach of product position specification will be enforced on a daily basis

③ *Liquidity Risk*

Type of Risk	IXM's exposure to risk of liquidity is: lack of sufficient routine liquidity to meet short-term cash needs Cash flow from transaction contracts are under continuous monitoring (mostly in relation to special financing), but additional margin requirement due to market fluctuation will give rise to huge need of cash flow. This will also depends on changes in market prices
Risk Management	The funds, audit and finance committee of IXM uses the results of funds VaR risk assessment as its measurement standards so as to ensure that there is sufficient balance of funds after satisfying all needs of liquidity. The company monitors the status of liquidity on a daily basis and, once any liquidity pressure appears, is able to take appropriate measures to ensure that there is sufficient funds to support the basic business operations

(5) Mode of delivery

IXM mainly deliver by FOB(Free On Board) and CIF (Cost insurance and Freight). FOB means that the transaction is conducted on FOB price. The buyer shall send ships to receive and transport the goods while the seller shall load the goods onto the ship designated by the buyer at the shipment port and time limit as specified in the contract and notify the buyer thereof promptly. Risks will pass to the buyer when the goods are loaded across the board and on to the designated ship at the shipment port. CIF means that the seller shall arrange the transportation and insurance for the goods, but does not have the obligation to ensure that the goods be delivered to the agreed destination port. In other words, it is FOB + insurance + freight.

The main similarities and differences between the two modes:

Similarities	The modes of transportation are the same, namely water transportation. In both cases, risks passes at the side of the ship at the shipment port. The relevant transportation formalities are to be handled by the seller while the import formalities by the buyer	
Main differences	Composition of fees	FOB contains all fees and expenses before the goods are loaned onto the ship at the shipment port, while CIF also include freight and insurance
	Responsibilities of seller	In the case of FOB, the seller only needs to load the goods onto the ship at the shipment port. In the case of CIF, the sellers also needs to handle the transportation, shipment and insurance of goods
	Mode of chartering and booking	In the case of FOB, the buyer is responsible for chartering and booing through the freight forwarding agent and then notify the seller of the name of the ship. In the case of CIF, the seller itself goes to the freight forwarding agent for chartering and booking

(6) Mode of Settlement

IXM agrees different modes of settlement with suppliers and customers, specifically as follows:

① *IXM mode and terms of settlement with suppliers:*

For mode of settlement, IXM mainly adopts immediate settlement based on the size of supplier, amount and cooperative relations with suppliers, so the credit period is relatively short. The settlement is chiefly done by bank transfer, bank's acceptance bills, letter of credit and cheque.

② *IXM mode and terms of settlement with customers:*

Similarly, for mode of settlement, IXM also allows a certain credit period based on the size of customers, amount of sales, status of credit and cooperative relations with customers and mainly adopts immediate settlement, so the credit period is relatively short. The settlement is chiefly done by bank transfer, bank's acceptance bills, letter of credit and cheque.

COMPARISON OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE TARGET COMPANY AND PRC ACCOUNTING PRINCIPLES

As the Company has not completed the acquisition of the Target Company, the detailed financial information prepared by the Target Company in accordance with the Chinese Accounting Standards for Business Enterprises is not available, and accordingly, the Company cannot provide the financial statements and the audit report of the Target Company prepared in accordance with the Chinese Accounting Standards for Business Enterprises and the Company's accounting policies as well as the pro forma review report of the Company.

The Company will finalise the financial statements of the Target Company and the pro forma financial statements of the Company prepared in accordance with the Chinese Accounting Standards for Business Enterprises, and make disclosure of the same to investors as soon as possible within three months after the closing of the equity transfer of the Target Company or earlier.

As at 31 December 2018, NSRC has no actual business. Given that IXM is the actual acquisition target of the Company, Deloitte was engaged to perform a limited assurance engagement in respect of the difference table (the "Difference Table") between the significant accounting policies disclosed in the audited financial statements of IXM for the years ended 31 December 2018 and 31 December 2017 (the "IXM Accounting Policies") prepared by the management of the Company in accordance with the International Financial Reporting Standards and the accounting standards for business enterprises issued by the Ministry of Finance of China (including the accounting standards for business enterprises and relevant regulations effective as at 31 December 2018 and 31 December 2017, collectively the "Accounting Standards for Business Enterprises"), respectively.

(I) Responsibilities of the Management on the Difference Table

The Company's management is responsible for the preparation of the Difference Table between the IXM Accounting Policies and the Accounting Standards for Business Enterprises in accordance with relevant requirements of information disclosure issued by CSRC. These responsibilities include obtaining a detailed understanding of the IXM Accounting Policies, comparing these accounting policies with the Accounting Standards for Business Enterprises, and making a qualitative assessment of the potential impact on its financial statements if IXM is required to adopt the Accounting Standards for Business Enterprises.

(II) Responsibilities of Certified Public Accountants

Deloitte's responsibility is to express an assurance conclusion on the Difference Table on the basis of its performance of the assurance engagement, and to report the conclusions of Deloitte to the Company only in accordance with the agreed terms of engagement, and for no other purpose. Deloitte does not assume any responsibility or obligation to any other party for the contents of this report.

Deloitte has carried out the assurance engagement in accordance with the requirements of the "Standards for Other Assurance Engagements of PRC Certified Public Accountants No. 3101 – Assurance Engagements Other Than Audit or Review of Historical Financial Information". The standards require Deloitte to comply with the code of professional ethics and plan and perform the assurance engagement to obtain limited assurance as to whether there is a material misstatement in the Difference Table.

Compared with the reasonable assurance engagement, the evidence collection procedure for the limited assurance engagement is more limited, and therefore the level of assurance obtained is less than the reasonable assurance engagement. The procedures selected depend on the certified public accounts' judgment, including the assessment of whether there is a risk of material misstatement in the Difference Table. Deloitte's assurance engagement is primarily limited to inspecting the accounting policies as disclosed in the financial statements of IXM, inquiring the management of the Company for the understanding of the IXM Accounting Policies, reviewing the Difference Table and other procedures as considered necessary by Deloitte.

(III) Assurance Conclusion

Based on the limited assurance engagement performed by Deloitte, Deloitte was not aware of any matter which would cause Deloitte to believe that the Difference Table had failed to reflect the differences between the IXM Accounting Policies and the Accounting Standards for Business Enterprises in all material aspects.

(IV) Restrictions on Use and Distribution

The assurance report will only be used for the Company's better understanding of the differences between the IXM Accounting Policies and the Accounting Standards for Business Enterprises when the Company intends to acquire the equity interest of IXM, and should be read in conjunction with the financial statements of IXM prepared in accordance with the International Financial Reporting Standards for the years ended 31 December 2018 and 31 December 2017. This report is used solely for the purposes set forth above, and for no other purpose.

(V) Difference Table Regarding the IXM B.V. Accounting Policies and the Accounting Standards for Business Enterprises

On 4 December 2018, CMOC, a wholly-owned subsidiary of the Company in Hong Kong, entered into an equity acquisition agreement with NSR to purchase the 100% equity interests in NSRC, and through which, indirectly held the 100% equity interests in IXM. As at 31 December 2018, NSRC had no actual business and had not completed its acquisition of the 100% equity interest in IXM.

Given that IXM is the actual acquisition target of the Company, the management of the Company prepared the Difference Table between the IXM Accounting Policies for the years ended 31 December 2018 and 31 December 2017 and the Accounting Standards for Business Enterprises.

In preparing the above Difference Table, the management of the Company has read carefully the financial statements of IXM for the years ended 31 December 2018 and 31 December 2017 prepared pursuant to the IFRS. During the comparison of differences, the management of the Company, with reference to the relevant requirements of the Accounting Standards for Business Enterprises, has aggregated and analysed the differences between the IXM Accounting Policies and the Accounting Standards for Business Enterprises. The relevant differences and their possible impacts on the financial statements of IXM if the same are required to be prepared in accordance with the Accounting Standards for Business Enterprises are shown in the attached Difference Table below:

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
1	For the year of 2018 New and revised accounting standards and interpretations that are effective from 2018 IFRS 15 The Target Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018, which resulted in changes in the accounting policies and adjustments to amounts recognized in the financial statements. In accordance with the transition provisions in IFRS 15, the Target Group has adopted the new standard retrospectively, and restated the comparative information for FY2017. In accordance with IFRS 15, as the most of revenue of the Target Group are recognized when risks and rewards and performance obligation are satisfied and control is transferred based on the contracts, application of IFRS 15 would not have a material impact. IFRS 9 IFRS 9 "Financial Instruments". This Standard replaces the provisions of IAS 39 "Financial instruments – Recognition and Measurement" that relate to classification and measurement of financial assets and financial liabilities and impairment of financial assets and hedge accounting. IFRS 9 has made amendments to classification and measurement of financial assets and financial liabilities of certain classes and requires the Target Group to reassess the classification of financial assets that it changes from four categories to three main categories (i.e. measured at amortized cost, at fair value through profit or loss, at fair value through other comprehensive income), reflecting the business model for managing an asset and its cash flow characteristics. Financial liabilities continued to be measured at fair value through profit or loss or at amortized cost.	For the year of 2018 2017 Amendment to Accounting Standard for Business Enterprises No. 14 – Revenue (the "New Revenue Standard") An entity that first implements this Standard shall, according to the cumulative effect of initially implementing this Standard, adjust the opening balance of retained earnings and the amount of other relevant items in the financial statements at the beginning of the year in which this Standard is first implemented, and shall not adjust the information of the comparative period. An entity may only adjust the cumulative effect of a contract that is not completed on the date of initial implementation. In addition, an entity should disclose in its note, the effect of implementing this Standard on the relevant items in the financial statements for the period, as compared with the original requirements of the revenue-related accounting standards system, and also the reasons if the effect is material. 2017 Amendment to Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments As at the implementation date of this Standard, an entity shall classify and measure the financial instruments (including the impairment) in accordance with the requirements of this Standard, and there is no need to adjust the difference between comparative data in the financial statements for the last period and those according to the requirements of this Standard. The difference between the original carrying amount of financial instruments and new carrying amount on the implementation date of this Standard shall be included in the opening balance of retained earnings or other comprehensive income at the reporting period of the year in which this Standard is implemented. Meanwhile, an entity should disclose the difference in its note in accordance with relevant requirements of Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments.	Under the IXM Accounting Policies, retrospective adjustment has been adopted based on the impact of IFRS 15 on revenue adjustment and the comparative information for FY2017 is restated. According to the Accounting Standard for Business Enterprises, New Revenue Standard requires to adjust the opening balance of retained earnings and the amount of other relevant items in the financial statements at the beginning of the year in which this Standard is first implemented according to the cumulative effect of initially implementing this Standard, and not adjust the information of the comparative period.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	In addition, IFRS 9 introduces an expected credit loss ("ECL") impairment model, which means that the expected credit loss will result in earlier recognition of impairment, on the contrary to the credit loss occurred. Although IFRS 9 has been applied for the changes in accounting policy due to its application on 1 January 2018, the comparative information of the previous year has not been restated.	2017 Amendment to Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets As at the implementation date of this Standard, an entity that remains involved in the financial assets transferred, shall make retrospective adjustments in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and relevant requirements on the recognition and measurement of the financial assets transferred of this Standard, and remeasure the relevant liabilities recognized in accordance with relevant requirements of this Standard and adjust the relevant effect in a manner consistent with that of the financial assets transferred on the implementation date of this Standard, expect for infeasible retrospective adjustment. 2017 Amendment to Accounting Standard for Business Enterprises No. 24 – Hedge Accounting If the hedge accounting before the implementation date of this Standard is not in line with the requirements of this Standard, an entity will not make retrospective adjustments, except for the circumstances as provided in Article 37 of this Standard. As at the implementation date of this Standard, an entity shall assess the hedging relationship existing in accordance with the requirements of this Standard. If, after the rebalance in compliance with the requirements of this Standard, it still meets the conditions for the use of hedge accounting required in this Standard, it will be considered as an ongoing hedging relationship, and the related gain or loss arising from the rebalance will be included in profit or loss. Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments 2017 Amendment (the "New Financial Instruments Standard")	Except for the above, there is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises. If IXM were required to adopt the Accounting Standards for Business Enterprises, the differences above would not have a material impact on its financial statements.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
2	Basis of consolidation For the years of 2018 and 2017 According to IFRS 10 "Consolidated Financial Statements", the consolidated financial statements of IXM B.V. include the financial statements of all the direct entities or indirect holding entities of the Target Group, regardless of the equity level of the Target Group in the entity. Control over the entity is achieved when the Target Group meets the following criteria: it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of its returns. When determining whether the control exists, potential voting rights are considered provided that they really exist, in other words, these rights will be exercisable in a timely manner when making decisions about the relevant activities of the entity. Under IFRS 11 "Joint Arrangements", the Target Group classifies its joint arrangements as either joint operations (i.e. arrangements over which the Target Group and other party or parties have common control) or joint ventures. For joint operations, the assets and liabilities of the operations are recognised by the Target Group in proportion to its rights and obligations in relation to those assets and liabilities. Joint ventures are accounted for using the equity method.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; has rights to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The investor reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control. An investor has the power over an investee if it has the current ability to direct the relevant activities of the investee, regardless of whether it is actually able to exercise such right: (1) The size of the voting rights held by the investor relative to the voting rights held by other investors, and the dispersion of holding the voting rights of other investors; (2) The potential voting rights of the investee held by the investor and other investors, such as convertible corporate bonds, exercisable warrants, etc.; (3) Rights arising from other contractual arrangements; (4) Other relevant facts and circumstances such as the historical exercise of voting rights of the investee. If two or more investors have the current right to direct the relevant activities of the investee unilaterally, the investor has the power over the investee if it is able to direct the activities that significantly affect the investee's returns. In assessing whether an investor has power over an investee, only substantive rights associated with the investee are considered, including those held by the investor itself and other parties.	There is no significant difference between the IXM Accounting Policies and the Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	The Target Group exercises common control over a joint arrangement when decisions about the arrangement related activities require the unanimous consent of the Target Group and other parties sharing the control. The Target Group has significant influence over an entity when the Target Group has power to participate in the financial and operating policy decisions of the entity but is not able to control or jointly control the making of these policies with other parties.	The parent company shall unify the accounting policies adopted by subsidiaries so that the accounting policies adopted by the subsidiaries are consistent with that of the parent company. The effects of all intra-group transactions between the parent company and subsidiaries on the consolidated financial statements are eliminated on consolidation. When the parent company disposes part of the long-term equity investment in a subsidiary without losing control power, capital reserve (capital premium or share premium) shall be adjusted based on the difference between the consideration received and the share of net assets continuously calculated from the acquisition date or the consolidation date attributable to the subsidiary in disposing of the long-term equity investment in the consolidated financial statements, if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. When the entity loses control over an investee due to partial disposal of equity investment or other reasons, the residual equity is re-measured at its fair value at the date when control is lost in preparing the consolidated financial statements. The balance of consideration obtained from disposal of equity interests and the fair value of the residual equity minus the share of net assets continuously calculated in proportion to the original shareholdings from the acquisition date or the consolidation date attributable to the former subsidiary is recognized in investment income in the period in which control is lost, with goodwill written off simultaneously. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost. Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Under IAS 28 "Investment in Associates and Joint Ventures", the equity method is used for accounting for associates and joint ventures (i.e. the entities over which the Target Group has significant influence). The accounts of all the combining subsidiaries and companies have been prepared in accordance with the accounting policies and methods adopted by the Target Group. Intra-group transactions and balances should be eliminated on consolidation. Changes in the ownership interest of subsidiaries without losing control are accounted for as equity transactions. If the Target Group loses control over the subsidiary, the Target Group: Derecognises assets (including goodwill) and liabilities of subsidiaries; derecognises the carrying amount of any non-controlling interest; derecognises the foreign currency translation recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any remaining investment; recognises any gain or loss in the income statement; and reclassifies the components previously recognised as other comprehensive income to the income statement or retained earnings, as appropriate.	The investor has a significant influence on an investee when it has the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies with other parties. In determining whether an investor is able to exercise significant influence over an investee, the potential voting rights of the investee (including convertible corporate bonds, exercisable warrants) held by the investor and other parties during the period shall be considered. Where the investor can exercise significant influence over the investee, the investee is an associate of the investee. In determining whether an investee is a joint venture, the judgement shall be made based on the requirements of Accounting Standard for Business Enterprises No. 40 – Joint Arrangements. A joint arrangement is an arrangement of which two or two more parties have joint control. Long-term equity investments in associates and joint ventures of the investor are measured using equity method according to this standards.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
3	Foreign currencies For the years of 2018 and 2017 The financial statements of foreign operations are translated from the functional currency to US dollars using the effective exchange rates of the assets and liabilities at the end of the period and the average exchange rates during the operating results and cash flows period. On disposal of the overseas investment in whole or in part, the translation adjustment is recognised as income in proportion. Where the functional currency is not the local currency, the local statement shall first convert the non-monetary items such as inventory, real estate and depreciation using the historical exchange rate, and the translation of other monetary items are included in the current profit or loss. For a monetary item that forms part of the net investment in a foreign subsidiary, the resulting exchange differences are recognised in other comprehensive income as "exchange differences on translation of foreign operations" and net of tax. Exchange differences on foreign currency receivables and payables are included in the profit or loss of the current year. The functional currencies used in the overseas operations are reviewed regularly by the Target Group to assess the impact of changes in its recent activities and the environment in which it operates.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 19 – Foreign Currency Translation An entity that pays its income and expenses in a currency other than RMB may choose one of the currencies as its functional currency in accordance with this standard. However, the items reported in the financial statements should be translated into RMB. The functional currency is the currency of the primary economic environment in which the entity operates. Enterprises should choose RMB as the functional currency in general. An entity whose income and expenses are in a currency other than RMB may choose one of the currencies as its functional currency in accordance with this standard. As for a foreign currency transaction, the enterprise shall convert the amount from foreign currency into the functional currency. Offshore businesses are accounted according to the following rules: (1) Assets and liabilities in the Balance Sheet are translated at the exchange rate using an exchange rate on demand of the balance sheet date. All items of shareholders equity interests are translated using an exchange rate on demand of their transaction date, except for "retained profit". (2) Items of incomes and expenses are translated using a spot exchange rate at their transaction dates; also can be translated using an exchange rate that is determined under a systematic and rational method and approximated to the spot exchange rate at their transaction date.	Financial statements required to be prepared in accordance with accounting standards for business enterprises shall be converted into RMB. Other than the above, there is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		Differences arising from the translation of financial statements in foreign currency according to the above-mentioned rules of (1) and (2) are presented separately in the balance sheet under item of shareholders' equity interests. The translation of comparative financial statements shall be accounted pursuant to the abovementioned rules. For disposal of an overseas operation, an enterprise shall transfer the differences arising from the translation of financial statements in foreign currency which are presented under the owner's equity item in the balance sheet and related to the overseas operations into the profit or loss for the current period of disposal from the owner's equity item. If part of the overseas operations is disposed of, the differences arising from the translation of financial statements in foreign currency of the disposal part shall be calculated based on the proportion of the disposal and transferred to the profit or loss of the current period of disposal. If the functional currency selected by an entity is not RMB, the financial statements of the entity shall be translated into RMB in accordance with Article 12 of this Standard. Monetary items denominated in foreign currencies and non-monetary items denominated in foreign currencies shall be accounted by the enterprise as at the balance sheet date according to the following rules: (I) Monetary items denominated in foreign currencies shall be translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates at the balance sheet date and those on initial recognition or at the previous balance sheet date, are recognised in profit or loss for the period. (II) Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the spot exchange rates at the date of the transactions.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
4	Intangible assets For the years of 2018 and 2017 Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. Subsequent to initial recognition, the intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the period of 1 to 10 years. The acquired trademark can be evaluated as a trademark with a limited useful life.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 6 – Intangible Assets An intangible asset shall be initially measured at its cost. The costs of an externally purchased intangible asset include the purchase price, relevant taxes and other expenses directly attributable to bringing the asset to expected usage. The amortization of intangible assets by an enterprise shall be from the date when the intangible assets are available for use, until it is no longer recognised as an intangible asset. The amortization method of an intangible asset selected by an enterprise should reflect the expected realization of the economic benefits associated with the intangible asset. An intangible asset whose expected realization can't be reliably determined is amortized using the straight-line method. For an intangible asset with a finite useful life, its amortized amount shall be amortized in a systematic and rational manner over its useful life. The amortization amount of intangible assets is generally recognized in profit or loss for the period, unless otherwise specified by other accounting standards. The useful life and amortization method of the intangible assets with finite useful life shall be reviewed at least at the end of each year. If the useful life and amortization method of an intangible asset are different from those previously estimated, the amortization period and amortization method shall be changed.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
5	Property, plant and equipment For the years of 2018 and 2017 Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset. The cost of property, plant and equipment includes the initial estimate of the relevant costs of dismantling and site restoration. Depreciation for other property, plant and equipment is mainly calculated using the straight-line method at carrying amounts less their residual values over the following estimated useful lives, for example, the estimated useful lives of buildings are 15 to 40 years; machinery and equipment are 5 to 25 years; other tangible assets are 1 to 20 years. Subsequent costs are included in the asset's carrying amount, or, where appropriate, recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 4 – Fixed Assets A fixed asset is recognized only if it meets the following conditions simultaneously: (I) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; (II) The cost of the fixed asset can be reliably measured. Fixed assets shall be initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, related taxes, and transportation cost, loading and unloading fees, installation costs and professional service fees attributable to the asset incurred to bring the fixed asset to the condition of intended use. Subsequent expenditures related to the fixed assets that meet the recognition criteria listed above shall be included in the cost of the fixed assets. Otherwise shall be included in profit or loss for the period as incurred. When determining the cost of fixed assets, the risk of estimated cost of disposal should be considered. Enterprises should depreciate all fixed assets. However, fixed assets that have been fully depreciated and continue to be used, and land that has been accounted for separately, are excluded.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		The enterprise shall reasonably determine the useful life and estimated net residual value of fixed assets according to the nature and use pattern of fixed assets. Enterprises should reasonably select the method for the depreciation of fixed assets based on the expected realization of economic benefits associated with the fixed assets. The depreciation method available includes the straight-line method, the unit-of-production method, the double-declining-balance method, and the sum-of-the-years-digits method. Once the depreciation method of a fixed asset is determined, it is not freely convertible. Enterprises shall review the useful life, estimated net residual value and the depreciation method of a fixed asset at least at the end of each year. Where there is a difference between the expected and the originally estimated useful life of fixed assets, the useful life of fixed assets shall be adjusted. Where there is a difference between the expected and the originally estimated net residual value, the expected net residual value shall be adjusted. The depreciation method of fixed assets should change where there is a significant change in the expected realization manner of economic benefits related to the fixed assets.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
6	Impairment For the years of 2018 and 2017 If the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. The reduced amount is the impairment loss. Recoverable amount is the higher of fair value less costs of sales and value in use. In assessing value in use, the expected future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount arising therefrom shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the previous year.	For the years of 2018 and 2017 Accounting Standard for Business Enterprises No. 8 – Impairment of Assets An enterprise shall determine at each balance sheet date whether there is any indication that assets may be impaired. Where an indication of impairment exists, the asset's recoverable amount is estimated. Where there is any indication that an asset may be impaired, the enterprise shall estimate its recoverable amount on the basis of a single asset. Where it is difficult for an enterprise to do so, the recoverable amount of the asset group is determined on the basis of the asset group to which the asset belongs. When the measurement result indicates that the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the difference is recognised as assets impairment loss through profit or loss, and provision for impairment loss of assets is made accordingly.	In the IXM Accounting Policies, the estimated recoverable amount of fixed assets and intangible assets has changed since the previous recognition of the impairment loss, and the previously recognized impairment loss can be reversed. The reversal is limited to the extent that the carrying amount of assets after such reversal is neither higher than its recoverable amount nor higher than the carrying amount (less amortization or depreciation) provided that no impairment loss was recognized for the assets in previous years. In the Accounting Standards for Business Enterprises, once the impairment loss of long-term assets such as fixed assets and intangible assets is confirmed, it cannot be reversed in the subsequent accounting period.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		The recoverable amount shall be determined in light of the higher one between the net amount of an asset's fair value less costs of disposal and the present value of its expected future cash flows. The present value of the expected future cash flows of an asset is determined by discounting the expected future cash flows derived from continuing use of the asset and from its ultimate disposal using appropriate discount rate. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate is the necessary rate as required by an enterprise when it purchases or invests in assets. When the effect from risk specific to an asset has been adjusted in estimating its future cash flows, the estimated discount rate does not take into account these specific risks. If the basis used to estimate the discount rate is after tax, an adjustment to its pre-tax discount rate shall be made. Once the impairment loss of assets is confirmed, it cannot be reversed in the subsequent accounting period.	Save as the above, there is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises. In 2017 and 2018 and previous years, IXM had no reversal of impairment losses for long-term assets presented in the financial statements, therefore the above differences would not have a material impact on its financial statements.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
7	Investments in joint ventures and associates For the years of 2018 and 2017 An associate is an entity over which the Target Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement are entitled to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities under the arrangement require unanimous consent of the parties sharing control. Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost. The carrying amount of the investments is adjusted to recognise changes in the Target Group's share of net assets of the associates or joint ventures since the acquisition date. The Target Group's investments in associates and joint ventures include goodwill recognised at the acquisition date net of any accumulated impairment losses.	For the years of 2018 and 2017 Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments Significant influence is the investor's power to participate in the financial and operating policy decisions making of the investee but have no control or joint control over the formulation of those policies. When determining whether it is possible to exert significant influence over an investee, the effects of potential voting rights (including currently convertible bonds and exercisable warrants) of the investee held by the investors and other parties shall be considered. Where the investor has significant influence over the investee, the investee is its associate. When determining whether an investee is a joint venture, the judgement shall be made pursuant to the relevant provisions of Accounting Standard for Business Enterprises No. 40 – Joint Arrangements. A joint arrangement is an arrangement over which two or two more parties have common control. Long-term equity investments in associates and joint ventures shall be measured using equity method according to the provisions of this standards. Under the equity method, where the initial investment cost of a long-term equity investment exceeds the parties' share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost of the long-term equity investment. Where the initial investment cost of the long-term equity investment is less than the share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
8	Other investments, deposits and miscellaneous income For the years of 2018 and 2017 Other investments, deposits and miscellaneous income mainly consist of long-term receivables and prepayments. Such assets are measured initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.	For the years of 2018 Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) Financial assets that simultaneously meet the following conditions shall be classified as financial assets measured at amortized cost: (1) The business model of the entity to manage such financial asset is to collect contract cash flow; (2) The contract terms of such financial asset specified that the contractual cash flow generated as at a given date comprises solely the payments of the principal and the interest on outstanding principal. The financial assets or financial liabilities shall be measured at fair value upon the initial recognition. For financial assets or financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged into profit or loss for the period; For other financial assets or financial liabilities, relevant transaction costs are charged into their initial recognition amounts. Upon the initial recognition, the entity should subsequently measure various financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss respectively. The amortized cost of the financial assets or financial liabilities is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and maturity amount; (iii) adjusted for any loss allowance.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For the year 2017 Before amendments to Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. The financial assets or financial liabilities shall be measured at fair value upon the initial recognition. For financial assets or financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged into profit or loss; For other financial assets or financial liabilities, relevant transaction costs are charged into their initial recognition amounts. Loans and receivables shall be measured at amortized cost using the effective interest method.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
9	Trading inventories For the years of 2018 and 2017 Trade inventories are measured at fair value less costs of sales. Generally accepted as commodity industry practice, valuation policies are "based on market values", which fairly reflect the Target Group's trading activities. Changes in the fair value are recognised as "cost of sales" in the income statement.	For the years of 2018 and 2017 Accounting Standard for Business Enterprises No. 1 – Inventories Enterprises should use the first-in-first-out method, weighted average method or individual identification method to determine actual cost of inventories delivered. On the balance sheet date, the inventories shall be calculated by the lower of cost and net realizable value. If the cost of inventory is higher than its net realizable value, a provision for impairment of inventory shall be made and included in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs until completion and estimated costs of sales and related taxes.	In accordance with IAS No. 2 -Inventories, inventories held for the purpose of trading by commodity brokers may be measured at fair value less costs to sell. There are no such regulations in the Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
10	Other inventories For the years of 2018 and 2017 Other inventories, especially those that are not applicable to certain entities in the trading model, are valued at the lower of cost and net realizable value.	For the years of 2018 and 2017 Accounting Standard for Business Enterprises No. 1 – Inventories Enterprises shall use the first-in-first-out method, weighted average method or individual identification method to determine actual cost of inventories issued. As at the balance sheet date, the inventories shall be measured at the lower of cost and net realizable value. If the cost of inventories is higher than its net realizable value, a provision for impairment of inventories shall be made and included in the current profit or loss. Net realizable value is the estimated selling price of inventories deducting the estimated costs to be incurred when completed, the estimated selling expenses and related taxes amount in the ordinary course of business.	There is no significant difference between the IXM Accounting Policy and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
11	Derivatives For the years of 2018 and 2017 The Target Group mainly uses futures and option contracts to hedge the commodity and securities related public commitments. Futures and option contracts are recognised at fair value, with unrealized gains and losses recognised in the income statement. Outstanding commitments in respect of purchase and sales of commodity and swaps / supply arrangements are recognised at fair value with gains and losses recognised in the income statement. Foreign exchange hedging contracts are recognised at fair value, with unrealized gains and losses recognised in the income statement.	For the year of 2018 Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Derivatives are financial instruments or other contracts within the scope of this standard featured with the following characteristics: (1) Its value varies with specific interest rate, price of financial instrument, commodity price, exchange rate, price index, rate index, credit rating, credit index or other variables. Nonfinancial variables shall not be specifically associated with any party to the contract. (2) No initial net investment is required, or less initial net investment is required as compared to that for other contracts that are expected to have similar responses to the changes in market factor. (3) Settled at a certain date in the future. Common derivatives include forward contract, futures contract, swap contract and option contract. For contracts for purchases or sales of non-financial items that can be settled in cash or net amount of other financial instrument, or that may be settled by exchange of financial instruments, except those contracts, which the entity signs in accordance with the expected purchase, sale or usage requirements and holds for purposes of receiving or delivering non-financial items, shall apply other relevant accounting standards, such contracts shall be considered as financial instruments and apply this standard.	There is no significant difference between the IXM Accounting Policy and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For contracts for purchases or sales of non-financial items that can be settled in cash or net amount of other financial instrument, or that may be settled by exchange of financial instruments, including those contracts which the entity signs in accordance with the expected purchase, sale or usage requirements and holds for purposes of receiving or delivering non-financial items, such contracts may also be designated as financial assets or financial liabilities at fair value through profit or loss. Designation can only be made at the inception of the contract, and an accounting mismatch must be able to be eliminated or significantly reduced through such designation. Once the designation has been made, it cannot be revoked. Financial assets classified into those measured at amortized cost pursuant to Article 17 of this standard and financial assets classified into those non-measured at fair value through other comprehensive income pursuant to Article 18 of this standard shall be classified as financial assets at fair value through profit or loss. The financial assets or financial liabilities shall be measured at fair value upon the initial recognition. For financial assets or financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged into profit or loss for the period; For other financial assets or financial liabilities, relevant transaction costs are charged into their initial recognition amounts. Upon the initial recognition, the entity should subsequently measure various financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss respectively. For the year of 2017 Before amendments to Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		This standard does not involve any contracts signed in accordance with the expected purchase, sale or usage requirements and due to perform purchases or sales of non-financial item. However, this standard applies to contracts for purchases or sales of non-financial items that can be settled in cash or net amount of other financial instrument, or that may be settled by exchange of financial instruments. Financial assets or financial liabilities shall be classified as financial assets or financial liabilities held-for-trading if one of the following conditions are satisfied: (1) The purpose of obtaining the relevant financial asset is mainly for selling or repurchasing in the near future; (2) It is part of a portfolio of identifiable financial instruments that are centrally managed, and there is objective evidence that the entity has recently adopted Short-term profit-making mode to manage such portfolio; (3) It is a derivative, except for derivatives that are designated as effective hedging instruments, derivatives that qualify for financial guarantee contracts and derivatives that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. In addition to other requirements, financial assets or financial liabilities may be designated as those at fair value through profit or loss upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases;	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		(2) The portfolio of financial assets, the portfolio of financial liabilities or the portfolio of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the enterprise's documented risk management or investment strategy, and information about the portfolio is reported to key management personnel on that basis. Financial assets shall be subsequently measured at fair value, without deducting the transaction costs that may occur when the financial assets are disposed in the future, except for: (1) Held-to-maturity investments and loans and receivables are measured at amortized cost using the effective interest method. (2) Equity instrument investment that is not quoted in an active market and its fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such equity instruments, shall be measured at cost.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
12	Hedge accounting For the year of 2018 The Target Group shall evaluate the hedging operation that meets the hedging accounting conditions based on the hedging relationship documents. At the inception of the hedge and throughout the financial reporting period for which the hedge is designated, such documentation includes identification of the hedging instrument, the hedged item, the hedged risk and its effectiveness. Cash flow hedges The effective portion of the gains or losses on the hedging instrument is recognised directly in other reserves, while the ineffective portion shall be recognised in the income statement of the period. Amounts included in equity are transferred to the income statement when the hedged item affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.	For the year of 2018 Accounting Standard for Business Enterprises No. 24 – Hedge Accounting (revised in 2017) The hedging accounting method prescribed by this standard is used only if the following conditions are satisfied simultaneously by fair value hedging, cash flow hedging and net investment hedging for overseas operations: (I) A hedging relationship consists only of eligible hedging instrument and hedged project; (II) At the beginning of the hedging, the enterprise officially designates a hedging instrument and hedged project, and prepares a written document on the hedging relationship and the enterprise's risk management strategy and risk management objectives for the cash flows hedging; (III) A hedging relationship conforms to the requirements for hedging effectiveness; If the hedging meets the following conditions, the enterprise determines that the hedging relationship conforms to the requirements for hedging effectiveness: (I) There is an economic relationship between the hedged project and hedging instrument. Such economic relationship causes the values of the hedging instrument and hedged project to change in the opposite direction due to identical risk of being hedged; (II) The impact of credit risk does not dominate in the changes of value arising from the economic relationship between the hedged project and hedging instrument; (III) The hedge ratio in a hedging relationship equals to the ratio of the number of hedged projects with actual hedging of the enterprise to the actual number of hedging instruments for such hedged projects;	There is no significant difference between the IXM Accounting Policy and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	For the year of 2017 When the hedge meets the following conditions at the same time, the company considers it is highly effective: • The hedge is expected to be highly effective since the hedge begins and period afterward; • The actual offsetting effect of the hedge is between a range of 80% to 125%. Cash flow hedges Designate the effective portion of fair value changes in hedge instruments satisfy cash flow hedges and other hedge instruments satisfy the conditions to recognize in the statement of other comprehensive income and accumulate amount in hedges reserve, but no more than change amount of accumulated fair value of hedge items since establishment of hedge. Gains or losses arising from the ineffective portion are recognized in the statement of profit or loss for the current period and is credited into "hedges financial instrument fair value changes" item.	The enterprise should conduct continuous assessment on whether a hedging relationship conforms to the requirements for hedging effectiveness on the start date of the hedging and beyond, and particularly analyses the reasons for the ineffective hedging that is expected to affect the hedging relationship within the remaining period of the hedging. The enterprise shall at least conduct assessment on a hedging relationship on the balance sheet date and when significant changes in relevant circumstances will affect the effectiveness of the hedging. If cash flow hedging meets the conditions for applying the hedging accounting method, shall be in compliance with the following provisions: (I) Gains or losses arising from the hedging instrument that belong to the effective portion of the hedging is recognised in other comprehensive income as the cash flows for hedge reserve. The amount of cash flows for hedge reserve is determined by the lower of the absolute amounts of the following: 1. the aggregate gains or losses arising from the hedging instrument since the beginning of the hedging; 2. the aggregate amount of changes in the current value of the expected future cash flows of the hedged project since the beginning of the hedging. The amount of cash flows for hedge reserve that is recognised in other comprehensive income for each period is the amount of changes in the current cash flows for hedge reserve. (II) Gains or losses arising from the hedging instrument that belong to the ineffective portion of the hedging (i.e., other gains or losses after deducting other comprehensive income) is recognised in profit or loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	When the hedged items affect profit or loss, amount previously recognized in the statement of other comprehensive income and accumulated in equity also reclassified into the statement of profit or loss during the relevant period, and recognized in the same item together with recognized hedged items. If hedges expected transaction resulted in recognition of a non-financial asset or a non-financial liability, cash flows hedges reserve amount previously recognized in the other comprehensive income will be transferred out of the equity and include the initial recognition amount of cost of a non-financial asset or a non-financial liability. After transaction, other comprehensive income will not be affected. In addition, if IXM Group expected hedges reserve portion of cash flows or all the accumulated losses are expected not to be recovered in the future, the amount will be reclassified into profit or loss immediately.	For the year of 2017 Accounting Standards for Business Enterprises No. 24 – Hedging (before amendment) When the hedge meets the following conditions at the same time, the enterprise shall consider it is highly effective: (I) at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated; (II) the actual results of offsetting are within a range of 80% to 125%. Cash flow hedging If cash flow hedging meets the conditions for applying the hedging accounting method, shall be in compliance with the following provisions: (I) Gains or losses arising from the hedging instrument that belong to the effective portion of the hedging is directly recognised as owner's interests, and reflected in separate items. The amount of effective hedge is determined by the lower of the absolute amounts of the following: 1. the aggregate gains or losses arising from the hedging instrument since the beginning of the hedging; 2. the aggregate amount of changes in the current value of the expected future cash flows of the hedged project since the beginning of the hedging.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		(II) Gains or losses arising from the hedging instrument that belong to the ineffective portion of the hedging (i.e., other gains or losses after deducting directly recognized owner's interests) is recognised in profit or loss. (III) The official written document on risk management strategy states that where a partial gain or loss on a hedging instrument or the related cash flow impact is excluded from the evaluation of its effectiveness, the treatment of such profit or loss is governed by Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
13	For the year of 2018 Financial assets and financial liabilities Financial assets carried at amortized cost Accounts receivable are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Guarantee deposits include cash payments to brokers and exchanges to satisfy the initial margins and additional margin requirements for future positions on commodity exchanges. Cash and cash equivalents include highly liquid investments, bank deposit certificates and marketable securities which are subject to insignificant risk of changes in value with a maturity of three months or less at the time of purchase. The statement of cash flows presents the movements of cash and cash equivalents. Bank overdraft movement, which constitutes part of financing activities, is presented in the increase (decrease) of bank loans, bank acceptances and notes receivables.	For the year of 2018 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) Enterprises should classify financial assets into the following three categories according to their business model for managing financial assets and the contractual cash flow characteristics of financial assets: (I) financial assets measured at amortized cost. (II) financial assets at fair value through other comprehensive income. (III) financial assets at fair value through profit or loss. The amortised cost of financial assets or financial liabilities is the amount at which the financial asset or financial liability is measured at initial recognition after the following adjustments: (I) minus the principal repayments; (II) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (III) minus any loss allowance accumulated (only applicable for financial assets).	There is no significant difference between the IXM Accounting Policy and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Financial assets at fair value through other comprehensive income When an investment in a non-trading equity instrument is designated as financial assets at fair value through other comprehensive income, the changes in the fair value of that financial asset are recognised in other comprehensive income, when the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred out from other comprehensive income and included in retained earnings. Dividends income is recognised in profit or loss during the period when the Target Group hold the investment in a equity instrument and the Target Group's right to receive the dividends has been established, it is probable that the economic benefits associated with the dividends will flow to the Target Group, and the amount of the dividends can be measured reliably. Financial assets and financial liabilities measured at fair value through profit or loss Including pricing account receivables and account payables are credited into profit or loss at fair value. Financial liabilities measured at amortized cost Other financial liabilities including borrowings are initially measured at net amount of fair value after deducting transaction cost. Other financial liabilities are subsequently measured at amortized cost using effective interest rate method.	Enterprises are required to classify financial assets as at fair value through profit or loss for financial assets classified as measured at amortized cost according to Article 17 of this Standard and other financial assets classified as at fair value through other comprehensive income according to Article 18 of this Standard. At initial recognition, investments in non-trading equity instruments may be designated as financial assets at fair value through other comprehensive income, and dividend income will be recognised in accordance with the requirements of article 65 of this standard. Once the designation has been made, it can not be revoked. When an enterprise designates an investment in a non-trading equity instrument as at fair value through other comprehensive income in accordance with the requirements of article 19 of this standard, the cumulative gain or loss previously recognised in other comprehensive income should be transferred out of other comprehensive income and recognised in retained earnings when such financial assets are derecognised. Subsequent to initial recognition, enterprises should perform subsequent measurement at amortized cost, fair value through other comprehensive income or fair value through profit or loss by category of financial assets. Categories of financial liabilities Enterprises should classify financial liabilities as at amortised cost unless: (I) Financial liabilities at fair value through profit or loss, include financial liabilities held for trading (including derivative instruments belong to financial liabilities) and financial liabilities designated as at fair value through profit or loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	The effective interest method is a method of calculating the amortized cost of financial liabilities and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities to the net carrying amount of financial liabilities at initial recognition. For the year of 2017 There are specific categories of financial assets: financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. Basis of classification are the nature and purpose of financial assets, and is recognized at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation in the market. (i) financial assets at fair value through profit or loss Financial asset is classified at fair value through profit or loss if it is (i) held for trading or (ii) it is classified at fair value through profit or loss upon initial recognition. Financial asset is considered as held for trading if the following conditions are met: • The purchase was mainly intended to be sold in the short term; or	(II) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Such financial liabilities shall be measured in accordance with relevant requirements of Accounting Standard for Business Enterprises No. 23 – Transfer of financial asset. (III) Financial guarantee contracts that do not satisfied (I) or (II) of this article, and commitments to provide a loan at a below-market interest rate that do not satisfied (I). The enterprise, as an issuer of the financial liabilities will measure subsequent to initial recognition at the higher of the amount of provision for losses as determined according to Chapter 8 of Accounting Standard for Business Enterprises and the surplus after accumulative amortization as determined according to relevant requirements of Accounting Standard for Business Enterprises No.14 – Revenues. At initial recognition, in order to provide more related accounting information, an enterprise may designate a financial liability at FVTPL, but one of the following conditions should be met: (I) accounting mismatches can be eliminated or significantly reduced; (II) the financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the enterprise's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	• On initial recognition, it is part of a portfolio of identifiable financial instruments that the Target group manages together and has a recent actual pattern of short-term profit-taking; or • Derivatives not designated as effective hedging instruments. Financial assets (other than financial assets held for trading) may be designated as at FVTPL upon initial recognition if: • Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or • The financial asset forms part of a group of financial asset or financial liability or a part of combination of financial asset and financial liability which is managed and its performance is evaluated on a fair value basis, in accordance with the risk management or investment strategy developed by IXM Group and information about the grouping is provided internally on that basis; or	Once the designation has been made, it can not be revoked. Subsequent to initial recognition, the enterprise should conduct subsequent measurement on different types of financial liabilities at amortized cost, fair value through profit or loss or other appropriate method as specified in Article 21 of this standards, respectively. The amortised cost of financial assets or financial liabilities is the amount at which the financial asset or financial liability is measured at initial recognition after the following adjustments: (I) minus the principal repayments; (II) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (III) minus any loss allowance accumulated (only applicable for financial assets). The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and apportioning interest income or interest expenses to each accounting period.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	• It forms part of a contract containing one or more embedded derivatives, and IAS39 permits the entire combined contract (assets or liabilities) to be measured at FVTPL. Other financial assets at fair value through profit or loss include held-for-sale or repurchase of short-term securities with maturity more than three months, bonds related to financial transactions and financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss is measured at fair value through profit or loss. (ii) Available-for-sale financial assets Available-for-sale financial asset is designated as available-for-sale or it is not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. Equity instruments held by IXM Group that are classified as available-for-sale financial instruments are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method, and exchange gains and losses, if applicable, are recognised in profit or loss.	The effective interest rate refers to the interest rate used to discount the estimated future cash flows of financial assets or financial liabilities over the estimated duration of the financial assets to the carrying amount of the financial assets, or the amortized cost of the financial liabilities. When determining the effective interest rate, expected cash flows should be estimated on the basis of all contractual terms of financial assets or financial liabilities, such as early repayment, rollovers, call options or other similar options, however, expected credit losses should not be considered. For the year of 2017 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (before amendment) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets should be classified into the following four categories at initial recognition: (I) Financial assets at fair value through profit or loss, including financial assets held for trading and financial assets designated as at fair value through profit or loss; (II) Held-to-maturity investments; (III) Loans and receivables; (IV) Available-for-sale financial assets.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Dividends on available-for-sale equity instruments are recognised in profit or loss when the ownership of the dividends is acquired by IXM Group. Other financial assets at fair value through other comprehensive income consists primarily of the shares of non-combined companies over which IXM Group does not have significant influence, joint control or control. Other financial assets at fair value through other comprehensive income mainly includes shares of non-combined companies over which IXM Group does not have significant influence, joint control or control. Listed shares are measured at fair value corresponding to the listed price. Other shares are generally measured at cost and are considered to be a reasonable approximation of their fair value. Any changes in the fair value of the shares after initial recognition are included in other comprehensive income when the shares are disposed of or are impaired subsequently. (iii) Loans and receivables Loans and receivables are non-derivative financing with fixed or determinable recoverable amount that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, financial advances to related parties, deposits and miscellaneous items, margin deposits and cash and cash equivalents) are measured using the effective interest method at amortised cost less any impairment.	Financial assets at fair value through profit or loss Financial assets or financial liabilities should be classified as financial assets or financial liabilities held for reading when any of the following conditions are met: (I) The purpose of obtaining such financial asset or assuming such financial liability is principally for selling or repurchasing in the near future. (II) Forming a part of the identifiable portfolio of financial instruments which are managed in a centralized way and for which there are objective evidences demonstrate that the enterprise may manage the portfolio to make a profit in the short term. (III) It is a derivative. However, the derivative designated and is effective hedging instrument, the derivative belongs to financial guarantee contracts, the derivative connected to equity instrument investment that is not quoted in an active market and its fair value cannot be reliably measured and must be settled by the delivery of such equity instrument are excluded. Except otherwise required under article 21 and article 22 of this Standard, only a financial asset or a financial liability which satisfies one of the following conditions can be designated as a financial asset or a financial liability at fair value through profit or loss at initial recognition: (I) The designation eliminates or significantly reduces the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial asset or financial liability.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Trade receivables are recognised initially at fair value and subsequently measured using the effective interest method at amortised cost less allowance for impairment. Deposits include cash with brokers and exchanges to satisfy the deposit requirements for initial and change of positions in commodity exchange futures. Cash and cash equivalents include highly liquid investments with original maturities of three months or less. Treasury bonds, money market funds, commercial paper, deposits in banking securities and marketable securities with risk of value change satisfy the definition. Any difference between the carrying amount of cash equivalents and its fair value is included in the consolidated statement of profit or loss. Changes in cash and cash equivalents are presented in the consolidated statement of cash flows. The change of bank overdrafts as part of financing activities is shown in the increase (decrease) in loans and advances to related parties.	(II) The official written documents on risk management or investment strategy of the enterprise have specified that such financial asset portfolio, the financial liability portfolio, or the portfolio of financial asset and financial liability shall be managed and evaluated on the basis of fair value to report to the key management personnel. Any gains or losses arising from changes in fair value of financial asset or financial liability at fair value through profit or loss are recognised in profit or loss for the period. Embedded derivatives are derivatives embedded in non-derivatives (i.e. host contracts) In that way, all or part of the cash flows of the hybrid instrument change in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The embedded derivatives constitute hybrid instruments with host contracts, such as convertible corporate bonds. An enterprise may designate the hybrid instrument as financial asset or financial liability at fair value through profit or loss. However, the following circumstances shall be exceptions: (I) Embedded derivatives have no significant change to the cash flows of the hybrid instrument. (II) Derivatives embedded in similar hybrid instruments are clearly not required to be separated from the related hybrid instrument.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		Available-for-sale financial assets Available-for-sale financial assets are non-derivative financial assets that is designated upon initial recognition as available-for-sale and financial assets except the following assets: (I) Loans and receivables; (II) Held-to-maturity investments; (III) Financial assets at fair value through profit or loss. Gains or losses arising from changes in fair value of available-for-sale financial assets, except for impairment losses and foreign exchange differences arising from monetary financial assets denominated in foreign currencies, shall be directly recorded in owner's interest, and transferred to profit or loss upon derecognition of the financial assets. Exchange differences arising from available-for-sale foreign currency monetary financial assets are recognised in profit or loss. Interest on available-for-sale financial assets calculated using the effective interest method shall be charged to profit or loss for the current period. Cash dividends on investment of available-for-sale equity instruments are recognised in profit or loss in the period in which the dividends are declared by the investee. For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to the equity instruments and must be settled by delivery of such equity instruments, they are measured at cost.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		Loans and receivables Loans and receivables are non-derivative financial assets with fixed or determinable recoverable amount that are not quoted in an active market. Held-to-maturity investments and loans and receivables are measured at amortized cost using the effective interest method. Accounting Standards for Business Enterprises No. 31 – Statement of Cash Flows Cash comprises cash on hand and deposits that can be readily used for payment on demand. Cash equivalents refer to investments with short term, high liquidity and are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash referred to in this standard, unless cash equivalents are referred to at the same time, all includes cash and cash equivalents.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
14	Impairment of financial assets For the year of 2018 The Target Group recognize loss allowance for expected credit losses (ECL) on financial assets in accordance with IFRS 9 (including receivables and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The assessment is based on historical credit loss experience, adjusted according to factors that are specific to the debtors, general economic conditions, an assessment of current conditions at the reporting date and forecast of future condition. For the year of 2017 Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected. For an available-for-sale equity instrument, if the fair value of the security significantly or permanently falls below its cost, it is considered an objective evidence of impairment.	For the year of 2018 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) The enterprise shall, in accordance with the provisions of this standard, conduct impairment accounting treatment and confirm the loss provision on the basis of expected credit losses: (I) Financial assets measured at amortised cost in accordance with Article 17 of this Standard and financial assets measured at fair value through other comprehensive income in accordance with Article 18 of this Standard. For the following items, the enterprise should always measure its loss provision according to the amount equivalent to the expected credit loss during the entire life period: (I) Receivables or contract assets formed by transactions regulated by the "Accounting Standards for Business Enterprises No. 14 – Revenue", and which meet one of the following conditions: 1. The item does not include significant financing components as defined in the "Accounting Standards for Business Enterprises No. 14 – Revenue", or financing components in contracts within one year that are not considered by the enterprise in accordance with the "Accounting Standards for Business Enterprises No. 14 – Revenue".	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	For all other financial assets, objective evidence of impairment could include: • significant financial difficulty of the issuer or counterparty; or • breach of contract, such as a default or delinquency in interest or principal payments; or • it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or • the disappearance of an active market for that financial asset because of financial difficulties. Objective evidence of impairment for a portfolio of receivables could include IXM Group's past experience of collecting payments, an increase in the number of repayments overdue for a period of more than 90 days in the average credit period and observable changes in national or local economic conditions that correlate with default on receivables. When there is objective evidence indicates that the initial recognized economic benefits will not flow into the Target Group, provision for impairment should be made. The debtor has significant financial difficulties, and overdue or defaulted payments (overdue for more than three months) are considered as indicators of the impairment of trade receivables.	The enterprise shall assess whether the credit risk of the relevant financial instruments has increased significantly since initial recognition on each of the balance sheet date, and measure their loss provision and recognise the expected credit losses and their changes in accordance with the following situations: (I) If the credit risk of the financial instrument has increased significantly since initial recognition, the enterprise shall measure its loss provision based on the amount of expected credit losses over the entire period of the financial instrument. Regardless of whether the enterprise assesses credit losses based on a single financial instrument or a combination of financial instruments, the resulting increase in loss provisions or reversal amount shall be recognised as impairment loss or gain and recognised in profit or loss. (II) If the credit risk of the financial instrument has not increased significantly since initial recognition, the enterprise shall measure its loss provision based on the amount of expected credit losses of the financial instrument over the next 12 months. Regardless of whether the enterprise assesses credit losses based on a single financial instrument or a combination of financial instruments, the resulting increase in loss provisions or reversal amount shall be recognised as impairment loss or gain and recognised in the current profit or loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the similar financial asset's current market returns. The impairment loss shall not be reversed in a future period. The carrying amount of all financial assets is directly deducted from the impairment amount, except for trade receivables and other receivables that use bad debt provision to deduct the carrying amount. The amount of change in bad debt provision is included in profit or loss. When the trade receivables are considered unrecoverable, the bad debt provision is confirmed. After the recovery, it is transferred back to bad debts and is included in profit or loss. If the available-for-sale financial assets are impaired, the accumulated profit and loss previously recognized in other comprehensive income should be reclassified to the current profit and loss within the period. For financial assets measured at amortized cost, if the amount of impairment is reduced in the subsequent period and is related to an event that occurs after the impairment is recognized, the previously recognised impairment loss is reversed and the carrying amount shall not exceed the amortized cost before its impairment was confirmed.	The expected credit losses over the next 12 months refers to the expected credit losses caused by possible financial instrument defaults within 12 months after the balance sheet date (if the expected life of a financial instrument is less than 12 months, then the expected life), which are part of the expected credit losses over the entire period of a financial instrument. In making relevant assessments, the enterprise shall consider all reasonable and well-founded information, including forward-looking information. In order to recognise the significant increase in credit risk after the initial recognition of the financial instruments, i.e. the expected credit losses over the entire duration, the enterprise shall consider, in some cases, whether the credit risk is significantly increased on a portfolio basis. The expected credit losses over the entire period of a financial instrument refers to the expected credit losses caused by all the possible defaults of a financial instrument during its entire expected period. For purchased or derived financial assets that have suffered credit impairment, the enterprise only recognises the accumulated changes in expected credit losses for the entire duration from the initial recognition as loss provisions on the balance sheet date. At each balance sheet date, the enterprise records the changes in the expected credit losses for the entire duration as impairment losses or gains in profit or loss. Even if the expected credit losses for the entire duration recognised on the date of financial position are less than the expected credit losses reflected in the estimated cash flow at initial recognition, the enterprise also recognises the favorable changes in expected credit losses as impairment gains.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Impairment losses arising from equity investments may not be reversed through profit or loss. Any change in fair value after recognition of impairment loss is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve.	For the year of 2017 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (before revision) The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after the initial recognition of financial assets which has impact on the expected future cash flows of financial assets,and can be reliably measured by the enterprise. The objective evidence proving that the financial asset has been impaired including: (I) Significant financial difficulty of the debtor or obligor; (II) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments; (III) The creditor, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower; (IV) It becoming probable that the debtor will enter bankruptcy or other financial Reorganisation; (V) The disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		(VI) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes adverse change in the payment status of debtor of the group of assets, or increased unemployment rate in the country or region where the debtor is located, decreased price of collateral in the region where it belongs, recession in the industry, etc.; (VII) significant adverse changes in the technological, market, economic or legal environment in which the debtor operates, indicating that the cost of the equity instrument investment may not be recovered by the investor; (VIII) a significant or prolonged decline in the fair value of the investment in equity instrument; (IX) Other objective evidence indicating there is an impairment of a financial asset. When the financial assets measured at amortized cost are impaired, the carrying amount of the financial assets should be reduced to the present value of the estimated future cash flows (excluding future credit losses that have not yet occurred), and the amount reduced is recognized as asset impairment loss and included in the current profit and loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		The present value of estimated future cash flows is carried according to the financial asset's original effective interest rate, and considers the value of collateral (the expenses incurred in obtaining and selling the collateral should be deducted).The original effective interest rate is the actual interest rate calculated and determined when the financial asset is initially recognized. For floating rate loans, receivables or held-to-maturity investments, the current effective interest rate stipulated in the contract can be used as the discount rate when calculating the present value of future cash flows. After recognition of the impairment loss for the financial asset measured at amortized cost, if there is objective evidence indicating the recovery of the value of the financial asset, and it is objectively related to the events occurring after the recognition of the loss (such as the credit rating of the debtor has been increased, etc.), the recognized impairment loss will be reversed and recorded into the profit and loss for the current period, provided that the book value after reversal shall not exceed the amortized cost of the financial asset on the date of reversal if the impairment provision had not been made. Equity instrument without the quoted price in the active market and cannot be reliably measured, or derivatives derived from the said equity instrument and settled by issuing the said equity instrument will be impaired. The difference between the book value of this equity instrument investment or derivative financial asset and the present value determined by discounting the future cash flow based on the current market yield of similar financial assets shall be recognized as impairment loss and recorded in the current profit or loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		In the case where the financial assets available for sale undergo impairment,even if such financial assets are not terminated for recognition, the original accumulative losses from the decrease of fair value and directly counted into the owner's equities shall be transferred out and counted into the losses and profits of the current period. The accumulative loss transferred out shall be the balance of the initial acquisition cost of the financial asset available for sale deducting the recovered principal and amortized amount, the current fair value and the impair loss previously recorded into the profit and loss. For the debt instrument for which impairment loss has been recognized, if its fair value is increased in the subsequent accounting period, and it is objectively related to the events occurring after the recognition of the impairment loss, the recognized impairment loss will be reversed and recorded into the profit and loss for the current period. Impairment losses arising from investments in available-for-sale equity instruments may not be reversed through profit or loss. However, an investment in an equity instrument that is not quoted in an active market and whose fair value cannot be reliably measured, or an impairment loss arising from a derivative financial asset that is linked to the equity instrument and is settled through the delivery of the equity instrument, will not be reversed. After the financial assets are impaired, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
15	Derecognition of financial assets and financial liabilities For the year of 2018 The Target Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and returns of ownership of the financial asset to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset ' s carrying amount and the sum of the consideration received and the consideration receivable is recognized as profit or loss. When an equity instrument investment is derecognized, the cumulative gain or loss previously accumulated in the investments revaluation reserve will not be reclassified to profit or loss if the IXM Company choose to apply IFRS 9 measurement at fair value through other comprehensive income, but will transfer to retained earnings. For the year of 2017 The Target Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and returns of ownership of the financial asset to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and the consideration receivable is recognized as profit or loss.	For the year of 2018 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) A financial asset is derecognized when any of the following conditions is satisfied: (1) the contractual right to receive cash flows from the financial asset expires; (2) the financial asset has been transferred and the transfer meets the requirements of Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets in respect of the derecognition of financial assets. Derecognition of financial assets or financial liabilities referred to in this Standard refers to the transfer out of previously recognized financial assets or financial liabilities from the balance sheet. When an enterprise designates an investment in a non-trading equity instrument as a financial asset at fair value through other comprehensive income in accordance with the requirement of this Standard, the cumulative gain or loss previously recognised in other comprehensive income should be transferred out from other comprehensive income and recognised in retained earnings when such financial asset is derecognised.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets (Revised in 2017) When any part of the financial asset meets one of the following conditions, an enterprise should have the derecognition requirements applied to this part of the financial asset. Besides, an enterprise should have the derecognition requirements applied to the entire amount of the financial asset: (1) Such part of the financial asset only includes the specific identifiable cash flows generated by the financial asset. If an enterprise has entered into an interest stripping contract with the transferee in respect of a debt instrument, the contract provides that the transferee is only entitled to the interest cash flows of the debt instrument, but has no right to receive the principal cash flows of the debt instrument, and the provisions for derecognition apply to the interest cash flows of the debt instrument. (2) Such part of the financial asset only includes a portion of cash flows that is completely proportionate to the total cash flows of the financial asset. (3) Such part of the financial asset only includes a portion of cash flows that is completely proportionate to the specific identifiable cash flows of the financial asset. When an enterprise has a transfer of financial asset that meets the condition (2) or (3) and there are more than one transferees, as long as the portion transferred by the enterprise is completely proportional to the total cash flows or specific identifiable cash flows of the financial asset, it is not required for each transferee to hold a proportional portion.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For the year of 2017 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Before Revision) A financial asset shall be derecognised if any of the following conditions is met: (1) the contractual right to receive cash flows from the financial asset expires. (2) the financial asset has been transferred and the transfer meets the requirements of Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets in respect of the derecognition of financial assets. Derecognition refers to the transfer out of financial assets or financial liabilities from the accounts or the balance sheet of an enterprise. Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets: When an enterprise has transferred substantially all the risks and rewards of ownership of a financial asset to the transferee, the financial asset shall be derecognized; if substantially all the risks and rewards of ownership of a financial asset are retained, such financial asset should not be derecognized. Where an enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it shall be treated as follows: (1) If the control over such financial asset is abandoned, the enterprise should derecognize the financial asset.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		(2) If the control over such financial asset is retained, the enterprise should recognize the related financial asset according to the extent to which it continues to involve in the transferred financial asset, and should recognize the relevant liability accordingly. An enterprise should pay attention to the substance of the transfer of financial asset when determining whether the transfer of financial asset meets the conditions for derecognition of a financial asset as stipulated in this Standard. If the overall transfer of financial asset meets the derecognition conditions, the difference of the following two items is recognised in the profit and loss of the current period: (i) the carrying amount of the transferred financial asset; (ii) the sum of the transfer consideration received and the accumulated changes in fair values that are recorded in the owner's equity directly (including the circumstance that the financial asset transferred is the available-for-sale financial asset).	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
16	Provisions For the years of 2018 and 2017 Provisions are recognized by the Target Group in respect of environmental restoration and decommissioning, restructuring cost and legal claims when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will resulted from being required to settle the obligation and a reliable estimate of the amount of the obligation can be made.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 13 – Contingencies An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: (1) The obligation is a present obligation undertaken by the enterprise; (2) Settle the obligation will probably resulted in the outflow of the enterprise's economic benefits; (3) The amount of the obligation can be measured reliably. Provisions are initially measured based on the best estimates of the expenditures required to be paid for performance of the present obligations. Factors surrounding a contingency, such as the risks, uncertainties and the time value of currency, should be taken into account by the enterprise as a whole in reaching the best estimate of a provision. The carrying amount of provisions should be reviewed by the enterprise at balance sheet date. If there is conclusive evidence to prove that the carrying amount cannot reflect the current best estimate, the carrying amount shall be adjusted based on the current best estimate.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
17	Employee benefits For the years of 2018 and 2017 Short-term employee benefits Short-term employee benefits include wages, salaries, social security contributions, paid leave, profit sharing and bonus, and are expected to be settled in full within twelve months after the end of the reporting period. The short-term employee benefit obligation is measured on an undiscounted basis and is recognised in operating income when the related service is rendered. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Target Group has a present legal obligation or constructive obligation to pay the corresponding amounts as a result of past services provided by employees, and the amount under such obligation can be reliably estimated. Pension and termination benefits The defined contribution plans are funded by the employees and group companies to fund the organizations responsible for managing the plans. The obligations of the Target Group are limited to the payment of the above contributions.	For the years of 2018 and 2017 Accounting Standard for Business Enterprises No. 9 – Employee Remuneration Short-term remuneration Actually occurred short-term remuneration shall be recognised by the enterprise as liabilities, with a corresponding charge to the current profit or loss in the accounting period in which employees provide services, other than those required or allowed by other accounting standards to be included in asset costs. Staff welfare expenses incurred by the enterprise shall be recognised in the current profit or loss or related asset costs based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses shall be measured at fair value. Payment of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee remuneration and recognised as relevant liabilities, with a corresponding charge to the current profit or loss or related asset costs in the accounting period in which employees provide services.	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	The defined benefit plans consist of funded or non-funded plans. The obligations under these plans are usually determined by independent actuarial agencies using the projected unit credit method. The Target Group measures and recognises termination benefits in accordance with IAS 19: • Contributions to defined contribution plans are recognised as expenses; • The defined benefit plans are measured using actuarial valuations. The Target Group uses the projected unit credit method as the actuarial method to measure the post-employment benefit obligation according to the state or the entity's collective agreement in force at each entity level. The factors used to calculate the obligation include length of service, expected life, wage inflation, employee turnover rate, and macro-economic assumptions of the country in which the Target Group operates (such as inflation rate and discount rate). Actuarial gains and losses related to defined benefit plans (pension and other post-employment benefits) from changes in actuarial assumptions and experience adjustments, net of deferred income tax, are recognised in other comprehensive income.	Post-employment benefits Post-employment benefits are classified into defined contribution plans and defined benefit plans. Post-employment benefit plans refer to agreements reached between the company and its employees in relation to post-employment benefit or regulations and measures on post-employment benefit to be provided by the company to its employees. Of which, a defined contribution plan refers to a post-employment benefit plan in which the company has no longer further payment obligation after making contribution to an independent fund; and a defined benefit plan refers to a post-employment benefit plan other than a defined contribution plan. The company shall recognise the amount payable calculated under the defined contribution plan as a liability for the accounting period in which an employee provides service, and charge it to the current profit or loss or related asset costs. Under the defined contribution plan, if the contributions are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render their related service, the company shall measure the employee benefits payable at the discounted amount with reference to the discount rate stipulated in the Article 15 of this standard.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	The liability of the defined benefit plan recognised in the balance sheet is the present value of the defined benefit plan at the balance sheet date minus fair value of the plan. If the value of the plan assets exceeds the obligation under the plan, the excess is recognised as a non-current asset. The excess part of the plan is recognised as an asset if, and only if, it is probable that future economic benefits associated with the plan will flow to the Target Group, or when there is a reduction in the future contributions to the plan. Other long-term benefits The net obligation of the Target Group for long-term benefits other than post-employment plans is the amount of future benefit that employees have earned in return for their service in the current or previous periods. The value of the obligation is determined using the projected unit credit method. Actuarial gains and losses are recognised immediately in the profit statement as part of commercial and administrative expenses.	The accounting treatment on the established benefit plan generally include the following four steps: (1) According to the projected unit credit method, the company adopted unbiased and mutually agreed actuarial assumptions to estimate the relevant demographic variables and financial variables, calculate the obligations arising from the defined benefit plan and determine the period of relevant obligations belonging to. Meanwhile, the company shall, in accordance with the provisions of Article 15 of this standard, discount the obligations arising from the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost. (2) Where there are assets in the defined benefit plan, the deficit or surplus from the present value of the defined benefit plan less the fair value of the defined benefit plan shall be recognised as net liabilities or net assets of a defined benefit plan. (3) The amount to be included in the current profit or loss shall be determined according to the relevant provisions of Article 16 of this standard. (4) The amount to be charged to in other comprehensive income shall be determined according to the relevant provisions of Articles 16 and 17 of this standard.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Share-based payment transaction The share plans and share option plans are measured at fair value, which is consistent with the value of benefits granted to employees at the grant date. During the grant period, the transactions have been recognised as commercial and administrative expenses in the profit statement, and the corresponding increase in other reserves is recognised in equity as and when the plan is deemed as an equity plan.	The company shall discount all defined benefit plans obligations, including the expected payment within 12 months after the end of annual reporting period during which the employees render service. The discount rate used is determined based on the market yield of treasury bonds or high-quality corporate bonds in the active market, which match the duration and currency of the defined benefit plan obligation at the balance sheet date. As at the end of the reporting period, the company shall recognise the following components of employee benefits cost arising from defined benefit plan: (1) Service costs, including current service costs, past service costs and any gains or losses on settlement. Of which, the current service cost refers to the increase in the present value of the defined benefit plan obligation resulting from the current service provided by employees; Past service cost refers to the increase or decrease in the present value of the defined benefit plan obligation related to employee service in previous periods resulting from amendments to the defined benefit plan. (2) net interest of net liabilities or net assets of defined benefit plans, including interest income of plan assets, interest expenses of the defined benefit plan obligation and interest on the effect of the asset ceiling. (3) changes in remeasurement of net liabilities or net assets of defined benefit plans.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		The changes arising from the re-measurement of the net liabilities or net assets from the defined benefit plan includes the following components: (1) Actuarial gains or losses, refers to the increase or decrease in the present value of the defined benefit plan obligation previously measured due to actuarial assumptions and experience adjustments. (2) Return on assets under plan, refers to the amount after deducting the net interest included in the net liabilities or net assets of the defined benefit plan. (3) Changes in the impact of capital expenditure ceiling, refers to the amount after deducting the net interest included in the net liabilities or net assets of the defined benefit plan. Under the defined benefit plan, the company shall recognise the past service costs as expenses at the earlier of the following dates: (1) Amendments to the defined benefit plan; (2) When the company recognizes the relevant restructuring costs or dismission benefits;	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		The company shall recognise a gain or loss for the settlement of the defined benefit plan. Settlement of the defined benefit plan refers to transactions in which an entity treats some or all future obligations arising from the defined benefit plan, rather than pay benefits to employees in accordance with the terms of the plan and the actuarial assumptions contained therein. The gains or losses on settlement of the defined benefit plan are the differences of: (1) The present value of the defined benefit plan obligation determined at the balance sheet date; (2) Settlement price, including fair value of assets under plan transferred and payment directly incurred by the company related to settlement; Termination benefits When the enterprise Group provides termination benefits to employees, employee remuneration liabilities shall be recognised for termination benefits, with a corresponding charge to the current profit or loss at the earlier of: (1) when the enterprise cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal. (2) when the enterprise recognises costs or expenses related to restructuring that involves the payment of termination benefits.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		Other long-term employee benefits Where other long-term employee benefits are provided by the company to its employees, if the conditions of the defined contribution plan are met, the relevant provisions of this standards on the defined contribution plan shall be applied. Apart from the above, the company shall apply the relevant regulations of the defined benefit scheme and recognise and measure the net liabilities or net assets of other long-term employee benefits. As at the end of the reporting period, the company shall recognise the employee compensation costs from other long-term employee benefits as: net cost of service, net interest on net liabilities or net assets of other long-term employee benefits or changes from re-measure of net liabilities or net assets of other long-term employee benefits. The total net amount of the above items shall be included in the current profit or loss or related asset costs. Accounting Standards for Business Enterprises No. 11 – Share-based Payment As to an equity-settled share-based payment in return for services of employees, calculation shall be based on the fair value of the equity instrument granted to the employees. For the equity-settled share-based payments in exchange for services of employees that are vested immediately after the date of grant, the company shall include the relevant costs or expenses in the fair value of the equity instruments on the date of grant, and increase the capital reserve accordingly.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For the equity-settled share-based payments in exchange for services of employees that are vested only when the services are completed or the specified performance conditions are met for the vesting period, the company shall, on each balance sheet date in the vesting period, include the services obtained in the current period in the relevant costs or expenses and capital reserve based on the best estimate of the number of vested equity instruments and the fair value of the equity instruments on the date of grant.	
18	Income tax For the years of 2018 and 2017 Deferred income tax arises from temporary differences between the carrying amounts of certain assets and liabilities and their corresponding tax bases. Deferred income tax is calculated in accordance with the balance sheet liability method and using the latest enacted tax rate at the end of the year. The tax preference is recognized by the Target Group to the extent of the realizable amount of the future tax preference. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities can offset each other when they relate to income taxes levied by the same taxation authority.	For the years of 2018 and 2017 Accounting Standards for Business Enterprises No. 18 – Income Tax and interpretation of accounting standards The tax bases should be determined by the enterprise when acquiring assets or liabilities. Where there is difference between the carrying amount of assets or liabilities and the tax bases, the deferred income tax assets or the deferred income tax liabilities arising therefrom should be recognized in accordance with the requirements of this standard. Where there is taxable temporary differences or deductible temporary differences, the deferred income tax liabilities or deferred income tax assets should be determined according to the requirements of this standard. An enterprise should recognize deferred income tax liabilities generated from all taxable temporary differences, except for deferred income tax liabilities arising from the following transactions: (I) Initial recognition of goodwill;	There is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		(II) Initial recognition of assets or liabilities generated from transactions with all of the following characteristics: 1. The transaction is not a business combination; 2. At the time of the transaction, neither accounting profit nor taxable profit (or deductible loss) is affected. Deferred income tax assets should be recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be recognized. However, deferred income tax assets resulting from the initial recognition of assets or liabilities in a transaction with the following characteristics will not be recognized: (I) The transaction is not a business combination; (II) At the time of the transaction, neither accounting profit nor taxable profit (or deductible loss) is affected. In respect of deductible losses and tax credits that can be carried forward to future years, the enterprise should recognize deferred income tax assets to the extent that it is probable that taxable profit will be available in the future against which the deductible losses and tax credits can be utilized.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		At the balance sheet date, if there is conclusive evidence indicating that there would be enough taxable profit in the future period for the utilization of the deductible temporary difference, the deferred income tax asset not previously recognized should be recognized. At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the related asset is realized or the liability is settled pursuant to tax laws. Deferred income tax assets and liabilities should be offset and presented in net if both of the following conditions are met. (I) The enterprise has the lawful right to settle current income tax assets and liabilities on a net basis; (II) Deferred income tax assets and liabilities are related to income taxes levied by the same tax authority on the same taxable entity or different taxable entities, which intend, in each future period in which deferred income tax assets and liabilities of significance are expected to be settled or recovered, to settle the current income tax assets and liabilities on a net basis or simultaneously.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
19	Revenue For the years of 2018 and 2017 Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the business of the Target Group. Revenue arises from the sale of goods, the rendering of services and the use of assets of other entities, interest income, royalty and dividend. Sale of goods The revenue is recognized by the Target Group when the amount of revenue can be reliably measured; control of the goods is transferred to the buyer; and it is probable that the future economic benefits will flow to the entity. Control of the asset is transferred when IXM BV no longer has the ability to direct the using method of the asset or no longer obtain residual benefits of the asset substantially. The amount of revenue is considered not to be reliably measured until the related contingencies have been resolved. If control of the asset is not transferred to a purchaser, no revenue is recognized, and any gain received is accounted for as a financial arrangement. Revenue from provisionally priced sales is recognized at fair value at the reporting date. If the final selling price adjustment occurs, the fair value is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue, thus it reflects the commodity derivative characteristics of the above revenue. Fair value is calculated by reference to forward market prices.	For the year of 2018 Accounting Standards for Business Enterprises No. 14 – Revenue (after revision) An enterprise should recognise revenue when the obligations of contracts are performed, i.e. when the customer acquires control over the relevant goods. Acquiring control of the relevant goods refers to governing the use of the relevant goods and obtaining substantially all of the economic benefits. The enterprise should recognize revenue when the customer acquires control of relevant goods after the contracts between the enterprise and the customer meeting the following conditions: (1) The contracted parties have approved such contract and committed that they would perform their respective obligations; (2) The contract specified the rights and obligations of all parties related to the goods transferred or services rendered (the "Transferred Goods"); (3) The contract has clear payment terms on the goods transferred; (4) The contract is of commercial nature, namely that the performance of the contract will change the risks, time or amount of future cash flows of the enterprise; (5) The consideration entitled to the enterprise from the transfer of goods to the customer is likely to be withdrawn.	Under the IXM Accounting Policies, retrospective adjustment has been adopted based on the impact of IFRS 15 on revenue adjustment and the comparative information for FY2017 is restated. According to the Accounting Standards for Business Enterprises, New Revenue Standard requires to adjust the opening balance of retained earnings and the amount of other relevant items in the financial statements at the beginning of the year in which this Standard is first implemented according to the cumulative effect of initially implementing this Standard, and not adjust the information of the comparative period. Except for the above, there is no significant difference between the IXM Accounting Policies and Accounting Standards for Business Enterprises.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	The above products are separately presented in the attached consolidated income statement as cost of goods sold and cost of sales when the products purchased and sold onsite are delivered to customers and control thereof has been transferred to customers. The cost of delivering inventories is included in the cost of the goods sold in the attached consolidated income statement. Revenue is stated as net amount after deducting of refund, rebates and discounts and after offsetting with sales within the group. If the Target Group acts as an agent rather than as a principal in a transaction, the revenue is recognized based on the net amount realized by the Target Group.	It is a performance obligations satisfied in a specified period of time if one of the following conditions is fulfilled, otherwise, it is a performance obligation satisfied at a point in time: (1) When the customer simultaneously receives and consumes the benefits provided by the enterprise's performance, as the enterprise performs; (2) When the enterprise's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; (3) When the enterprise's performance does not create an asset with an alternative use to the enterprise and the enterprise has an enforceable right to payment for performance completed to date. For performance obligations being satisfied in a certain period, the enterprise should recognize revenue based on the progress of performance during that period, provided that the progress of performance cannot be reasonably determined. The enterprise should take into account the nature of goods and determines the exact progress of performance using output method or input method. Among which, in output method, the progress of performance is determined based on the value of the goods that have been transferred to the customer. In input method, the progress of performance is determined based on the enterprise's commitment to fulfil the performance obligations. For similar performance obligations in similar situations, the enterprise should use the same method to determine the progress of compliance.	If IXM were required to adopt the Accounting Standards for Business Enterprises, the differences above would not have a material impact on its financial statements.

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
	Provision of service Where the progress of performance can be reasonably determined, an enterprise shall recognize the revenue from the service provisions under the performance of obligations during a certain period of time according to the progress of performance during such period. Finance revenue Interest income and expenses are recognized on a time proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.	For performance obligations being satisfied at a point in time, revenue is recognised by the enterprise when the customer obtains control of the relevant goods or services. When determining whether the customer has obtained control of the goods or services, the enterprise will consider the following indications: (1) the enterprise has a present right to the payment for the goods, which means the customer has a present obligation to pay. (2) the enterprise has transferred legal title of the goods to customers, which means customers have legal title to the goods. (3) the enterprise has the current right to receive payment for the goods, which means customers has owned the physical possession of the goods. (4) the enterprise has transferred substantially all of the risks and rewards of ownership of the goods to the customer, which means customers have received the significant risks and rewards of the good. (5) the customer has accepted the goods. (6) other indicators indicate that the customers have obtained control of the goods.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For contracts with variable considerations, the enterprises shall, based on the expected values or the most likely amounts, determine the best estimate of the variable considerations. However, the transaction prices that include the variable considerations shall not exceed the amounts that are most unlikely to have significant reversal for accumulated recognised income when the relevant uncertainties are eliminated. In assessing whether it is most unlikely to have the significant reversal for the accumulated recognised income, the enterprises shall consider the possibility and its proportion of income reversal at the same time. At each balance sheet date, the enterprise shall remeasure the amount of variable consideration which should be included in the transaction price. "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments" (after revision) The enterprise is required to classify its financial assets into three categories according to its business model for financial asset management and the contractual cash flow characteristics of financial assets. The enterprise is required to classify financial assets other than those measured at amortized cost in accordance with Article 17 of this standard and those measured at fair value through other comprehensive income in accordance with Article 18 of this standard as financial assets measured at fair value through profit or loss. The enterprise shall include the gains or losses of financial assets or financial liabilities measured at fair value through profit or loss for the current profit or loss.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		For the year of 2017 "Accounting Standards for Business Enterprises No. 14 – Revenue" (before revision) Revenue from the sales of goods is recognised when all of the following conditions are met: (I) The enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods; (II) The enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (III) The amount of revenue can be measured reliably; (IV) It is probable that the economic benefits associated will flow to the enterprise; (V) The relevant costs incurred or to be incurred can be measured reliably. An enterprise shall determine the amount of revenue from the sale of goods based on the contractual or agreed prices received or receivable from the buyers, except where the contractual or agreed prices received or receivable are not fair.	

No.	Highlights of the IXM Accounting Policies	Highlights of the Corresponding Accounting Standards for Business Enterprises	Difference Comparison
		If the sales of goods involve commercial discounts, the amount of sales of goods shall be determined according to the amount after deducting the commercial discount. If there is a sales discount in the goods sold which have recognized revenue from sales of goods, the enterprise shall offset the revenue of the current sales commodity when it occurs. If there is a sales return in the goods sold which have recognized revenue from sales of goods, the enterprise shall offset the revenue of the current sales commodity when it occurs. If the results of the labor service transactions provided by the enterprise on the balance sheet date can be reliably estimated, the income from the provision of labor services shall be confirmed by the percentage of completion method. "Accounting Standards for Business Enterprises No. 22 – Confirmation of Financial Instruments" (before revision) The amount of interest income should be measured and confirmed in accordance with the length of time for which the enterprise's cash is used by others and the actual interest rate. Effective interest rate is the rate used for discounting the estimated future cash flows of a financial asset or financial liability to its current carrying amount through the expected life of the financial asset or financial liability or, where appropriate, a shorter period.	

SIMULATED COMBINED FINANCIAL STATEMENTS OF NSRC

The simulated combined balance sheet as of 31 December 2017 and 31 December 2018, and simulated combined income statement, simulated combined statement of cash flow and simulated combined statement of changes in owner's equity for 2017 and 2018 and notes to these financial statements are as follows:

(I) Balance Sheet

Unit: US$ '000

Item	**31 December 2018**	31 December 2017
Non-current assets		
Intangible assets	**26,535**	27,956
real estate, plant and equipment	**10,920**	10,688
Investment in joint ventures	**572**	199
Other investments, deposits and others	**13,824**	271
Deferred income tax assets	**1,878**	3,223
Total non-current assets	**53,729**	42,337
Current assets		
Inventories	**1,579,890**	2,014,335
Accounts receivable and other receivables	**1,052,348**	1,016,019
Derivative assets	**249,649**	201,046
Margin deposit	**141,221**	353,528
Current tax assets	**7,636**	6,734
Prepayment due from related parties	**–**	1,129
Other financial assets	**61**	167
Cash and cash equivalents	**21,107**	32,585
Total current assets	**3,051,912**	3,625,543
Total assets	**3,105,641**	3,667,880

Item	**31 December 2018**	31 December 2017
Non-current liabilities		
Long-term debts	**132,199**	133,114
Retirement benefit obligation	**871**	528
Deferred tax	**29,105**	34,028
Other non-current liabilities	**13,856**	4,628
Total non-current liabilities	**176,031**	172,298
Current liabilities		
Bank borrowings and bank acceptance	**1,947,190**	2,287,539
Prepayment due to related parties	**–**	4,750
Accounts payable and accruals	**368,658**	389,438
Derivative liabilities	**156,548**	396,806
Current tax liabilities	**3,411**	10,038
Total current liabilities	**2,475,807**	3,088,571
Total liabilities	**2,651,838**	3,260,869
Equity		
Share capital and share premium	**32,391**	15,020
Retained earnings	**426,911**	392,462
Other reserves	**-5,495**	-467
Owners' equity attributable to the parent company	**453,807**	407,015
Minority interests	**-4**	-4
Total owners' equity and minority interests	**453,803**	407,011

(II) Income Statement

Unit: US$ '000

Item	2018	2017
Operating revenue	**13,004,441**	12,278,353
Minus: Operating costs	**12,824,947**	12,090,113
Gross profit	**179,494**	188,240
Minus: Selling and administrative expenses	**74,584**	62,209
Financial expenses, net	**59,233**	31,676
Add: Income from investments in joint ventures	**434**	195
Investment income (loss)	**-106**	5,903
Gains (loss) on the disposal of fixed assets	**-447**	17
Other incomes	**–**	1,076
Total profit	**45,558**	101,546
Minus: income tax	**11,092**	9,279
Net profit	**34,466**	92,267
Net profit attributable to owners of the parent company	**34,466**	92,627
Profits and losses attributable to minority shareholders	**–**	-360

(III) Statement of Cash Flow

Unit: US$ '000

Item	2018	2017
Cash flow from operating activities:		
Net profit	**34,466**	92,267
Adjustment without the impact of cash items:		
Depreciation and amortization	**2,869**	7,515
Current income tax	**14,219**	5,082
Deferred income tax	**-3,127**	4,197
Net interest	**59,734**	33,299
Other impairment provision, net	**1,488**	914
(Gains)/losses on investments in joint ventures after deducting net dividend	**-434**	9
Income and gains from investment and disposal of fixed assets	**556**	-5,919
Net expenses incurred from share-based payment	**–**	3,288
Changes in operating assets and operating liabilities:		
Inventories and derivatives	**137,688**	-443,685
Margin deposit deducting margin deposit liabilities	**207,769**	-179,476
Accounts payable and other receivables	**-48,720**	89,478
Accounts payable and other payables	**-2,333**	-154,872
Interests paid	**-87,332**	-60,531
Interest received	**27,706**	29,554
Income tax received/(paid)	**-21,610**	139
Net cash flow (used in)/generated from operating activities	**332,939**	-578,741

Item	**2018**	2017
Cash flow from investing activities		
Acquisition of intangible assets	**-808**	-13,931
Purchase of real estates, plants and equipment	**-1,225**	-375
Proceeds from sale of fixed assets	**18**	17
Net proceeds from disposal of investment	**–**	12,031
Change in short-term securities	**–**	2,367
Change in loans	**-15,044**	381
Net cash flow (used in)/generated from investing activities	**-17,059**	490
Cash flows from financing activities		
Increase (decrease) in bank loans, bank acceptance, notes receivables and prepayments due from related parties	**-332,926**	557,994
Increase in long-term debts	**–**	43,200
Repayment of long-term borrowings	**-1,320**	-463
Increase in share premium	**17,371**	–
Net cash flow (used in)/generated from financing activities	**-316,875**	600,731
Exchange difference in cash	**-483**	391
Increase (decrease) in cash and cash equivalents	**-11,478**	22,871
Opening balance of cash and cash equivalents	**32,585**	9,714
Closing balance of cash and cash equivalents	**21,107**	32,585

INFORMATION OF IXM

Property leasing

As of 31 December 2018, IXM held the following major leased properties for the operation of its principal business:

No.	Property type	Property address	Lessor	Lessee	Area (sq.m.)	Lease term
1	Warehouse	Callao province	Volcan Compañía Minera S.A.A.	IXM Perú S.A	16,872.34	15 November 2012 to 31 October 2031 (with an option to extend to 39 years)
2	Office building	29-31 route de l'aéroport, 2015 Geneva Cointrin	Louis Dreyfus Company Suisse AG	IXM S.A.	4,289.2	11 September 2017 to 30 June 2020
3	Office and parking areas	Avenue Republica de Panama, block 35, district of San Isidro, city of Lima	Inmobiliaria y Servicios S&B S.A.C	IXM Perú S.A.C	942	24 August 2012 to 23 August 2022
4	Office	Alice Lane Towers, 15 Alice Lane, Sandton, South Africa	Louis Dreyfus Africa Proprietary Limited	IXM Africa	260	11 May 2018 to 31 August 2019
5	Land (for port operations)	Walvis Bay port area	The Namibian Ports Authority	Marine Port Properties (Pty) Ltd	9,944	9 years and 11 months from 1 March 2011
6	Office	No. 799 South Yanggao Road, Pudong New Area, Shanghai	Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd.	Louis Dreyfus (Shanghai) Metals Co., Ltd. (now known as "IXM (Shanghai) Corporate Management Company Limited")	881.87	1 August 2018 to 31 July 2021
7	Warehouse	Mexico	Comercializadora Profesional Mexicana, S.A. de C.V.	Compromin S.A. de C.V.	16,962.81	10 years from 1 February 2013 (with an option to renew)

No.	Property type	Property address	Lessor	Lessee	Area (sq.m.)	Lease term
8	Office	1499 Boulevard Atlixcayotl de la Reserva Territorial Atlixcayotl, City of San Andrés Cholula, State of Puebla.	Asesoria y Servicios Mexicanos, S.A. de C.V.	Compromin S.A. de C.V./ IXM Servicios Administrativos Mexicanos, S.A. de C.V.	288.557	19 September 2017 to 1 November 2020

Intangible asset

As of the execution of the Report, the intangible asset held by IXM was one trademark and a underwriting right. Details are as follows:

(1) Trademark

No.	Trademark name	Right holder	Category	Place of registration	Date of registration
1	"IXM"	IXM S.A	6, 35, 40	The Netherlands	14 May 2018

(2) Underwriting right

The underwriting right held by IXM was the commodity underwriting right of Atalaya Metals which was acquired by IXM from Xiangguang Copper Co., Ltd. in 2017, the consideration of such transaction was US$25.63 million. Principal terms of the underwriting right is as follows:

Parties	Xiangguang Copper Co., Ltd. as the seller, Louis Dreyfus Company Metals Suisse Sa (predecessor of IXM S.A.) as the purchaser
Principal subject matter	Purchase by the purchaser from the seller of the rights and obligations in corresponding to the underwriting right held by the seller related to Atalaya mine.
Consideration	US$25,625,000
Valid period	Commencing from the execution of the agreement and till the fully-exercise of the relevant underwriting right

Sales of major products

Changes in revenue from sales of major products and the top five customers of IXM are set out below:

Changes in revenue from sales

Unit: US$ '000

	2018		2017	
Item	**Amount**	**Proportion**	Amount	Proportion
Sales of goods	**13,001,229**	**99.98%**	12,259,912	99.85%
Revenue from services	**2,109**	**0.02%**	14,110	0.11%
Other revenue	**1,103**	**0.01%**	4,331	0.04%
Total	**13,004,441**	**100.00%**	12,278,353	100%

Revenue from principal business comprises revenue from sales of goods, revenue from services and other revenue; among which, main revenue of IXM were derived from revenue from sales of goods, accounting for 99.98%; while revenue from services and other revenue accounted for 0.02% and 0.01%, respectively. Operating revenue of IXM for the year 2018 increased by 5.91%, as compared with that for the corresponding period of the previous year. Details of operating revenue categorized by product lines are as follows:

Unit: US$ '000

	2018		2017	
Item	**Amount**	**Proportion**	Amount	Proportion
Concentrates	**3,897,763**	**29.97%**	4,198,789	34.02%
Refined metals	**9,106,678**	**70.03%**	8,079,564	65.80%
Total	**13,004,441**	**100.00%**	12,278,353	100.00%

Major customers of IXM consist of mineral mining companies, integrated mineral mining companies, smelters, refined metal retailers, etc. The table below sets forth the sales amounts of IXM to the top five customers and proportions thereof during each reporting period:

Unit: US$ '000

Time	Customer	Sales amount	Proportion to total sales amount
2018	Customer A	813,016.69	6.25%
	Customer B	595,078.34	4.58%
	Customer C	444,323.99	3.42%
	Customer D	432,601.57	3.33%
	Customer E	368,086.91	2.83%
	Total	**2,653,107.50**	**20.41%**
2017	Customer A	1,237,859.78	10.08%
	Customer C	390,498.75	3.18%
	Customer E	386,428.01	3.15%
	Customer F	385,569.21	3.14%
	Customer D	333,358.82	2.72%
	Total	**2,733,714.57**	**22.27%**

During each reporting period, the proportion of sales of IXM to any of its single customers did not exceed 50%, without heavy reliance on certain customers.

Supply of major raw materials

The table below sets forth the purchase amounts of IXM from the top five suppliers and proportions thereof during each reporting period:

Unit: US$ '000

Time	Supplier	Purchase amount	Proportion to total purchase amount
2018	Supplier A	1,030,104.98	8.03%
	Supplier B	300,885.26	2.35%
	Supplier C	291,565.86	2.27%
	Supplier D	249,151.72	1.94%
	Supplier E	234,418.08	1.83%
	Total	**2,106,125.89**	**16.42%**
2017	Supplier B	372,770.23	3.08%
	Supplier A	295,446.56	2.44%
	Supplier F	266,712.26	2.21%
	Supplier E	250,871.64	2.08%
	Supplier G	249,187.99	2.06%
	Total	**1,434,988.68**	**11.87%**

During each reporting period, the proportion of purchase amount of IXM from any of the single suppliers did not exceed 50%, without heavy reliance on certain suppliers.

Gross profit

The table below sets forth the gross operating margins of IXM during each reporting period:

Item	**2018**	2017
Concentrates	**1.69%**	2.95%
Refined metals	**0.97%**	0.65%
Total	**1.38%**	1.53%

Selling and administrative expenses

Unit: US$ '000

Item	**2018** Amount	**2018** Ratio	2017 Amount	2017 Ratio
Selling expenses	**46,077**	**61.80%**	**31,640**	**50.86%**
Bonus for the management – social security expenditure	1,966	2.64%	33	0.05%
Exchange gains or losses in relation to trading	-2	0.00%	-3	0.00%
Depreciation of assets in relation to trading/ selling	781	1.05%	18	0.03%
Salaries for sales personnel	12,123	16.26%	10,147	16.31%
Other selling expenses	4,513	6.05%	5,824	9.36%
Bonus for the management	26,696	35.80%	15,622	25.11%
Administrative expenses	**28,484**	**38.20%**	**30,569**	**49.14%**
Offsetting internal sales	-39	-0.05%	-18	-0.03%
Depreciation of assets in relation to administration	–	–	4,666	7.50%
Net retirement benefit and allowance	709	0.95%	857	1.38%
Welfare expenses for administrative personnel	12,620	16.93%	10,042	16.14%
Exchange gains or losses attributable to administrative expenses	666	0.89%	-663	-1.07%
Other administrative expenses	15,003	20.12%	15,684	25.21%
Minus: Income from administrative services	274	0.37%	-39	0.06%
Income from trading services	201	0.27%	37	-0.06%
Total	**74,561**	**100%**	**62,209**	**100%**

Financial expenses

Unit: US$ ’000

Item	2018 Amount	2018 Ratio	2017 Amount	2017 Ratio
Interest expenses for long-term debts	7,317	12.35%	6,416	20.26%
Interest expenses for short-term debts	51,948	87.70%	40,217	126.96%
Interest expenses for sales and transactions	29,045	49.04%	14,398	45.45%
Interest expenses	**88,310**	**149.09%**	**61,031**	**192.67%**
Minus: Interest income	28,576	48.24%	27,975	88.32%
Exchange gains or losses	196	0.33%	1,239	3.91%
Other financial income and expenses	306	0.52%	141	0.45%
Financial expenses, net	**59,232**	**100.00%**	**31,676**	**100.00%**

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

Luoyang City, Henan Province, the PRC, 28 April 2019

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

* *For identification purposes only*