Jiangxi Copper Company Limited

(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)
(Stock Code · H Share: 0358 · A Share: 600362)

2018
Annual Report

Important Notice

I. The board of directors (the "**Board**") and the supervisory committee of the Company (the "**Supervisory Committee**") and its directors (the "**Directors**"), supervisors (the "**Supervisors**") and senior management warrant the truthfulness, accuracy and completeness of the information contained in this annual report that there are no false representations, misleading statements contained herein or material omissions, and jointly and severally accept full responsibility.

II. Except for Mr. Long Ziping, the chairman, who did not attend the meeting due to business commitments and appointed Mr. Zheng Gaoqing, a Director, to exercise his Director voting right by writing, all Directors of the Company attended the Board meeting in relation to, among others, the approval of results for the year ended 31 December 2018.

III. The consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**") prepared in accordance with PRC Accounting Standards for Business Enterprises ("**PRC GAAP**") and International Financial Reporting Standards ("**IFRSs**") have been audited by Ernst & Young Hua Ming Certified Public Accountants LLP (domestic auditor) and Ernst & Young (overseas auditor) respectively with standard unqualified audit report issued.

IV. The person in charge of the Company, Mr. Long Ziping, the person in charge of accounting, Mr. Yu Tong, and Manager of Finance Department (accounting chief), Mr. Ai Fuhua, hereby warrant the truthfulness, accuracy and completeness of the financial report as set out in the annual report.

V. Proposal of profit distribution plan or transfer of capital reserve to share capital during the Reporting Period after consideration by the Board

The Board has recommended distributing to all shareholders a final dividend of RMB0.20 per share (inclusive of tax) for 2018. The Board did not recommend transfer of capital reserve to share capital or issue of bonus shares.

VI. Statement for the risks involved in the forward-looking statement

This annual report contains forward-looking statements that involve future plans and development strategies which do not constitute a commitment by the Company to its investors. Investors should be aware of the investment risks.

VII. There is no misappropriation of funds by the controlling shareholders and their connected parties for non-operation purpose.

VIII. There is no external guarantee made in violation of the required decision-making procedures.

IX. Notice of principal risks

The Company has described the industrial risks in details in the report. Please refer to the content of "Discussion and analysis on the future development of the Company – Potential risks" under the section headed "Management Discussion and Analysis" of this report.

X. Others

Unless otherwise specified, financial data involved in this report was extracted from audited consolidated financial statements of the Group prepared in accordance with the PRC GAAP.

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Definitions and Notice of Principal Risks

I. Definitions

Terms used herein, unless otherwise specified, shall have the same meanings ascribed to them as follow:

Definitions to the frequently-used terms:

Company or Jiangxi Copper	Jiangxi Copper Company Limited
copper concentrate(s)	the concentrate from low grade ore containing copper achieving certain quality indicators through processing procedures, which can be directly used for smeltery in smelting plants
copper contained in copper concentrate(s)	the amount of copper in copper concentrate
CSRC	China Securities Regulatory Commission
Group	the Company and its subsidiaries
JCC	Jiangxi Copper Corporation Limited (formerly known as Jiangxi Copper Corporation)
LME	London Metal Exchange
PRC	The People's Republic of China
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited

II. Notice of principal risks

The Company has disclosed herein the industrial risks in details. Please refer to the content of "Discussion and analysis on the future development of the Company – Potential risks" under the section headed "Management Discussion and Analysis" of this report.

Corporate Profile

I. Corporate information

Name of the Company in Chinese	江西銅業股份有限公司
Chinese abbreviation	江西銅業
Name of the Company in English	Jiangxi Copper Company Limited
English abbreviation	JCCL
Legal representative	Long Ziping

II. Contact persons and contact methods

	Secretary to the Board	Securities Affairs Representative
Name	(Chairman of the Board takes up the responsibilities of Secretary to the Board)	Lu Gaoming
Address	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China
Telephone	(86)791-82710117	(86)791-82710112
Facsimile	(86)791-82710114	(86)791-82710114
E-mail	jccl@jxcc.com	jccl@jxcc.com

III. Basic information

Registered address of the Company	15 Yejin Avenue, Guixi City, Jiangxi Province, the People's Republic of China
Postal code of the registered address of the Company	335424
Office address of the Company	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China
Postal code of the office address of the Company	330096
Website of the Company	http://www.jxcc.com
E-mail	jccl@jxcc.com

Corporate Profile

IV. Information disclosure and place of inspection

Media selected by the Company for information disclosure	Shanghai Securities News
Website designated by CSRC for publishing the annual report	www.sse.com.cn
Place for inspection of annual report	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China

V. Information on the Company's shares

Securities' information of the Company			
Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited	Jiangxi Copper	0358

VI. Other relevant information

Auditor appointed by the Company (Domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, EY Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing
	Name of auditor as signatories	Yang Lei (楊磊), Lu Miao (陸苗)
Auditor appointed by the Company (Overseas)	Name	Ernst & Young
	Office address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floors, China World Tower 2, No. 1 Jianguomenwai Avenue, Beijing
	Name of sponsor representatives as signatories	Long Liang (龍亮), Du Yiqing (杜禕清)
	Period of continuous performance	September 2008-December 2018

Summary of Accounting Data and Major Financial Indicators

I. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE LAST TWO YEARS

(I) Major accounting data (prepared in accordance with PRC GAAP)

Unit: Yuan Currency: RMB

Major accounting information	2018	2017 As original stated	2017 Restated	Increase/decrease for the period over the same period last year (%)
Revenue	**215,289,866,760**	205,046,854,771	205,054,238,934	4.99
Net profit attributable to shareholders of the Company	**2,447,475,745**	1,604,107,754	1,605,632,641	52.43
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	**1,362,784,022**	2,385,607,672	2,387,132,559	-42.91
Net cash flows from operating activities	**8,182,118,246**	3,259,243,125	3,284,013,341	128.19

	End of 2018	End of 2017 As original stated	End of 2017 Restated	Increase/decrease at the end of the period over the end of the same period last year (%)
Net assets attributable to shareholders of the Company	**49,766,311,772**	47,532,426,878	47,550,877,147	4.66
Total assets	**102,865,826,951**	97,468,655,222	97,469,815,440	5.54

Summary of Accounting Data and Major Financial Indicators

(II) Major financial indicators (prepared in accordance with PRC GAAP)

Currency: RMB

Major financial indicator	2018	2017 As original stated	2017 Restated	Increase/decrease for the period over the same period last year *(%)*
Basic earnings per share *(yuan/share)*	**0.71**	0.46	0.46	54.35
Diluted earnings per share *(yuan/share)*	**0.71**	0.46	0.46	54.35
Basic earnings per share after non-recurring profit and loss items *(yuan/share)*	**0.39**	0.69	0.69	-28.99
Rate of return on net assets (weighted average) *(%)*	**5.03**	3.39	3.39	Increased by 1.63 percentage points
Rate of return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**2.85**	5.05	5.05	Decreased by 1.97 percentage points

II. Differences in accounting data under domestic and foreign accounting standards

Differences in net profit and net assets attributable to shareholders of the Company in the financial reports prepared under IFRSs and those under PRC GAAP

Unit: Yuan Currency: RMB

	Net profit		Net assets attributable to shareholders of the Company	
	Amount for the period	Amount for the previous period	**As at the end of the period**	As at the beginning of the period
Under PRC GAAP	**2,447,475,745**	1,605,632,641	**49,766,311,772**	47,550,877,147
Adjustments to items and amounts under IFRSs	**-32,458,794**	45,590,875		
Under IFRSs	**2,415,016,951**	1,651,223,516	**49,766,311,772**	47,550,877,147

III. Major quarterly financial data in 2018 (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

	First Quarter (January–March)	Second Quarter (April–June)	Third Quarter (July–September)	Fourth Quarter (October–December)
Operating revenue	50,611,607,557	53,893,822,379	58,091,930,508	52,692,506,316
Net profit attributable to shareholders of the Company	765,958,582	511,672,125	767,349,528	402,495,510
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	762,411,684	-191,184,544	920,929,835	-129,372,953
Net cash flows from operating activities	797,210,336	8,126,317	3,402,579,971	3,285,860,242

IV. Non-recurring profit and loss items and amount (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	2018 amount	2017 amount *(Restated)*
Profit and loss from disposal of non-current asset	**-68,102,958**	-57,926,166
Government grant as included in profit and loss of the current period, other than those closely relating to the normal business of enterprises and subject to a fixed amount or quantity under certain standard and in compliance with national policies	**154,467,076**	89,668,111
Net profit or loss from the beginning of period to the combination date of the subsidiary company generated from consolidation of enterprises under the same control	**-49.943**	-5,246,320
Profit and loss from changes in the fair value of financial assets and financial liabilities held for trading, and investment gains from disposal of financial assets and liabilities held for trading and available-for-sale financial assets except for effective hedging business related to normal operation of the Company	**1,335,306,682**	-744,055,340
Reversion of provision for impairment of the receivables under independent impairment test	**170,858,913**	–
Influence of one-time adjustment on current profits and losses according to requirements in the laws and regulations of tax and accounting	**-24,881**	-163,881,961
Other non-operating income and expenses other than the above	**28,052,070**	-29,251,066
Impact from interests of non-controlling shareholders	**-209,840,513**	26,149,604
Impact from income tax	**-351,867,710**	103,043,220
Total	**1,058,798,736**	-781,499,918

V. Items measured at fair value (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

Item	Opening balance	**Closing balance**	Change during the period	Impact on profit of the current period
1. Investment in held-for-trading equity instruments				
Equity investments	56,861,137	**163,814,459**	106,953,322	-501,777
2. Investment in held-for-trading debt instruments				
Bond investments	152,873,898	**109,286,621**	-43,587,277	126,456,626
Investment in debt instruments	2,856,762,320	**9,468,226,583**	6,611,464,263	143,309,970
3. Other equity instruments	1,425,234,108	**2,272,120,712**	846,886,604	210,406,942
4. Other debt instruments	54,664,032	**50,047,000**	-4,617,032	17,484,338
5. Derivatives not designated as a hedge				
Forward foreign exchange contracts	9,650,606	**56,557,584**	46,906,978	180,323,627
Interest rate swaps contracts	-42,562	**-434,273**	-391,711	-391,711
Commodity option contracts	-122,291,963	**-20,965,613**	101,326,350	104,879,055
Commodity futures contracts	-191,123,081	**36,852,524**	227,973,604	536,352,693
Foreign exchange swap contracts	-14,051,364	**–**	14,051,364	14,051,364
6. Hedging instruments				
(1) Non-effective hedging derivative instruments				
Commodity futures contracts	-1,598,845	**–**	1,598,845	2,142,003
Provisional price arrangement	-14,293,551	**–**	14,293,551	14,293,551
(2) Effective hedging derivative instruments				
Commodity futures contracts	-19,569,660	**3,400,716**	22,970,376	-3,659,071
Item at fair value included in inventory	3,249,373,800	**2,883,906,210**	-365,467,590	-259,314,143
Provisional price arrangement	-179,057,903	**94,236,067**	273,293,970	273,293,971
Total	7,263,390,972	**15,117,048,590**	7,853,657,618	1,359,127,438

Business Overview of the Company

I. Principal business, operation mode and industry situation of the Company during the Reporting Period

(I) Principal business and operation mode of the Company

The principal business of the Group covers copper mining and dressing, smelting and processing, extraction and processing of the precious metals and scattered metals, sulphuric chemistry as well as finance and trading fields. It has established the complete industrial chain integrated with exploration, mining, ore dressing, smelting and processing in copper and related non-ferrous metal fields. It is the important production base of copper, gold, silver and sulphuric chemistry in the PRC. The main products of the Company include more than 50 varieties, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium, bismuth, etc.

The main assets owned and controlled by the Company include:

1. Six mines with production: Dexing Copper Mine (including copper factory mining area, Fujiawu mining area and Zhushahong mining area), Yongping Copper Mine, Chengmenshan Copper Mine (including Jinjiwo Silver-Copper Mine), Wushan Copper Mine, Dongxiang Copper Mine and Yinshan Mining Company.

2. Three smelters: Guixi Smelter, Jiangxi Copper (Qingyuan) Company Limited and Zhejiang Jiangtong Fuye Heding Copper Co., Ltd., among which Guixi Smelter is the largest blister and copper concentrate smelter and refiner in China with the largest scale, most advanced technologies and best environmental protection.

3. Eight modern copper products processing plants: Jiangxi Copper Products Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited, Jiangxi JCC – Yates Copper Foil Inc., Jiangxi Copper Taiyi Special Electrical Materials Company Limited, Jiangxi Copper (Longchang) Precise Pipe Company Limited, JCC Copper Products Company Limited, JCC Huabei (Tianjin) Copper Co., Ltd., JCC Huadong (Zhejiang Cooper Products) Co., Ltd..

4. Two sulphuric acid plants with advanced technology: Jiangxi Jiangtong – Wengfu Chemical Company Limited and Jiangxi Copper (Dexing) Chemical Company Limited.

5. The Group's trading segment is principally engaged in the trading of copper cathode, copper rods and other metal commodities. Relying on the non-ferrous metal manufacturing industry, the Group actively carried out domestic and foreign trade, and achieved rapid growth in trade income. At present, the Group has formed an industrial chain from raw material supply to terminal products and realized a whole industry chain operation mode. Meanwhile, through creating value with customers, the Group has owned a stable customer base, established a good market reputation in the industry, and are in a leading position in the domestic market.

(II) Explanation of the industry

Since 2018, despite the slowdown in global economic growth, the rise of trade protection policies, and increased uncertainties, the overall performance of the global economy has shown modest growth. The copper market was affected by factors such as macroeconomics and financial market volatility, copper prices fluctuated greatly during the year. In 2018, copper prices reached a maximum of USD7,348 per tonne. With the escalating trade friction between China and the United States and the successive crises in several emerging market countries, the complexity of global economic growth has increased. The market's pessimism on China's economic outlook has been released, and copper prices have fallen sharply, dropping to a low point of USD5,773 per tonne. However, the average annual price still showed an increase. According to statistics, the three-month copper price of LME in 2018 was USD6,543 per tonne, increase by 5.6% year-on-year.

Business Overview of the Company

II. Analysis of core competitiveness during the Reporting Period

(I) Securing an important strategic position as a leader of the domestic copper industry with national copper base

The Group has the largest production base of copper, associated gold and silver and owns an important base of sulphuric chemistry in the PRC:

1. The Group owns the current largest size of domestic copper mine, namely Dexing Copper Mine and a number of copper mines with production. By the end of 2018, the Group had 100% ownership in the proven resource reserves of approximately 9,363,000 tonnes of copper metal, decreased by 6.17% year-on-year, 289.6 tonnes of gold, decreased by 2.32% year-on-year, 8,715.8 tonnes of sliver, decreased by 10.83% year-on-year, and 205,000 tonnes of molybdenum, decreased by 1.91% year-on-year. Among the resources jointly controlled by the Group and other companies, metal resource reserves attributable to the Company (based on its equity percentage) were approximately 4,435,000 tonnes of copper and 52 tonnes of gold;

2. Guixi Smelter is the copper smelter with the largest monomer smelting scale in the world;

3. The Group is also the largest domestic copper processor.

(II) Mature business layout with comprehensive advantages of integrated industry chain

The Group is the largest integrated producer of copper in the PRC. It has established its industry chain with core businesses such as mining, ore dressing, smelting and processing of copper, as well as sulphuric chemistry and extraction and processing of precious and rare metals. It also conducts business in various areas such as finance and trading. The annual production of copper contained in copper concentrates is 200,000 tonnes. The production capacity of copper cathode is over 1,400,000 tonnes per year. The production of processed copper products is over 1,000,000 tonnes per year.

(III) Advantages of industry-leading professional technologies and experienced talents

The Group possesses industry-leading copper smelting and mine development technologies: Guixi Smelter is the first to introduce the entire flash smelting technology in the PRC with the overall technology and key techno-economic indicators reaching the advanced international standards. Dexing Copper Mine is the first to introduce software for the design, planning and optimization of international mining and the global positioning system for truck dispatching. With years of legacy, the Group has reserved abundant mines and talents specialized in smelting and is equipped with expansion ability and advantages for operating similar mines or smelting enterprises.

(IV) Advantage of competitive cost

The Dexing Copper Mine owned by the Group is the largest copper mine in China with leading mining cost and open-pit mining. The unit cash cost is below the industry average. At the same time, the advantages of mine resources further ensure the self-sufficiency rate of copper concentrates, which is conducive to the Group to smooth the risk of fluctuations in raw material costs. Secondly, the Guixi Smelter owned by the Group is the world's largest single smelter, with leading technology and scale effect, giving the Company more cost advantage. In addition, the Group has a relatively advantageous geographical location. The main mines are located in the territory of Jiangxi Province, adjacent to the southeast coastal areas where copper demand is large, and thus the transportation radius of raw materials and copper products is short. Meanwhile, the Group has its own railway line, which can further reduce internal transportation costs.

(V) Advantage of an outstanding brand name

The "Guiye" copper cathode owned by the Company has been successfully registered with the LME in 1996, which is the first world-class brand of copper of the PRC. The Company has become the first enterprise nationwide which has cathode copper, gold and silver products all registered with the LME and the London Bullion Market Association (LBMA). The copper testing factory established based on the laboratory of Guiye Center of the Company, is the only testing factory of copper cathode in the PRC recognized by the LME, which has finished a number of cathode copper tests for various domestic enterprises registered with the LME. The Company has maintained good and long-term relationship with world-class mining enterprises.

Management Discussion and Analysis

(The data in this section is extracted from the consolidated financial statements prepared under the PRC GAAP)

I. Discussion and analysis of operation

During the Reporting Period, facing the factors such as slowdown in global economic recovery, protectionism and the rise of unilateralism have plagued the development of the non-ferrous metals industry, the Group has worked hard to overcome the difficulties and accomplish its annual production and operation goals relatively well.

(I) Production and operation progressed steadily and completed the annual production and operation plan

During the Reporting Period, the Group successfully achieved the production plan for all products and produced: 1,463,700 tonnes of copper cathode, representing a year-on-year increase of 6.51%; 208,300 tonnes of copper concentrates, representing a year-on-year decrease of 0.62%; 25.58 tonnes of gold, which maintained the same level with last year; 394.53 tonnes of silver, representing a year-on-year decrease of 18.40%; 7,506 tonnes of molybdenum concentrates (45%), representing a year-on-year increase of 3.02%; 4,018,200 tonnes of sulphuric acids, representing a year-on-year increase of 12.51%; 2,468,500 tonnes of sulphur concentrates, representing a year-on-year decrease of 1.26%; produced 967,900 tonnes of copper rods, representing a year-on-year decrease of 1.68%; 151,200 tonnes of other copper processing products (excluding copper rods), representing a year-on-year decrease of 0.07%.

(II) Investment in mergers and acquisitions accelerated, and development momentum steadily increased

In accordance with the general idea of “focus on mergers and acquisitions with domestic and foreign expansion”, the Group would further improve the domestic industrial layout, promote overseas investment and mergers and acquisitions and to accelerate the strategic development.

The Company further improved the domestic industrial layout. The Company established JCC Huadong (Zhejiang Copper) Products Co., Ltd. in East China and acquired a copper rod production line with a capacity of 150,000 tonnes per year. The Company acquired a 65% equity interest in Yantai Guoxing Copper Co., Ltd. in Yantai City, Shandong Province on the eastern coast, and built a copper production base with a capacity of 180,000 tonnes per year. The Company entered into a merger agreement in March 2019 to acquire a 29.99% equity interest in Shandong Humon Smelting Co., Ltd. ("**Humon Smelting**") (Shenzhen Stock Exchange stock code: 002237), a listed company also located in Yantai City. Upon completion of the acquisition, the Company will become the controlling shareholding of Humon Smelting. According to the 2018 interim report of Humon Smelting, it has an annual capacity of 50 tonnes of gold and 700 tonnes of silver, and has 112 tonnes of proven gold.

The Group accelerated the promotion of international operations. The Group participated in the establishment of the Zambia Jiangxi Multi-Functional Economic Zone and deeply participated in the construction of the “One Belt One Road”. The Group established a preparatory group for African mining companies and actively participated in resource procurement and development in Africa. The Group also continued to track multiple overseas resource projects. The Group conducted main body rating on the Company, which lays the foundation for the issuance of USD-denominated bonds.

(III) Adhering to the reformation with vitality and continuing to promote the reform of internal system and mechanism

We focused on improving the management and control capabilities of the Company, adjusted and optimized the management and control model and headquarters functions of the Group. We highlighted the “four centers” positioning of strategic management, resource allocation, risk control and operation coordination at headquarters, and built a hybrid management and control model with strategic operation and control as the mainstay and strategic control as the supplement.

(IV) Multiple breakthroughs in scientific research and innovation, and the development momentum continuing to improve

In terms of scientific research and innovation, the Group has exerted its efforts from various perspectives such as mechanisms, platforms, talents and projects to implement an innovation-driven strategy. The Group introduced a series of scientific research special systems such as scientific research system optimization plan and science and technology development management measure. We promoted the integration of production, education and research, and establish contacts and deepen cooperation with Tsinghua University and the Institute of Metal Research of the Chinese Academy of Sciences. We implemented the pilot chief scientist mechanism to promote research on carbon nanomaterials and other projects. We achieved industrialization achievements in projects such as sulfur concentrate upgrading and zinc reduction of Yongtong Copper Mine and platinum and palladium concentrate treatment. Intelligent manufacturing projects such as the first phase of Guixi Smelter intelligent factory and the Chengtong intelligent mine have been promoted in an orderly manner. Throughout the year, the Company applied for 106 patents, obtained 62 authorized patents, and was awarded one third prize of Jiangxi Province Science and Technology Progress Award.

II. Major business operations during the Reporting Period

According to the audited 2018 consolidated financial statement prepared in accordance with the PRC GAAP, the consolidated operating income of the Group is RMB215,289,866,760 (2017: RMB205,054,238,934), representing an increase of RMB10,235,627,826 (or 4.99%) as compared with last year; achieving net profit attributable to shareholders of the Company of RMB2,447,475,745 (2017: RMB1,605,632,641), representing an increase of RMB841,843,104 (or 52.43%) as compared with last year; basic earnings per share is RMB0.71(2016: RMB0.46), representing an increase of RMB0.25 (or 54.35%) as compared with last year.

(I) Analysis of principal businesses (prepared in accordance with PRC GAAP)

Table of movement analysis for the related items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Items	For the period	For the same period last year	Changes (%)
Revenue	**215,289,866,760**	205,054,238,934	4.99
Cost	**207,471,870,099**	195,682,381,801	6.02
Selling and distribution expenses	**569,029,106**	533,432,834	6.67
Administrative expenses	**1,558,616,980**	1,675,721,572	-6.99
Expenses on research and development	**206,932,138**	158,312,890	30.71
Finance costs	**812,936,465**	524,512,156	54.99
Net cash flow from operating activities	**8,182,118,246**	3,284,013,341	149.15
Net cash flow from investing activities	**-9,178,398,035**	-2,164,315,041	324.08
Net cash flow from financing activities	**1,108,604,280**	1,556,979,130	-28.80
Impairment losses on assets	**481,423,550**	2,336,100,053	-79.39
Credit impairment loss	**1,369,110,212**	–	100.00
Other income	**154,467,076**	89,668,111	72.27
Investment income	**591,100,790**	-452,941,202	-230.50
Gains on changes in fair value	**662,941,683**	-20,968,592	-3,261.59
Non-operating income	**43,352,012**	71,158,777	-39.08
Non-operating expenses	**15,299,942**	100,409,843	-84.76

Explanation on changes in operating revenue: It was mainly due to the increase in the price of the main products and production;

Explanation on changes in operating cost: It was mainly due to the increase in raw materials prices and production;

Explanation on changes in selling and distribution expenses: It was mainly due to the increase in sales;

Explanation on changes in administrative expenses: It was mainly due to the decrease in repairment costs of factory and mine;

Explanation on changes in expenses on research and development: It was mainly due to increase of the Company's investment in research;

Explanation on changes in finance costs: It was mainly due to the adjustment of financing structure;

Explanation on changes in net cash flow from operating activities: It was mainly due to the increase in operating income;

Explanation on changes in net cash flow from investment activities: It was mainly due to the increase in financial assets;

Explanation on changes in net cash flow from financing activities: It was mainly due to the improvement of operating cash flow and the control of financing scale during the year;

Explanation on changes in impairment losses on assets and credit impairment loss: It was mainly due to the change from accounting bad debt loss under this item to under "credit impairment loss" item, arising from the implementation of the new financial instruments standard by the Group;

Explanation on changes in gains on changes in fair value: It was mainly due to change in financial instruments standard, and change of the measurement of non-listed equity investments from cost method to at fair value through profit or loss;

Explanation on changes in returns on investment: It was due to major commodity hedging futures closing income;

Explanation on changes in non-operating income: It was mainly due to separate presentation of government subsidies;

Explanation on changes in non-operating expenses: It was mainly due to the expiration and disposal of part of the fixed assets of the factory and mine.

Management Discussion and Analysis

1. Analysis on income and cost

The Company has combined the characteristics of the industry and its actual situation to explain the composition of the Company's operating income during the Reporting Period by industry, product and geographical location.

(1) Principal businesses by industry, by product and by geographical location

Unit: Yuan Currency: RMB

Principal businesses by industry						
By industry	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase/ decrease in operating revenue over last year *(%)*	Increase/ decrease in operating cost over last year *(%)*	Increase/ decrease in gross profit margin over last year *(%)*
Industrial and other non-trade income	102,877,495,878	92,434,193,819	7.61	21.98	25.83	Decreased by 2.83 percentage points
Trade income	111,950,297,145	114,633,508,142	0.19	-6.11	-5.83	Decreased by 0.30 percentage point
Other	462,073,737	404,168,138	-4.17	-43.97	-37.87	Decreased by 10.21 percentage points

Principal businesses by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Copper cathode	122,741,976,497	116,976,463,924	4.70	1.05	1.27	Decreased by 0.02 percentage point
Copper rods and wires	47,315,355,153	46,135,171,847	2.49	4.07	4.33	Decreased by 0.24 percentage point
Copper processing products	5,136,410,957	4,842,840,387	5.72	-2.51	0.03	Decreased by 2.39 percentage points
Gold	7,259,896,082	7,080,067,608	2.48	0.44	8.86	Decreased by 7.54 percentage points
Silver	2,057,012,524	2,027,101,423	1.45	-30.37	-26.56	Decreased by 5.11 percentage points
Chemical products (sulfuric acid and sulfur concentrate)	1,200,900,806	1,327,121,039	-10.51	1.26	0.03	Increased by 1.36 percentage points
Rare metals	4,009,916,859	3,978,097,843	0.79	7.83	7.57	Increased by 0.24 percentage point
Other non-ferrous metals	1,230,555,119	1,127,618,850	8.37	-11.15	-12.01	Increased by 1.54 percentage points
Copper concentrate, coarse copper and anode plates	19,313,015,942	19,055,449,330	1.33	52.63	56.50	Decreased by 2.44 percentage points
Other principal business	4,562,753,084	4,517,769,711	0.99	50.35	67.30	Decreased by 10.03 percentage points
Other business income	462,073,737	404,168,138	12.53	-33.97	-38.22	Increased by 6.02 percentage points

Management Discussion and Analysis

Principal businesses by geographical location						
By geographical location	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase/ decrease in operating revenue over last year *(%)*	Increase/ decrease in operating cost over last year *(%)*	Increase/ decrease in gross profit margin over last year *(%)*
Mainland China	187,733,626,339	179,896,525,408	4.17	11.1	13.81	Decreased by 1.11 percentage point
Hong Kong	12,564,502,817	9,412,230,222	25.09	-64.23	-54.01	Increased by 24.27 percentage points
Other region	14,991,737,604	18,163,114,469	-21.15	-16.91	4.97	Decreased 22.43 percentage points
Total	215,289,866,760	207,471,870,099	3.63	5.00	5.94	Decreased 0.86 percentage point

(2) *Analysis table for production and sales volume*

Major products	Production	Sales	Stock	Output Increase/ decrease in as compared with last year *(%)*	Sales Increase/ decrease in as compared with last year *(%)*	Stock Increase/ decrease in as compared with last year *(%)*
Copper cathode *(ten thousand tonnes)*	146.37	135.45	4.20	6.51	0.14	37.70
Gold *(tonne)*	25.58	28.35	0.23	0.00	8.00	0.00
Silver *(tonne)*	394.53	405.55	67.80	-18.40	-19.56	452.57
Sulfuric acids *(ten thousand tonnes)*	401.82	380.87	4.70	10.47	1.78	37.43
Copper processing products *(ten thousand tonnes)*	117.06	88.04	1.79	3.08	-4.88	73.79

Explanation of production and sales

NIL

(3) *Analysis on costs*

Unit: Yuan Currency: RMB

By Product							
By Product	Cost constituent	For the period	Share of total costs for the period *(%)*	For the same period last year	Share of total costs for the same period last year *(%)*	Changes of the amount for the period compared to the same period last year *(%)*
Copper products	Raw materials	**73,425,245,160**	**35.39**	59,502,683,468	30.49	23.40
	Energy power	**2,054,728,922**	**0.99**	1,878,872,531	0.96	9.36
	Labour	**1,187,082,597**	**0.57**	1,070,509,138	0.55	10.89
	Overheads	**3,885,964,565**	**1.87**	3,817,050,206	1.96	1.81
	Sub-total	**80,553,021,244**	**38.83**	66,269,115,342	33.95	21.55
By-products of precious metals	Raw materials	**7,631,267,928**	**3.68**	7,663,120,305	3.93	-0.42
	Energy power	**185,618,266**	**0.09**	3,849,798	0.00	4,721.51
	Labour	**136,471,033**	**0.07**	19,957,525	0.01	583.81
	Overheads	**434,358,714**	**0.21**	48,456,415	0.02	796.39
	Sub-total	**8,387,715,941**	**4.04**	7,735,384,044	3.96	8.43
Chemical products	Raw materials	**258,690,307**	**0.12**	406,289,523	0.21	-36.33
	Energy power	**333,195,092**	**0.16**	179,867,614	0.09	85.24
	Labour	**189,290,602**	**0.09**	155,261,826	0.08	21.92
	Overheads	**430,088,851**	**0.21**	364,063,419	0.19	18.14
	Sub-total	**1,211,264,852**	**0.58**	1,105,482,382	0.57	9.57
Rare metals	Raw materials	**84,198,882**	**0.04**	24,775,813	0.01	239.84
	Energy power	**52,075,649**	**0.03**	3,496,185	0.00	1,389.50
	Labour	**23,622,988**	**0.01**	10,551,533	0.01	123.88
	Overheads	**87,048,882**	**0.04**	15,190,732	0.01	473.04
	Sub-total	**246,946,401**	**0.12**	54,014,262	0.03	357.19
Trading and others		**117,072,921,661**	**56.43**	120,022,483,734	61.49	-2.46
	Total	**207,471,870,099**	**100**	195,186,479,765	100	6.29

Unit: Yuan Currency: RMB

By industry						
By industry	**Cost constituent**	**For the period**	**Share of total costs for the period** *(%)*	For the same period last year	Share of total costs for the same period last year *(%)*	Changes of the amount for the period compared to the same period last year *(%)*
Manufacturing of non-ferrous metals	Raw materials	**81,399,402,278**	**39.23**	67,596,869,109	34.63	20.42
	Energy power	**2,625,617,928**	**1.27**	2,066,086,128	1.06	27.08
	Labour	**1,536,467,220**	**0.74**	1,256,280,022	0.64	22.30
	Overheads	**4,837,461,012**	**2.33**	4,244,760,771	2.17	13.96
	Sub-total	**90,398,948,438**	**43.57**	75,163,996,031	38.51	20.27
Trading of non-ferrous metals and others		**117,072,921,661**	**56.43**	120,022,483,734	61.49	-2.46
	Total	**207,471,870,099**	**100**	195,186,479,765	100	6.29

(4) Major customers and major suppliers

Sales amount of the top five customers was RMB25,892.05 million, making up 12.03% of the total sales amount for the year, among which sales amount of related parties in the sales amount of the top five customers was RMB0, making up 0% of the total sales amount.

Procurement amount of the top five suppliers was RMB24,679.08 million, making up 11.9% of the total procurement amount for the year, among which procurement amount of related parties in the procurement amount of the top five suppliers was RMB0, making up 0% of the total procurement amount.

Other descriptions

NIL

2. Expenses

Unit: Yuan Currency: RMB

Item	For the period ended	For the same period last year	Increase/ (decrease) over the same period last year (%)	Reasons for the changes
Selling and distribution expenses	**569,029,106**	533,432,834	6.67	*Note 1*
Administrative expenses	**1,558,616,980**	1,675,721,572	-6.99	*Note 2*
Finance costs	**812,936,465**	524,512,156	54.99	*Note 3*

Note 1: Explanation on changes in selling and distribution expenses: It was mainly due to the increase in sales;

Note 2: Explanation on changes in administrative expenses: It was mainly due to the decrease in repairment costs of factories and mines;

Note 3: Explanation on changes in finance costs: It was mainly due to the adjustment of financing structure.

3. Research and Development ("R&D") contribution

(1) R&D contribution table

Unit: Yuan Currency: RMB

Expenditure R&D contribution in current period	2,743,490,000
Capitalization R&D contribution in current period	157,032,000
Sum of R&D contribution	2,900,522,000
Percentage *(%)* of sum of R&D contribution in operating income	1.35
Number of R&D personnel in the company	5,501
Percentage *(%)* of number of R&D personnel in total amount of company staff	27.91
Proportion *(%)* of R&D investment capitalization	5.42

(2) ***Explanation***

In 2018, the Group carried out a series of research and development projects in the areas of "exploration, selection, smelting, processing, new materials" in light of the development strategy and the actual situation of the Company. The Group was committed to reducing production costs, enhancing safety and environmental protection, and improving comprehensive recycling.

During the Reporting Period, the "Integration and Application of New Technology for High Concentration Flotation Selection of Complex Lead-Zinc Sulfide Ore" ("複雜鉛鋅硫化礦高濃度分速浮選新技術集成及應用") submitted by the Group won the first prize of Jiangxi Province Science and Technology Progress Award; the "Key Technology for Construction and Operation of Tailings Dam Based on Mid-line Tailings Dam Method" ("基於中綫式尾礦築壩法的尾礦壩建設及運行關鍵技術") won the third prize of Jiangxi Province Science and Technology Progress Award. Meanwhile, research and development projects such as the "Research on the Technology of Expanding the Scale of Selection in Dexing Copper Mine" ("德興銅礦採選規模擴大技術的研究"), "Industrial Experimental Research of 680 Cubic Ultra Large Scale Flotation Selection Machine" ("680立方米超大型浮選機工業試驗研究"), "Development of Newly Built Rhenium Deep Processing Production Line" ("新建錸金屬深加工生產綫開發"), "Research on Preparation Technology of High Tensile Lithium Battery Copper Foil" ("高抗拉鋰電銅箔製備技術研究"), and "Research on Controllable Preparation and Scale Application Technology of High Quality Single-walled Carbon Nanotubes" ("高品質單壁碳納米管可控制備及規模應用技術研究") are steadily advancing. The Group will continue to utilize the driving force of technological innovation to create new profit growth points.

The Group will continue to utilize the driving force of technological innovation to create new profit growth points. Guixi Smelter has been listed in the Smelter Intelligent Manufacturing Experimental and Demonstration Project by the Ministry of Industry and Information Technology of the PRC. Guixi Smelter focuses on developing the technology for incorporating the advanced technology including data integration for industrial internet and big data analytics technology to improve the quality of the products, control and optimization of process, synergy between materials and energy, labor efficiency, guarantee for safety and environmental protection and reduction of operation costs of Guixi Smelter, which will further improve the core competitiveness of Guixi Smelter in the worldwise copper smelting industry. Meanwhile, to create a mine intelligent service platform for major mines, with the application of "Internet Plus" in the mining and processing procedures, the Company moves the mine production along a more innovative and intelligent direction.

4. **Cash Flow**

Unit: Yuan Currency: RMB

Item	For the year	For the same period last year	Changes (%)	Explanation
Net cash flow from operating activities	**8,182,118,246**	3,284,013,341	149.15%	*Note 1*
Net cash flow from investing activities	**-9,178,398,035**	-2,164,315,041	324.08%	*Note 2*
Net cash flow from financing activities	**1,108,604,280**	1,556,979,130	-28.80%	*Note 3*

Note 1: Explanation on changes in net cash flow from operating activities: It was mainly due to the increase in operating income;

Note 2: Explanation on changes in net cash flow from investment activities: It was mainly due to the year-on-year increase in financial assets;

Note 3: Explanation on changes in net cash flow from financing activities: It was mainly due to the improvement of operating cash flow and the control of financing scale during the year;

(II) Explanation on major changes caused by non-principal business

Unit: Yuan Currency: RMB

Items	For the period	For the same period last year (Restated)	Changes (%)
Impairment losses on assets	**481,423,550**	2,336,100,053	-1,854,676,503
Impairment losses on credit	**1,369,110,212**	–	1,369,110,212
Gains on changes in fair value	**662,941,683**	-20,968,592	683,910,275
Returns on investment	**591,100,790**	-452,941,202	1,044,041,992

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	As at the end of the period	Share of total assets as at the end of the period (%)	As at the end of the previous period (Restated)	Share of total assets as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)	Explanation
Financial assets at fair value through profit or loss	–	–	401,504,647	0.41	-100	Note 1
Held-for-trading financial assets	9,741,327,663	9.47	–	–	100	Note 2
Derivative financial assets	263,905,443	0.26	–	–	100	Note 3
Notes receivable and account receivable	8,957,644,756	8.71	12,804,619,628	13.14	-30.04	Note 4
Prepayments	2,358,850,441	2.29	1,781,162,694	1.83	32.43	Note 5
Other receivables	3,028,494,949	2.94	4,952,461,158	5.08	-38.85	Note 6
Assets classified as held for sale	83,660,951	0.08	23,308,163	0.02	258.93	Note 7
Available-for-sale financial assets	–	–	2,671,176,000	2.74	-100.00	Note 8
Other debt investment	50,047,000	0.05	–	–	100.00	Note 9
Other current assets	2,933,737,673	2.85	1,879,824,856	1.93	56.06	Note 10
Available-for-sale financial assets	–	–	1,665,484,460	1.71	-100.00	Note 11
Other non-current financial assets	2,272,120,712	2.21	–	–	100.00	Note 12
Other non-current assets	1,412,428,836	1.37	693,612,328	0.71	103.63	Note 13
Financial liabilities at fair value through profit or loss	–	–	724,147,935	0.74	-100.00	Note 14
Derivative financial liabilities	94,258,438	0.09	–	–	100.00	Note 15
Advance from customers	–	–	1,544,871,510	1.58	-100.00	Note 16
Contract liabilities	3,311,246,333	3.22	–	–	100.00	Note 17
Non-current liabilities due within one year	133,399,504	0.13	230,895,078	0.24	-42.23	Note 18
Other current liabilities	1,963,394,870	1.91	3,159,194,547	3.24	-37.85	Note 19
Long-term borrowings	3,282,000,000	3.19	8,750,000	0.01	37,408.57	Note 20
Long-term payroll payables	34,589,330	0.03	63,880,275	0.07	-45.85	Note 21
Long-term payables	60,141,729	0.06	124,647,619	0.13	-51.75	Note 22
Other comprehensive income	116,481,629	0.11	-114,215,007	-0.12	201.98	Note 23

Note 1 As at the end of the Reporting Period, the financial assets at fair value through profit or loss of the Group amounted to RMB0, representing a decrease of RMB401.50 million (or -100%) as compared to the end of last year, mainly attributable to a change in accounting items arising from the implementation of a new financial instruments standard by the Group.

Note 2 As at the end of the Reporting Period, the held-for-trading financial assets of the Group amounted to RMB9,741.33 million, representing an increase of RMB9,741.33 million (or 100%) as compared to the end of last year, mainly attributable to a change in accounting items arising from the implementation of a new financial instruments standard by the Group.

Note 3. As at the end of the Reporting Period, the derivative financial instruments of the Group amounted to RMB263.91 million, representing an increase of RMB263.91 million (or 100%) as compared to the end of last year, mainly attributable to the implementation of a new financial instruments standard by the Group.

Note 4. As at the end of the Reporting Period, the notes receivable and account receivable of the Group amounted to RMB8,957.64 million, representing a decrease of RMB3,846.97 million (or -30.04%) over the same period last year, mainly attributable to decrease in account receivable of the Group.

Note 5. As at the end of the Reporting Period, the prepayments of the Group amounted to RMB2,358.85 million, representing an increase of RMB577.69 million (or 32.43%) over the same period last year, mainly attributable to increase in advance payments in imported raw material of the Group.

Note 6. As at the end of the Reporting Period, the other receivables of the Group amounted to RM3,028.49 million, representing a decrease of RMB1,923.97 million (or-38.85%) over the same period last year, mainly attributable to recovery of amount due from related parties and transfer payment from asset management scheme by the Group.

Note 7. As at the end of the Reporting Period, the assets classified as held for sale of the Group amounted to RMB83.66 million, representing an increase of RMB60.35 million (or 258.93%) over the same period last year, mainly attributable to the failure of Kangtong Copper, the subsidiary of the Group, to accomplish the environmental protection relocation and machinery and intangible assets are classified into the assets classified as held-for-sale.

Note 8. As at the end of the Reporting Period, the available-for-sale financial assets of the Group amounted to RMB0, representing a decrease of RMB2,671.18 million (or -100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 9. As at the end of the Reporting Period, the non-current assets due within one year of the Group amounted to RMB50.05 million, representing an increase of RMB50.05 million (or 100%) over the same period last year, mainly attributable to the “other debt investment” which is accounted by the new financial instruments standard implemented by the Group being due within one year.

Note 10. As at the end of the Reporting Period, the other current assets of the Group amounted to RMB2,933.74 million, representing an increase of RMB1,053.91 million (or 56.06%) over the same period last year, mainly attributable to increase in loans provided to other financial institutions by subsidiary finance companies of the Group.

Note 11. As at the end of the Reporting Period, the available-for-sale financial assets of the Group amounted to RMB0, representing an increase of RMB1,665.48 million (or -100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 12. As at the end of the Reporting Period, the other non-current financial assets of the Group amounted to RMB2,272.12 million, representing an increase of RMB2,272.12 million (or 100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 13. As at the end of the Reporting Period, the other non-current assets of the Group amounted to RMB1,412.43 million, representing an increase of RMB718.82 million (or 103.63%) over the same period last year, mainly attributable to year-on-year increase of the Group's prepaid investment.

Note 14. As at the end of the Reporting Period, the financial liabilities at fair value through profit or loss of the Group amounted to RMB0, representing a decrease of RMB724.15 million (or -100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 15. As at the end of the Reporting Period, the derivative financial liabilities of the Group amounted to RMB94.26 million, representing an increase of RMB94.26 million (or 100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 16. As at the end of the Reporting Period, the advances from customers of the Group amounted to RMB0, representing a decrease of RMB1,544.87 million (or -100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 17. As at the end of the Reporting Period, the contract liabilities of the Group amounted to RMB3,311.25 million, representing an increase of RMB3,311.25 million (or 100%) over the same period last year, mainly attributable to implementation of a new financial instruments standard by the Group.

Note 18. As at the end of the Reporting Period, the non-current liabilities due within one year of the Group amounted to RMB133.40 million, representing a decrease of RMB97.50 million (or -42.23%) over the same period last year, mainly attributable to maturity of long-term loans due within one year.

Note 19. As at the end of the Reporting Period, the other current liabilities of the Group amounted to RMB1,963.39 million, representing a decrease of RMB1,195.80 million (or -37.85%) over the same period last year, mainly attributable to year-on-year decrease of deposits of associated companies deposited in JCC Finance Company Limited, a subsidiary of the Group.

Note 20. As at the end of the Reporting Period, the long-term borrowings of the Group amounted to RMB3,282.00 million, representing an increase of RMB3,273.25 million (or 37,408.57%) over the same period last year, mainly attributable to year-on-year increase in the credit borrowing of the Group.

Note 21. As at the end of the Reporting Period, the long-term payroll payables of the Group amounted to RMB34.59 million, representing a decrease of RMB29.29 million (or -45.85%) over the same period last year, mainly attributable to distribution of incentive funds to middle and high level employees of the Group.

Note 22. As at the end of the Reporting Period, the long-term payables of the Group amounted to RMB60.14 million, representing a decrease of RMB64.51 million (or -51.75%) over the same period last year, mainly attributable to year-on-year decrease of financing lease payments of of subsidiaries of the Group.

Note 23. As at the end of the Reporting Period, the other comprehensive income of the Group amounted to RMB116.48 million, representing an increase of RMB230.70 million (or 201.98%) over the same period last year, mainly attributable to the foreign currency statement translation difference of overseas joint ventures and associates arising from the rise of the US dollar exchange rate.

2. Limitation of assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Book value at the end of the period	Reasons for the limitation
Cash and bank	12,125,857,224	They were the margin deposits for the application of letters of credit, bank guarantees as well as bank acceptance notes to the banks, the required reserve deposits placed with the People's Bank of China, environment rehabilitation deposits, and pledged to secure short term borrowings
Note receivable and account receivable	837,796,500	Bank acceptance notes with book values of RMB737,796,500 and account receivable of RMB100,000,000 were pledged to secure bank borrowings
Other receivables	1,716,864,558	Futures margin deposits
Inventories	379,391,482	Inventories were used for futures margin and pledged for bank borrowings
Intangible assets	339,000,000	Land use rights were pledged for bank borrowings.
Fixed assets	597,766,389	They were pledged to secure bank borrowings

(IV) Information disclosure of industry operation

Since 2018, the scrap copper policy has been tightened as scheduled, some of the scrap copper consumption has been transferred to refined copper, overseas smelters have frequently suspended production and carried out maintenance, and the inventory of the three major exchanges in the world have fallen sharply from high levels. However, in the context of the rise of trade protectionism, the escalation of global trade frictions and the continued decline of the macroeconomy, the market expectation in demand has gradually turned pessimistic. Although with the boost from the expected strikes in the second quarter, the rebound in copper prices has not continued. First of all, the breakout of Sino-US trade frictions has presented different longevity and complexities. Second, the momentum of the global recovery is obviously less than expected. Except for the US economy, the major developed economies have experienced different levels of weakening in recovery momentum. China has also suffered from downward pressure on the economy. Copper demand has been curbed. The market is not optimistic on demand side, and the destocking process of copper market has also slowed down. Finally, the U.S. Federal Reserve has accelerated the pace of interest rate hikes. The US dollar index and US bond yields have continued to rise, leading to capital outflows from emerging market countries and currency depreciation. Countries such as Argentina and Turkey have experienced different levels of currency crisis.

Analysis on business information of non-ferrous metal industry

1 Profitability of various non-ferrous metal products during the Reporting Period

Unit: Yuan Currency: RMB

By product or type	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase/decrease in operating revenue over last year *(%)*	Increase/decrease in operating cost over last year *(%)*	Increase/decrease in gross profit margin over last year *(%)*
Copper cathode	122,741,976,497	116,976,463,924	4.70	1.05	1.27	Decreased by 0.20 percentage point
Copper rods and wires	47,315,355,153	46,135,171,847	2.49	4.07	4.33	Decreased by 0.24 percentage point

By product or type	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Gold	7,259,896,082	7,080,067,608	2.48	0.44	8.86	Decreased by 7.54 percentage points
Copper processed products	5,136,410,957	4,842,840,387	5.72	-2.51	0.03	Decreased by 2.39 percentage points
Silver	2,057,012,524	2,027,101,423	1.49	-30.37	-26.56	Decreased by 5.11 percentage points
Rare metals	4,009,916,859	3,978,097,843	0.79	7.83	7.57	Increased by 0.24 percentage point
Other non-ferrous metals	1,230,555,119	1,127,618,850	8.37	-11.15	-12.61	Increased by 1.54 percentage points

2 *Profitability of online and offline distribution channels during the Reporting Period*

Unit: '0,000 Currency: RMB

Distribution Channel	For this year Operating revenue	Proportion of operating revenue (%)	Gross Profit Margin (%)	For past year Operating revenue (Restated)	Proportion of operating revenue (%)	Gross Profit Margin (%)
Online selling	**0**	**0**	**0**	0	0	0
Offline selling	**215,289,866,760**	**100**	**3.63**	205,054,238,934	100	4.57
Total	**215,289,866,760**	**100**	**3.63**	205,054,238,934	100	4.57

3 Profitability by various geographical locations during the Reporting Period

Unit: '0,000 Currency: RMB

Geographical location	Operating revenue	Proportion of operating revenue *(%)*	Increase/decrease of operating revenue from last year *(%)*
Mainland China	18,773,363	87.2	12.49
Sub-total of the domestic location	18,773,363	87.2	12.49
Hong Kong	1,256,450	5.84	-39.11
Others	1,499,174	6.96	-14.46
Subtotal of the overseas location	2,755,624	12.8	-27.79
Total	21,528,987	100	4.99

(V) Analysis of investment

General analysis of external investment in equity

Unit:'0,000 Currency: RMB

Investment during the Reporting Period	47,719
Increase/decrease in investment	18,750
Investment during the same period last year	28,969
Extent of increase/decrease in investment *(%)*	64.72%

Unit: 0'000 Currency: RMB

Name of investee	Principal activity	Share of interests in the investee (%)	Investment amount
Minmetals Jiangxi Copper Mining Investment Co., Ltd. (五礦江銅礦業投資有限公司)	Investment company	40	21,720
Valuestone GP Ltd. (嘉石普通合夥人有限公司)	Management of funds	51	333
Nesko Metal Sanayive Ticaret Anonim Şirketi	Exploration and sales of copper products	48	942
Valuestone Global Resources Fund I LP	Mining investment	66.67	23,405
Jiangxi Tongrui Project Management Co., Ltd. (江西銅瑞項目管理有限公司)	Construction management	49	490
Jiangxi JCC Petrochemical Co., Ltd. (江西江銅石化有限公司)	Sales of petroleum and petrochemical products	49	389
Ningbo Saimo Technology Co., Ltd. (寧波賽墨科技有限公司)	R&D of technology and consultancy	38	440

(1) Significant equity interest investment

Not applicable

(2) Significant non-equity interest investment

Not applicable

(3) *Financial assets measured at fair value*

Unit: Yuan Currency: RMB

Item	Opening balance	**Closing balance**	Change during the period	Impact on the profit for the period
Financial assets at fair value through profit or loss	401,504,647	**–**	-401,504,647	–
Available-for-sale financial assets – current	2,671,176,000	**–**	-2,671,176,000	–
Held-for-trading financial assets	–	**9,741,327,663**	9,741,327,663	108,609,952
Derivative financial assets	–	**263,905,443**	263,905,443	303,063,348
Other debt investments	–	**50,047,000**	50,047,000	–
Available-for-sale financial assets – non-current	1,665,484,460	**–**	-1,665,484,460	–
Other non-current financial assets	–	**2,272,120,712**	2,272,120,712	217,245,740
Financial liabilities at fair value through profit or loss	724,147,935	**–**	-724,147,935	–
Derivative financial liabilities	–	**94,258,438**	94,258,438	303,762,351
Fair value change on hedged items	3,249,373,800	**2,883,906,210**	-365,467,590	-274,854,143
Total	8,711,686,842	**15,305,565,466**	6,593,878,624	662,941,683

(VI) Material disposal of assets and equity interests

Not applicable

(VII) Analysis of principal controlling subsidiaries and other companies with shareholding

(1) Production and operation of our principal controlling subsidiaries as of 31 December 2018

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage *(%)*	Total assets	Net assets	Operating income	Net profit/ (loss)
Sichuan Kangtong Copper Company Limited (四川康西銅業有限責任公司)	Sale of copper products, rare metal products and sulphuric acid	286,880	57.14	265,019	-150,048	25,429	-97,621
JCC Finance Company Limited (江西銅業集團財務有限公司)	Provision of guarantee and deposits taking from and loans to member units	1,000,000	100	17,793,979	3,087,931	485,624	324,857
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Sale and processing of copper materials	424,500	100	992,885	886,960	228,959	73,154
JCC Copper Products Company Limited (江西銅業集團銅材有限公司)	Processing and sale of hardware electric products	186,391	98.89	730,800	350,192	2,263,079	11,121
JCC Recycling Company Limited (江西銅業集團(貴溪)再生資源有限公司)	Collection and sale of metal scrap	6,800	99.51	12,154	9,930	109,379	-31
Shenzhen Jiangxi Copper Marketing Company Limited (深圳江銅營銷有限公司)	Sale of copper products	2,260,000	100	10,788,350	-317,472	54,190,854	-279,006
Jiangxi Copper Shanghai Trading Company Limited (上海江銅營銷有限公司)	Sale of copper products	200,000	100	3,164,083	-2,853,915	4,529,740	-1,227,256
Jiangxi Copper Beijing Trading Company Limited (北京江銅營銷有限公司)	Sale of copper products	261,000	100	4,354,859	-277,027	–	-42,523
JCC Yinshan Mining Company Limited (江西銅業集團銀山礦業有限責任公司)	Manufacture and sale of non-ferrous metals, rare metals and non-metals	30,000	100	1,687,046	709,957	691,038	48,390

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating income	Net profit/ (loss)
JCC Dongtong Mining Company Limited (江西銅業集團東同礦業有限責任公司)	Manufacture and sale of non-ferrous metals, rare metals and non-metals	46,209	100	467,505	-99,315	104,113	-55,428
Jiangxi Copper Yates Copper Foil Company Limited (江西省江銅耶茲銅箔有限公司)	Production and sale of electrolytic copper foil products	1,253,600	98.15	946,744	655,668	1,049,498	171,331
Jiangxi Copper (Longchang) Precise Pipe Company Limited (江西江銅龍昌精密銅管有限公司)	Production of spiral tubes, externally finned copper tubes and other copper pipe products	890,529	92.04	1,503,127	615,478	3,055,313	3,491
Jiangxi Copper Taiyi Special Electrical Materials Company Limited (江西省江銅-台意特種電工材料有限公司)	Design, production and sale of various copper wires, enameled wires and provision of after-sales repair and consulting services	USD16,800	70	595,088	113,369	1,066,293	4,316
Thermonamic Electronics (Jiangxi) Company Limited (江西納米克熱電電子股份有限公司)	Development and production of thermo-electronic semiconductors and appliances and provision of related services	70,000	95	74,912	68,427	28,440	3,589
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited (江西銅業集團(貴溪)冶金化工工程有限公司)	Metallurgical chemistry, equipment manufacturing and maintenance	35,081	100	157,601	66,822	409,650	5,978
JCC (Guixi) New Metallurgical and Chemical Company Limited (江西銅業集團(貴溪)冶化新技術有限公司)	Copper smelting, development of new chemical technologies and new products	2,000	100	58,397	48,494	29,540	6,384

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating income	Net profit/(loss)
JCC Guixi Logistics Company Limited (江西銅業集團(貴溪)物流有限公司)	Provision of transportation services	40,000	100	206,462	152,466	220,961	8,770
JCC (Dexing) Alloy Materials Manufacturing Company Limited (江西銅業集團(德興)鑄造有限公司)	Production and sale of casting products; maintenance of mechanical and electrical equipment; installation and debugging of equipment	66,380	100	261,685	149,439	301,419	4,631
JCC (Dexing) Construction Company Limited (江西銅業集團(德興)建設有限公司)	Development and sales of building materials for various projects including mine projects	50,000	100	224,428	120,091	309,320	8,780
JCC Geology Exploration Company Limited (江西銅業集團地勘工程有限公司)	Geographical investigation and survey and construction; engineering measurement	15,000	100	83,872	44,616	74,358	2,908
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited (江西省江銅－甕福化工有限責任公司)	Sulphuric acid and by-products	181,500	70	218,176	192,712	116,036	15,105
Jiangxi Copper Corporation Drill Project Company Limited (江西銅業集團井巷工程有限公司)	General contracting for mining constructions	20,290	100	81,613	31,070	71,362	720
JCC (Ruichang) Alloy Materials Manufacturing Company Limited (江西銅業集團(瑞昌)鑄造有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear resistant materials and products	2,602	100	13,808	4,680	37,199	282

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating income	Net profit/ (loss)
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited (江西銅業集團(鉛山)選礦藥劑有限公司)	Sale of mineral processing chemicals, fine chemicals and other industrial and domestic products	10,200	100	32,878	27,579	36,985	1,436
Jiangxi Copper Chengdu Trading Company Limited (成都江銅營銷有限公司)	Sale of copper products	60,000	100	93,612	-95,885	1,088,133	1,118
Jiangxi Copper Construction Supervision Company Limited (江西銅業建設監理諮詢有限公司)	Construction	3,000	100	18,204	14,909	17,355	1,457
Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司)	Production of copper products and wires and related products	800,000	100	8,382,287	936,758	21,193,633	19,416
Jiangxi Copper International Trade Company Limited (江銅國際貿易有限公司)	Trading of metal products	1,000,000	59.05	8,923,597	945,006	53,596,285	-61,680
Shanghai Jiangtong Investment Holdings Ltd. (上海江銅投資控股有限公司)	Construction	192,542	100	279,637	164,906	11,225	-2,992
Jiangxi Copper Dexing Chemical Company Limited (江西銅業(德興)化工有限公司)	Sulphuric acid and related by-products	375,821.5	100	524,598	432,834	182,478	16,996
Jiangxi Copper Yugan Forge & Alloy Company Limited (江西銅業集團(餘幹)鍛鑄有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear-resistant materials and products	28,000	100	54,962	50,528	55,404	3,787

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating income	Net profit/ (loss)
Jiangxi Copper (Qingyuan) Company Limited (江西銅業(清遠)有限公司)	Manufacturing, processing and sales of anode sheets of copper cathode and nonferrous metals	890,000	100	5,291,821	644,313	5,413,935	6,213
Jiangxi Copper Company Hong Kong Limited (江西銅業香港有限公司)	Import-export business trade and settlement, offshore investment and financing, and cross-border RMB settlement	HKD232,650	100	6,395,807	1,096,342	9,136,136	33,051
Jiangxi Copper Recycling Company Limited (江西銅業再生資源有限公司)	Scrap of base metals and their articles	250,000	100	299,882	233,862	567,757	6,292
Shangri La Bisidaji Mining Company Limited (香格里拉市必司大吉礦業有限公司)	Non-ferrous metal mining	5,000	51	78,944	-34,068	–	-6,557
Jiangxi Copper International (Istanbul) Mining Investment Co., Ltd. (江銅國際(伊斯坦布爾)礦業投資股份公司)	Import and export trading of copper products	USD62,400	100	229,950	217,359	–	-39,191
Jiangxi Copper Technical Institution Co., Ltd. (江西銅業技術研究院有限公司)	Research and development etc.	45,000	100	46,537	45,003	7,057	231
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司)("Heding Copper")	Production and sale of copper cathodes	1,280,000	40	5,529,491	1,861,914	17,546,968	284,904
Jiangxi Copper North China (Tianjin) Copper Co., Ltd (江銅華北(天津)銅業有限公司)	Production of copper rod and wire and the related products	510,204	51	1,058,138	574,252	10,766,241	53,827

(2) Production and operation of our associates and joint ventures as of 31 December 2018

Name of investee	Business nature	Registered capital Currency	Registered capital '000	Our shareholding (%)	Total assets at the end of the year ('000)	Total liabilities at the end of the year ('000)	Net assets in aggregate at the end of the year ('000)	Total operating income for the year ('000)	Net profits for the year ('000)
I. Joint Venture									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited	Industrial waste water recovery and product sales	RMB	28,200	50	56,935	8,081	48,854	56,428	11,616
Nesko Metal Sanayi ve Ticaret Anonim Şirketi	Exploration and sales of copper products	YTL	38,240	48	295,676	32,115	263,561	29,858	29,977
Valuestone GP Ltd.(嘉石普通合夥人有限公司)	Investment company	USD	3,000	51	13,891	–	13,891	–	505
II. Associates									
Minmetals Jiangxi Copper Mining Investment Company Limited(五礦江銅礦業投資有限公司)	Investment company	RMB	4,460,000	40	4,939,272	1,261,344	3,677,928	–	-129,875
MCC-JCL Aynak Minerals Company Limited(中冶江銅艾娜克礦業有限公司)	Exploration and sales of copper products	USD	397,043	25	2,735,866	15,989	2,719,877	–	–
Asia Development Sure Spread Company Limited(興亞保弘株式会社)	Import and export of copper products	JPY	200,000	49	–	–	–	–	–

Name of investee	Business nature	Registered capital		Our shareholding	Total assets at the end of the year	Total liabilities at the end of the year	Net assets in aggregate at the end of the year	Total operating income for the year	Net profits for the year
		Currency	*'000*	*(%)*	*('000)*	*('000)*	*('000)*	*('000)*	*('000)*
Zhaojue Fengye Smelting Company Limited(昭覺縣逢燁濕法冶煉有限公司)	Production and sale of electro-deposited copper	RMB	10,000	47.86	–	–	–	–	–
BOC International China Co., Ltd. (中銀國際證券股份有限公司)	Security broker and investment advisor	RMB	2,500,000	6.31	44,715,226	32,672,827	12,042,399	2,760,470	705,198
Valuestone Global Resources Fund I LP	Fund company	USD	150,000	90.41	330,424	–	330,424	–	-48,783
Jiangxi Jinbei JCC Electric Cable Co., Ltd.(江西金杯江銅電纜有限公司)	Production and sale of copper products	RMB	20,000	20	4,861	1,280	3,581	28,123	-1,397
Jiangxi JCC Petrochemical Co., Ltd.(江西江銅石化有限公司)	Sales of petroleum and petrochemical products	RMB	19,000	49	13,197	-401	13,598	12,653	19
Ningbo Saimo Technology Co., Ltd.(寧波賽墨科技有限公司)	R&D of technology	RMB	11,580	38	1,581	1	1,580	–	–
Jiangxi Tongrui Project Management Co., Ltd. (江西銅瑞項目管理有限公司)	Construction management	RMB	10,000	49	10,220	588	9,632	1,325	-363

III. Discussion and analysis on the future development of the Company

(I) Competition within the industry and the trend of development

In 2019, the supply of basic metals has once again tightened, and demand is expected to gradually pick up. On the supply side, although the environmental protection policy tends to be rectified in 2018 and to weaken the constraint on supply of non-ferrous metals, but in the long run, environmental protection will remain an important condition to the supply constraint on non-ferrous metals. Through the enhancement of environmental emission standards, the growth of non-ferrous metal production capacity will be effectively restrained, and the internalization of environmental protection social costs into metal production costs is expected to further support the price. On the demand side, the introduction of domestic steady growth measures, infrastructure investment and the growth of home appliances and automobiles in the post-real estate cycle are expected to boost the demand for non-ferrous metals and improve the pessimistic expectations. In terms of currency attributes, the downturn of the external economy of unexpected magnitude and the financial instability resulting therein may cause the U.S. Federal Reserve to adjust the pace of interest rate hikes. In the medium and long term, the trend of the US dollar is positive for the non-ferrous metals. Meanwhile, the trade war between China and the United States has shown signs of easing. The domestic economic development will continue to maintain an overall stable tone. It is expected that the overall trend of copper prices in 2019 will be moderately positive.

(II) The development strategy of the Company

The Group adheres to the developmental strategic direction of "copper-based, strengthening non-ferrous, diversified development, global layout", which will promote high-quality development of the Company by focusing on achieving "top-ranking in five aspects" of resource reserves, product influence, technological innovation, system and mechanism, and core indicators, and continuously enhance the ability of innovation and development. The Group will strive to become the world's leading company in the copper industry with influence in global development.

(III) Business plan

In 2019, the Group's main production and operation plan is to: produce 1.44 million tonnes of copper cathode, 25 tonnes of gold, 313 tonnes of sliver, 3.62 million tonnes of sulfuric acid, 205,800 tonnes of copper contained in copper concentrates, 1.258 million tonnes of copper rods and wires and other copper processing products. The capital expenditure plan for the development project and the maintenance project is RMB2.655 billion (excluding equity investment), and the management of the Company is authorized to adjust the above plan in a timely manner according to market conditions. The Group will timely adjust the plan based on the changes in market conditions.

To realize the above plan, in 2019, the Group will primarily exert efforts in the following aspects:

(I) The Group will steadily push forward the implementation of strategies. The Group will systematically promote the implementation of key breakthrough measures, accelerate the pace of high-quality leap-forward development, and materially push forward various work. The Group will vigorously promote scientific and technological innovation; continue to deepen institutional and mechanism reform; accelerate the promotion of internationalized operations; continue to focus on the implementation of key projects and improve capital protection ability.

(II) The Group will keep improving and promoting management and control upgrades, and comprehensively improve internal management capabilities. The Group will further grasp the basic management; further deepen the fulfillment of and development of benchmarks; further improve the level of management informatisation and further enhance the level of risk control.

(III) The Group will be dedicated to exerting subjective initiative to ensure high quality and efficient completion of the year-round tasks. The Group will value both the quantity and quality, high quality and efficiency, to ensure the completion of the annual production and operation objectives of the Company. The Group will continue to refine the production organization and to maintain high production and high efficiency; continue to explore the efficiency space to improve business performance; continue to practice the green concept to implement safe, environmentally friendly, green and harmonious work. The Group will fully implement the safe production responsibility system, further strengthen the whole process of safe production control, further consolidate the basic work of environmental protection, strengthen the operation and maintenance of environmental protection facilities, continue to promote the construction of environmental protection projects, and improve the source control capabilities.

(IV) Potential risks

1. Risk of bad debts in account receivables

The account receivables of the Group are mainly derived from sales of copper metal and copper products. Although the Group has formulated management measures for account receivables, conducted assessment on the degree of credit of customers on a regular basis and checked the status of payment receipt, made adjustment to product sales and carried out active management based on the recovery of payments from customers, as a change in the macroeconomic environment and downstream industries might result in a change in the capital conditions of customers, there remains certain uncertainties relating to the recovery of account receivables of the Group. If bad debts of a large scale occur for account receivables in the future, it would bring certain capital pressure on the Group and affect the scale of profit of the Company.

2. Risks associated with write-down of inventories

Inventories of the Group mainly comprise raw materials, products in progress and commodity stocks. In order to meet production and operation needs, except for self-produced copper, gold, silver and other minerals and their products in the inventories, the Group also needs to purchase and hold substantial amount of copper metal. In accordance with the requirements of the PRC Accounting Standards for Business Enterprises, as at the date of balance sheet, if the inventory cost is higher than the net realizable value, it is required to make provision for write-off of inventories which is included in the profit or loss for the current period. As copper, gold, silver and other metals are important trading varieties in the non-ferrous metal market, high fluctuations are seen in prices as affected by multiple factors. If a material adverse change in related metal prices takes place before external sales of the above inventories, the Group would make allowance of inventories accordingly for a write-off in inventories, thereby affecting the short term profitability of the Group. However, the Group will reduce the depreciation risk via financial hedging derivative instruments.

3. **Exchange rate fluctuation risks**

Settlement in US dollars is generally preferred by the Group for its imported copper raw materials purchased from international mining companies or sizable trading firms and by the overseas investors. With expansion of overseas business of the Group, the income and expenses of foreign currencies would be even more frequent. Therefore, in case of more fluctuations in exchange rates or failure of effective control of the exchange rate fluctuation risks by the Group, it may incur exchange rate loss to the Group, which in turn may bring certain negative impact on the profitability of the Group. However, the Group uses diversified hedging measures to hedge against risks, and avoid exchange rate and interest rate risks reasonably.

4. **Higher risks of change in fair value through profit or loss and change in investment income**

In order to reduce the influence of metal prices, exchange rates and interest rate changes on the operating results of the Group, the Group, based on its own situation, conducts hedging transactions. Such hedging transactions do not constitute valid hedge. Profit or loss incurred from related businesses is included in the income statement, which is included in change in fair value through profit or loss and investment income based on the status of realization. Given the significant inherent liquidity of metal prices, exchange rate and interest rate, the change in fair value through profit or loss and investment income generated by the Group are relatively large in scale, with significant volatility.

5. **Risk from product price fluctuations**

The Group is the largest copper cathode producer in the PRC and one of the largest gold and silver producers in the PRC. The Group's product prices are mainly determined with reference to the prices of related products listed on the London Metal Exchange and the Shanghai Metal Exchange. Copper, gold and silver are important trading varieties in the international non-ferrous metal market and have their own pricing mechanisms in the international market. Due to the scarcity of resources of copper, gold and silver metals, the prices of copper, gold and silver metals are highly volatile, as they are affected by various factors, including global economy, the relationship between supply and demand, market expectations and speculations. As the ore mining and smelting costs of the self-produced ore of the Group are basically fixed, the gross profit margin of the self-produced mineral products of the Group are basically determined by metal prices, which significantly affects the profitability of the Company. The Group will strengthen the cost control to reduce the risks arising from price fluctuation.

6. **Environmental protection risk**

The Group is mainly engaged in the mining, smelting and processing of non-ferrous metals and rare metals. In compliance with a number of environmental protection laws and regulations concerning air, water quality, waste disposal, public health and safety, the Group shall obtain relevant environmental protection permits for its production and operation, and accept inspections by relevant national environmental protection departments. In recent years, the Group has invested a large amount of capital and technological efforts in the transformation of environmental protection equipment and production techniques, and worked on the treatment and discharge of pollutants in accordance with national environmental protection requirements. If the environmental protection departments continues to raise the environmental protection standard in the future, adopt more extensive and strict pollution control measures, the production and operation of the Group may be affected, leading to an increase in operating costs such as environmental protection expenses.

7. **International turmoil risk**

The complicated international situation has brought uncertainties to the production and operation of the Group. First, trade frictions have caused global economic changes and affected the trend of non-ferrous metals prices. Second, geopolitical conflicts have intensified. Since 2018, the Brexit deadlock that the United Kingdom is struggling in, the continuing significant volatility of the Pound exchange rate, the turbulent situation in Venezuela and other factors have affected the non-ferrous metals industry.

(V) Details of and reasons for the issues not disclosed by the Company in accordance with the standards due to inapplicability of standards or other special reasons such as involvement of state or commercial secrets

According to the provisions of the "Guidelines on Industrial Information Disclosure of Listed Companies No. 28 – Non-ferrous metals" published by SSE, listed companies with proprietary mines are required to "disclose information on the resources of the mines, including the total amount of mineral resources of the company and the recoverable reserves (III) grade, annual output, the remaining years for mining of the resources of the major non-ferrous metals and the major mining areas, and are also required to disclose the relevant calculating standards of the resource reserves". As such data involves commercial secrets of the Company, the Company has not disclosed it for the purpose of safeguarding the interests of the Company and the investors.

I. Principal business

The principal business of the Group covers copper mining and dressing, smelting and processing, extraction and processing of the precious metals and scattered metals, sulphuric chemistry as well as finance and trading fields. It has established the complete industrial chain integrated with exploration, mining, ore dressing, smelting and processing in copper and related non-ferrous metal fields. It is the important production base of copper, gold, silver and sulphuric chemistry. The main products of the Company include more than 50 varieties, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium, bismuth, etc.

II. Changes in share capital

During the Reporting Period, there were no changes in the total number and capital structure of ordinary shares of the Company.

III. Issue and listing of securities

(I) Issue of securities as of the Reporting Period

Not applicable

(II) The total number of ordinary shares, changes in the shareholding structure and changes in assets and liabilities structure of the Company

During the Reporting Period, the Company had no relevant changes.

(III) Existing internal staff shares

During the Reporting Period, the Company had no existing internal staff shares.

IV. Business overview

(I) Business summary and analysis

Business and result analysis combining key financial performance indicators of the Group are set out in Summary of Accounting Data and Major Financial Indicators on pages 5 to 9, Business Overview of the Company on pages 10 to 13 and the Management Discussion and Analysis on pages 14 to 46 of this report.

(II) Environmental policies and performance

In 2018, the Company further promoted several key projects, including prevention and control of heavy metal and air pollution, waste water treatment and vegetation recovery, actively building the ecological civilisation and a beautiful Jiangxi Copper. The road ecological restoration of waste rock and rubber belt dump in Dexing Cooper Mine and the ecological reclamation of the eastern side of the Yangtaowu waste dump have been completed and now are in the later stage of maintenance. The seepage interception dam at the eastern gate, the clean-up and diffluence at the eastern side, and Road 6 and Road 7 waste water recycling conducted at Fujiawu mining area of Dexing Cooper Mine were also completed, and emergency response facilities at Dawuhe were established. The new Zhujia acidic water conditioning tank was in the stage of dam base clean-up and diffluence construction. Guiye arsenic acid collection upgrade project was put into operation. System II collection and desulfurising tower was in the second phase of equipment production and installation; the foundation for desulfurisation area and bag equipment was completed, and the bottom bars were installed in the recycling pool. Yongping Copper Mine realised 9.5 hectares of land restoration at the southern waste dump, and the clean-up and diffluence of western waste dump was half done. The vegetation recovery at the waste rock yard of Wushan Copper Mine was completed and now is in the later stage of maintenance. The new zinc sulfide project for comprehensive waste water treatment of Yinshan Mining is now under construction.

The Company launched energy conservation activities in various forms in 2018. With the technology advancement and the focus on internal development, the Company improved its innovation capability, created a greater room for consumption reduction, further improved all indicators, reduced energy consumption and pollutant emission, and made concrete achievements in practicing the green development concept of "increasing production but lower consumption". Subsidiaries of the Company have developed their respective "Three-Year Action Plan to Make China's Skies Blue Again", setting and launching a number of air pollution prevention and control projects, promoting the construction of smoke and gas treatment, dust prevention and control, clean energy application and other related projects. Among these projects, Guixi Smelter System I collection and desulfurisation upgrade have been completed and put into operation, and smoke and gas treatment projects including System II collection and desulfurisation, smoke and gas treatment of new material workshop are now in steady progress. Dexing Copper Mine, Yongping Copper Mine, Dongxiang Cooper Mine all launched vegetation recovery projects and initiated a batch of dust prevention and upgrade projects. All of these indicate that the Company has made milestone achievements in the battle of air pollution prevention and control.

For further information including the environmental policies and social responsibilities of the Company, please refer to the Company's "Environmental, Social and Governance Report" for the year 2018 to be separately issued pursuant to the relevant requirements of the Listing Rules for details.

(III) Compliance with relevant laws and regulations

The Group understands the importance of compliance with the requirements of regulations. The risks of not complying with relevant requirements may lead to material adverse effects. During the Reporting Period, the Company would strictly comply with applicable laws and regulations in various countries and regions as before, and update various terms in a timely manner. Legal Affairs Department of the Company will regularly organize and arrange internal study to ensure that the Company is in compliance with laws and regulations in its ordinary operations. If potential legal risks are found, the Legal Affairs Department of the Company will cooperate with Risk Control Department and carry out rectification in a timely manner.

Saved as disclosed in this report, the Group is also in compliance with relevant requirements of the Companies Ordinance in Hong Kong and the Company Law in the PRC, listing rules of the applicable stock exchanges in Hong Kong and the PRC and the Securities and Futures Ordinance.

(IV) Significant relationship with stakeholders

Trust and support from stakeholders are closely related to the growth and success of the Company. Our stakeholders include employees, suppliers and customers:

(1) Employees

The Company firmly implements "talent strategies" to provide employees with sound and safe working environment, and constantly optimize the remuneration and benefit system. Over the years, management teams and employees of the Company are stable.

(2) Suppliers

Over years of development, business scope of the Company can be found across the PRC and overseas. The Company has maintained a long-term and closely cooperative relationship with suppliers in various countries. During the Reporting Period, the relationship between the Company and major suppliers was good and stable.

(3) Customers

Customers' satisfaction has always been the top priority of the Company. The Company regards quality of products as the backbone of the enterprise, and upholds the enterprise's values and beliefs of "joint creation and sharing". During the Reporting Period, the relationship between the Company and major customers was good and stable.

(V) Major risks and uncertainties

Description of the potential risks which may be encountered by the Group is set out on pages 44 to 46 in the Management Discussion and Analysis of this report.

(VI) Significant matters after the Reporting Period

On 3 January 2019, the Company entered into an equity transfer agreement with Yantai Guofeng Investment Holding Company Limited ("**Guofeng Company**") in relation to the purchase of 65% equity interest in Yantai Guoxing Copper Co., Ltd. ("**Yantai Guoxing**") at a consideration of RMB325 million. The Company, Guofeng Company and the Yantai Guoxing also entered into an investment agreement on 3 January 2019, pursuant to which, among others, upon completion of the equity interest purchase, Guofeng Company and the Company shall make capital contributions to Yantai Guoxing in proportion to their then respective shareholdings in Yantai Guoxing (i.e. 65% and 35%), and increase the registered capital of the Yantai Guoxing from RMB500 million to RMB1,000 million.

On 4 March 2019, the Company entered into a share purchase agreement with Yantai Humon Group Company Limited and four individuals in relation to the purchase of an approximate 29.99% equity interest in Humon Smelting at a total consideration of RMB2,976 million (tax inclusive). Humon Smelting is mainly engaged in gold exploration, mining, smelting and chemical production. Upon completion of the equity interest purchase, the Company will become the shareholder controlling Humon Smelting.

(VII) Future development

Future development of the business of the Group is set out on pages 42 to 43 in the Management Discussion and Analysis of this report.

V. Particulars of shareholders and de facto controller

(I) Number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	134,275
Total number of ordinary shareholders at the end of the previous month before the disclosure of the annual report	133,280
Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period	0
Total number of shareholders of preference shares with voting rights restored at the end of last month before the disclosure of the annual report	0

(II) Particulars of shareholdings of the top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to lock-up) as of the end of the Reporting Period

Unit: Share

Name of shareholder (full name)	Increase/ decrease in the Reporting Period	Number of shares held at the end of the Reporting Period	Shareholding percentage (%)	Number of shares held subject to lock-up	Pledged or frozen status		Nature of shareholder
					Share status	Number of shares	
JCC	35,293,000	1,438,907,110	41.55	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ("**HKSCC**")	-31,792,393	1,148,766,102	33.18	0	Unknown		Unknown
China Securities Finance Corporation Limited	0	103,719,909	3.00	0	Unknown		Unknown
Central Huijin Asset Management Limited	0	31,843,800	0.92	0	Unknown		Unknown
China Life Insurance Co., Ltd. – Traditional – Ordinary Insurance Products –005L – CT001 SH (中國人壽保險 股份有限公司－傳統－普通 保險產品－005L－CT001滬)	0	19,147,350	0.55	0	Unknown		Unknown
Hong Kong Securities Clearing Company Limited	0	11,902,999	0.34	0	Unknown		Unknown
Beijing Fengshan Investment Ltd.	0	6,784,000	0.20	0	Unknown		Unknown
Wutongshu Investment Platform Co., Ltd.	0	5,993,953	0.17	0	Unknown		Unknown
Cheng Shiquan	0	5,423,000	0.16	0	Unknown		Unknown
Liu Shenghai	0	5,275,183	0.15	0	Unknown		Unknown

Shareholdings of the top ten shareholders not subject to lock-up

Unit: Share

Name of shareholder	Number of tradable shares held not subject to lock-up	Class and number of shares: Class	Number
JCC	1,438,907,110	Ordinary shares denominated in RMB (A Shares)	1,205,479,110
		Overseas listed foreign shares (H Shares)	233,428,000
HKSCC	1,148,766,102	Overseas listed foreign shares (H Shares)	1,148,766,102
China Securities Finance Corporation Limited	103,719,909	Ordinary shares denominated in RMB (A Shares)	103,719,909
Central Huijin Asset Management Limited	31,843,800	Ordinary shares denominated in RMB (A Shares)	31,843,800
China Life Insurance Co., Ltd. – Traditional – Ordinary Insurance Products –005L – CT001 SH (中國人壽保險股份有限公司–傳統–普通保險產品–005L–CT001滬)	19,147,350	Ordinary shares denominated in RMB (A Shares)	19,147,350
Hong Kong Securities Clearing Company Limited	11,902,999	Ordinary shares denominated in RMB (A Shares)	11,902,999
Beijing Fengshan Investment Ltd.	6,784,000	Ordinary shares denominated in RMB (A Shares)	6,784,000
Wutongshu Investment Platform Co., Ltd.	5,993,953	Ordinary shares denominated in RMB (A Shares)	5,993,953
Cheng Shiquan	5,423,000	Ordinary shares denominated in RMB (A Shares)	5,423,000
Liu Shenghai	5,275,183	Ordinary shares denominated in RMB (A Shares)	5,275,183

The explanation of the connected relationship or parties acting in concert among the aforesaid shareholders	(1)	JCC, the controlling shareholder of the Company, and the other holders of shares not subject to lock-up are neither connected persons nor parties acting in concert as defined in "the Measures for the Administration of the Takeover of Listed Companies" (《上市公司收購管理辦法》) issued by CSRC.
	(2)	The Company is not aware of any connected relationship among other holders of shares not subject to lock-up, nor aware of any parties acting in concert as defined in "the Measures for the Administration of the Takeover of Listed Companies" (《上市公司收購管理辦法》) issued by CSRC.
Shareholders of preference shares with restored voting rights and their shareholding		/

Notes: 1. HKSCC held a total of 1,148,776,102 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 33.18% of the total issued share capital of the Company. HKSCC is a member of the Central Clearing and Settlement System, providing registration and custodial services for customers.

2. The 223,428,000 H Shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in the table above. Taking into account the H shares held by JCC, HKSCC held 1,382,194,102 shares as nominee, representing approximately 39.92% of the issued share capital of the Company.

3. During the reporting period, JCC increased its holdings of 35,293,000.00 H shares in the secondary market of Hong Kong, accounting for 1.02% of the total share capital of the Company. As of 31 December 2018, shareholding ratio of JCC increased from 40.53% before the increase in shareholding to 41.55%.

Shareholdings of the top ten shareholders subject to lock-up and trading restrictions

Not applicable

Strategic investors or general legal persons who become the top ten shareholders due to the placement of new shares

Not applicable

(III) Interests and short positions of shareholders

As at 31 December 2018, the interests or short positions of the shareholders, other than Directors, Supervisors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("**SFO**") or otherwise as notified to the Company were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares *(Note 1)*	Approximate percentage of the number of the relevant class of shares *(%)*	Approximate percentage of total issued share capital *(%)*
JCC	A shares	Beneficial owner	1,205,479,110(L)	58.09(L)	34.81(L)
JCC *(Note 2)*	H shares	Beneficial owner	233,428,000(L)	16.82(L)	6.74(L)
Citigroup Inc.	H shares	*(Note 3)*	85,363,310(L)	6.15(L)	2.47(L)
			7,431,357(S)	0.53(S)	0.21(S)
			65,218,152(P)	4.70(P)	1.88(P)
Blackrock, Inc. *(Note 4)*	H shares	Interests in a controlled corporation	110,984,595(L)	7.99(L)	3.21(L)
			1,457,000(S)	0.11(S)	0.04(S)

Note 1: "L" means long positions in the shares; "S" means short positions in the shares; and "P" means shares available for lending in the shares.

Note 2: The 233,428,000 H shares held by JCC were registered with HKSCC.

Note 3: According to the corporate substantial shareholder notice filed by Citigroup Inc. on 31 December 2018, its holdings of H Shares are held under the following capacities:

Capacity	Number of H Shares
Interests in a controlled corporation	11,990,158(L)
	7,431,357(S)
Approved lending agents	65,218,152(L)
Persons having a security interest in shares	8,155,000(L)

According to the notice, long position in 7,746,453 H shares and short position in 7,362,053 H shares are physically settled unlisted derivative; and long position in 75,000 H shares are cash settled unlisted derivative.

Note 4: According to the corporate substantial shareholder notice issued by Blackrock, Inc. on 5 October 2018, short position in 397,000 H shares are cash settled unlisted derivative.

Save as disclosed above, pursuant to the register required to be kept under Section 336 of SFO or otherwise as notified to the Company, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2018.

VI. Particulars of controlling shareholder and de facto controller

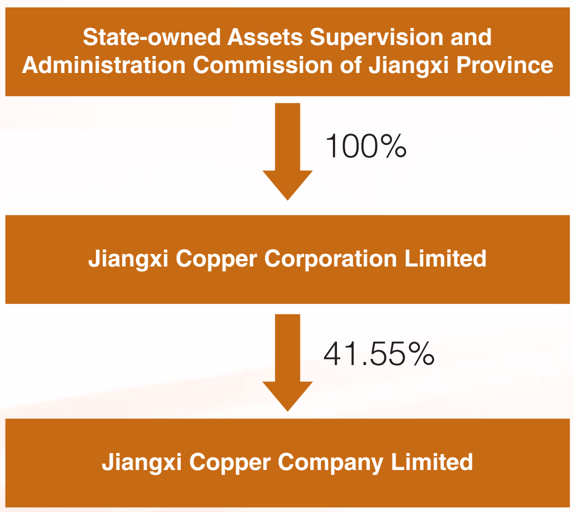
(I) Particulars of controlling shareholder

Name	Jiangxi Copper Corporation Limited
Person in charge or legal representative	Long Ziping
Establishment date	1 July 1979
Principal operations and businesses	Non-ferrous ores, non-metallic ores and products of refined and processed non-ferrous metals
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	1. Shenzhen Nanfang Jiangxi Copper Co., Ltd., a wholly-owned subsidiary of JCC, holds 4,507,786 A shares of Guotai Junan Securities Co., Ltd. (stock code of A Shares: 601211), accounting for 0.0005% of its total share capital; 2. Jiangxi Copper Group Qibaoshan Mining Co., Ltd., a controlling subsidiary of JCC, owned 535,000 A shares or 0.104% of the total share capital of Zhuzhou Smelter Group Co., Ltd. (stock code of A Shares: 600961). 3. Jiangxi Copper (Hong Kong) Capital Holdings Co., Ltd., a wholly-owned subsidiary of Jiangxi Copper (Beijing) International Investment Co., Ltd., a wholly-owned subsidiary of the Company, holds 2.47 million Hong Kong shares of Huatai Securities Co., Ltd. (Listed on the Main Board of the Stock Exchange, stock code: 6886), which account for 0.03% of its total share capital.
Other explanations:	Nil

1. **Change in controlling shareholder during the Reporting Period**

   During the Reported Period, there was no change in controlling shareholder.

2. **Chart of the equity and controlling relationship between the Company and its controlling shareholder**



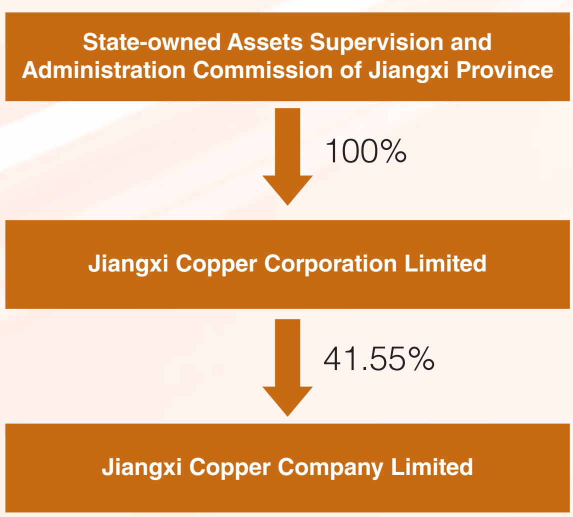
(II) Particulars of the de factor controller

Name State-owned Assets Supervision and Administration Commission of Jiangxi Province

1. **Change in de facto controller during the Reporting Period**

   During the Reporting Period, there was no change in de facto controller.

2. **Chart of the equity and controlling relationship between the Company and its de facto controller**



VII. Other legal person shareholders with over 10% shareholding

Saved as disclosed in this report, as at the end of the Reporting Period, the Company had no other legal person shareholders with over 10% of shareholding of the Company.

VIII. Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

IX. Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, the Company did not redeem any of its listed securities. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the Reporting Period.

X. Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and the PRC law which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

XI. Particulars of Directors, Supervisors, senior management and staff

(I) Changes in shareholdings and remunerations

(1) Changes in shareholdings of existing and resigned Directors, Supervisors and senior management during the Reporting Period

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax) *(RMB0'000)*	Whether received remuneration from related parties of the Company
Long Ziping	Chairman	Male	58	11 September 2017		0	0	/	/	80.91	No
Zheng Gaoqing	General Manager	Male	53	18 January 2019		0	0	/	/	–	No
	Executive Director			22 March 2019		0	0	/	/	–	No
Wangbo	Executive Director	Male	55	18 July 2016		0	0	/	/	80.91	No
Dong Jiahui	Executive Director	Male	56	12 June 2018		0	0			47.19	No
Yu Tong	Chief financial officer	Male	47	28 August 2018		0	0	/	/	25.79	No
	Executive Director			15 January 2019		0	0	/	/	–	No
Wu Yuneng	General Manager	Male	57	08 January 2018	18 July 2018	0	0	/	/	–	No
	Executive Director			18 July 2016	15 January 2019	0	0			80.91	No
Wu Jinxing	Chief financial officer	Male	56	25 February 2016	18 July 2018	0	0	/	/	–	No
	Executive Director			18 July 2016	15 January 2019	0	0			80.91	No
Gao Jianmin	Executive Director	Male	59	24 January 1997		0	0	/	/	20	No
Liang Qing	Executive Director	Male	65	12 June 2002		0	0	/	/	20	No
Sun Chuanyao	Independent non-executive Director	Male	74	18 July 2016	6 March 2018	0	0	/	/	2.5	No
Zhou Donghua	Independent non-executive Director	Male	36	7 June 2017	15 January 2019	0	0	/	/	10	No
Liu Erh Fei	Independent non-executive Director	Male	60	18 July 2016		0	0	/	/	10	No
Tu Shutian	Independent non-executive Director	Male	56	12 January 2015		0	0	/	/	10	No
Liu Xike	Independent non-executive Director	Male	45	12 June 2018		0	0	/	/	5.83	No
Zhu Xingwen	Independent non-executive Director	Male	57	15 January 2019		0	0	/	/	–	No

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax) (RMB0'000)	Whether received remuneration from related parties of the Company
Hu Qingwen	Chairman of the Supervisory Committee	Male	55	14 June 2013		0	0	/	/	58.09	No
Zeng Min	Supervisor	Male	54	21 March 2016		0	0	/	/	58.09	No
Liao Shengsen	Supervisor	Male	58	18 July 2016		0	0	/	/	58.09	No
Zhang Jianhua	Supervisor	Male	54	18 July 2016		0	0	/	/	58.09	No
Zhang Kui	Supervisor	Male	56	29 March 2017		0	0	/	/	58.09	No
Liao Xingeng	Deputy General Manager	Male	53	18 July 2018		0	0	/	/	30.94	No
Huang Mingjin	Deputy General Manager	Male	56	3 October 2012		0	0	/	/	61.89	No
Jiang Chunlin	Deputy General Manager	Male	49	25 August 2010		0	0	/	/	61.89	No
Chen Yunian	Deputy General Manager	Male	54	23 October 2017		0	0	/	/	61.89	No
Zhou Shaobing	Deputy General Manager	Male	48	23 October 2017		0	0	/	/	61.89	No
Lin Jinliang	Legal Director	Male	54	30 August 2010		0	0	/	/	61.89	No
Liu Jianghao	Chief Engineer	Male	58	23 October 2017		0	0	/	/	61.89	No
Zeng Qingjian	Deputy General Manager	Male	47	23 October 2017	18 July 2018	0	0	/	/	36.1	No
Tung Tat Chiu	Secretary to the Board	Male	56	24 January 1997		0	0	/	/	5	No
Total	/	/	/	/	/	/		/	/	1,208.78	/

Name	Major work experience
Long Ziping	Mr. Long is a current Party Committee Secretary, Executive Director and Chairman of the Company; a Party Committee Secretary and Chairman of JCC. Mr. Long is a senior engineer. Mr. Long graduated from Jiangxi Institute of Metallurgy majoring in smelting, and from Central South University of Technology as a postgraduate majoring in metallurgy engineering. Mr. Long had served at various operation and management positions including the deputy chief engineer and the head of Guixi Smelter Factory, the deputy manager of JCC and general manager of the Company. He has extensive experience in operation and management.
Zheng Gaoqing	Mr. Zheng is a current Deputy Party Committee Secretary, General Manager, and Executive Director of the Company. He received postgraduate education with a master in business management. He had been a technician, assistant engineer and engineer of Jiangxi Optical Instrument Factory; cadre of Shangrao County Economic Commission of Jiangxi Province, deputy director and deputy secretary of the Second Light Bureau, deputy director of the Power Supply Bureau, concurrently as Chairman and General Manager of Jiangxi Hexing Electronics Co., Ltd.* (江西和興電子有限公司); Chairman and General Manager of Jiangxi Shangrao Ganxing Electronics Co., Ltd.* (江西上饒贛興電子有限公司); Director of Shangrao County Handicraft Association, General Manager of Great Wall Enterprise Group* (長城企業集團), concurrently as Secretary to the Party Committee of Shangrao County Second Light General Corporation* (上饒縣二輕總公司); deputy magistrate of the Poyang County Government of Jiangxi Province, member of the Standing Committee of the County Party Committee, executive deputy magistrate; deputy secretary of the Municipal Committee and mayor of Dexing; secretary of the Wannian County Party Committee; member of the Party Committee and deputy manager of the State-owned Assets Supervision and Administration Commission of Jiangxi Province. He has extensive management experience.
Wang Bo	Mr. Wang, a current Deputy Party Committee Secretary of the Company and an Executive Director, with postgraduate educational level and extensive experience in administration management.

Name	Major work experience
Dong Jiahui	Mr Dong, a current Party Committee member of the Company, an executive Director, a labour committee chairman, and a professor level senior engineer, graduated from Central South University of Technology. He had been a deputy director of Dexing Copper Mine (德興銅礦), a director of Yongping Copper Mine (永平銅礦) and the deputy general manager of the Company, and has extensive experience in administration management.
Yu Tong	Mr. Yu, a current Party Committee member of the Company, an executive Director, and a Chief Financial Officer of the Company, graduated from Jianxi University of Finance and Economics majoring in statistic and finance. He obtained a master's degree in business administration from the MBA School of Jiangxi University of Finance and Economics. He used to be the financial auditing department manager of Jiangxi International Economic and Technical Cooperation Corporation of China, and the financial director of Jiangxi Dacheng State-owned Assets Management and Management Co., Ltd., with rich financial management experience.
Wu Yuneng	Mr. Wu graduated from Jiangxi Cadre's Institute of Economic Administrators (江西經濟管理幹部學院) majoring in industrial management engineering. Mr. Wu is an economist, and was the general manager of Baoxin Cable Company under Jiangtong Southern Baoxin Cable Company (江銅南方公司寶興電纜公司), the general manager of Jiangtong Southern Company (江銅集團南方總公司) and executive deputy general manager of the Company. Mr. Wu has extensive experience in management and marketing.
Wu Jinxing	Mr. Wu is a senior accountant with a master postgraduate degree. He had been the deputy head of the Production and Finance Division and the General Division of the Financial Department of JCC, the deputy head and head of the Financial Department of JCC Import and Export Company, deputy chief accountant and chief accountant of JCC Materials Equipment Company, the manager of the Financial Department of the Company, the Chief Accountant of Dexing Mine of the Company, the vice Chief Financial Officer, the assistant to general manager of the Company, a supervisor, an executive Director and Chief Financial Officer of the Company.

Name	Major work experience
Gao Jianmin	Mr. Gao graduated from Tsinghua University. He has been a Director of the Company since its incorporation. Mr. Gao is also a director and the general manager of International Copper Company Limited, a director of Qingling Motors Co., Ltd. and a director and general manager of Silver Grant International Industries Limited. He has extensive experience in finance, industrial investment and development.
Liang Qing	Mr. Liang has been appointed as a Director of the Company since June 2002. Mr. Liang is currently a director and general manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.
Sun Chuanyao	Mr. Sun is currently a part-time professor and tutor of the PHD Programme in South Central University, the vice chairman of China Non-Ferrous Metals Industry Association Specialists Committee and the chairman of China Mining Association. Mr. Sun was a director, the vice head of institute, the head of institute and the chairman of key laboratory of mineral processing of mining of Beijing Mining and Metallurgy Research Institute.
Zhou Donghua	Mr. Zhou currently serves as deputy head and deputy associate professor in Accounting and master tutor of Jiangxi University of Finance and Economics (江西財經大學). He chaired and participated in a number of national natural science foundation projects. He graduated from Fudan University with a major in accounting in 2010 and obtained a Ph.D. in management. He has published more than 20 papers in key academic journals such as Accounting Research and Audit Research. He also served as a councillor of the Finance Cost Branch of Accounting Society of China* (中國會計學會財務成本分會理事), a non-practicing member of the Chinese Institute of Certified Public Accountants. He was selected as the sixth session of national academic accounting leading (supporting) talent schemes for the Ministry of Finance of the PRC.

Name	Major work experience
Liu Erh Fei	Mr. Liu is currently the co-founder of Xintai Asset Management Co., Ltd. Mr. Liu was a senior management in various financial institutions such as Goldman Sachs, Morgan Stanley, Salomon Smith Barney and Bank of America Merrill Lynch.
Tu Shutian	Mr. Tu is a professor and a master tutor of the Department of Law, Nanchang University; graduated from Southwest University of Political Science & Law and majored in law; served as the representative of the 12th People's Congress of Jiangxi Province, a member of the Standing Committee of People's Congress of Jiangxi Province, a member of the Commission of Legislative Affairs of Jiangxi Province, a member of Legal Advisory Panel of Jiangxi Province, a standing director of China Law Society, the vice chairman of the Litigation Law Society of Jiangxi Province, an arbitrator of Nanchang Arbitration Committee; he has extensive expertise and experience in litigation law and civil and commercial law.
Liu Xike	Mr. Liu is currently the president of Jiangxi Financial Development Group Co., Ltd., graduated from Jiangxi University of Finance and Economics, and is studying at Cheung Kong Graduate School of Business. He has worked for China Construction Bank, Zhonglei Certified Public Accountants, and China Securities Regulatory Commission Jiangxi Supervision Bureau.
Zhu Xingwen	Mr. Zhu is currently a professor, Ph. D., and a master's tutor at the School of Accounting, Jiangxi University of Finance and Economics. His main research interests are accounting theory and methods, auditing theory and practice, especially with research outcome of a self-developed system in the aspects of accounting legal norms, accounting standards theory and accounting and auditing issues under the corporate governance framework.

Name	Major work experience
Hu Qingwen	Mr. Hu currently serves as a member of the Party Committee, the secretary of the Commission for Discipline Inspection and the chairman of the Supervisory Committee of the Company. Mr. Hu is a university postgraduate and had served as chief of departments of the Company including General Planning, Human Resources, Organisation and Management, as well as the secretary to the Party Committee of Guixi Smelter and chairman of the Labour Union of the Company. He has abundant experience in general management.
Zeng Min	Mr. Zeng is currently a vice chairman of the Labor Union of the Company and a university graduate. He was a director of the Party Committee office of the Company and secretary of Party Committee of JCC Copper Materials Company Limited (江銅銅材公司).
Liao Shengsen	Mr. Liao is currently the general manager of risk control and internal audit department of the Company and a senior accountant. He was the chief accountant in Guixi Smelter of the Company.
Zhang Jianhua	Mr. Zhang is currently the general manager of Legal Department of the Company and was the deputy director of enterprise management department of JCC and the vice general manager of plan and development department of the Company, and has extensive experience in administrative and legal affairs.
Zhang Kui	Mr. Zhang currently serves as the team leader of the inspection team of the Commission for Discipline Inspection of the Company. He graduated from Jiangxi Shangrao Teachers College* (江西上饒師範專科學校). He served as a deputy secretary to the Party Committee, a secretary to the Commission for Discipline Inspection and a secretary to the Party Committee of Yongping Copper Mine of Jiangxi Copper Company Limited.

Name	Major work experience
Liao Xingeng	Mr. Liao is currently a member of the Party Committee, deputy general manager and senior engineer of the Company. He graduated from the Southern Metallurgical College with a major in non-ferrous metallurgy. He is a master's graduate from Nanchang University with a major in business administration. He used to be chairman of Jiangxi Rare Earth Metal Tungsten Industry Group Import and Export Co., Ltd. and assistant to general manager and deputy general manager of Jiangxi Rare Metal Tungsten Holding Group Co., Ltd.; deputy general manager of Jiangxi Tungsten Holding Group Co., Ltd., with rich experience in administrative management..
Huang Mingjin	Mr. Huang currently serves as a member of the Party Committee and the deputy general manager of the Company. Graduated from Jiangxi Metallurgy College (江西冶金學院) with a bachelor's degree in non-ferrous metallurgy, Mr. Huang is a professor-grade senior engineer and had been appointed as the head of Guixi Smelter of the Company.
Jiang Chunlin	Currently, Mr. Jiang serves as a deputy general manager of the Company. He is a senior engineer and registered safety engineer. He is a university graduate who graduated from the mining department of Hunan Xiangtan Mining Institute (湖南湘潭礦業學院) and had worked at Hukeng Tin Mine, Mine Resources Development Company in Autonomous Prefecture of Kezilesukeerkezi, Xinjiang (新疆克孜勒蘇柯爾克孜自治州礦產資源開發公司), Jiangxi Rare Earth and Metals Tungsten Corporation (江西稀有稀土金屬鎢業集團公司) and Yichun Economic Development Zone. He had served as a technician, division head, deputy head of the production department and the director of the department of investment and development.

Name	Major work experience
Chen Yunian	Mr. Chen is a current member of Party Committee and deputy general manager of the Company, and a senior engineer. He graduated from the Changsha School of Engineering majoring in smelting profession in July 1982 and graduated from the Central Party School (Open College), majoring in economics management in December 2003. He served as deputy director of the electrolysis workshop, director of smelting workshop of Guixi Smelter, deputy director of Guixi Smelter, assistant to general manager of the Company and director of Guixi Smelter of the Company.
Zhou Shaobing	Mr. Zhou is currently a member of the Party Committee and deputy general manager of the Company. Mr. Zhou is a senior engineer, who graduated from the Central South University of Technology majoring in mining engineering in July 1993. He served as chief engineer of Dexing Copper Mine and deputy head of Chengmenshan Copper Mine of the Company, head of Chengmenshan Copper Mine of the Company.
Lin Jinliang	A legal director of the Company and a senior economist, Mr. Lin graduated from Central South University of Technology. Mr. Lin served as the Head of the Youth League, Labour and Payroll division, Diversified Business and Administration Section (多元化經營管理處) and Corporate Management Division of JCC respectively. Mr. Lin has extensive experience in corporate management and legal practice.
Liu Jianghao	Mr. Liu currently serves as a member of the Party Committee and chief engineer of the Company. He is a professor- grade senior engineer of the Company who graduated from Jiangxi Institute of Metallurgy (江西冶金學院) with a bachelor degree in ore dressing and was appointed as the vice chairman and deputy general manager of Northern Peru project in Minmetals Jiangxi Copper Mining Investment Company Limited.

Name	Major work experience
Zeng Qingjian	Mr. Zeng graduated from Central South University of Technology (中南工業大學) in July 1993, majoring in chemical engineering, and is a senior engineer. He served as the supervisor of the sulfuric acid plant, the deputy secretary of the Committee of the Communist Party of China and the secretary of the Commission for Discipline Inspection of Guixi Smelter Factory, as well as the officer of the general manager's office of the Company and the president of the Trading Department of the Company.
Tung Tat Chiu,Michael	The Hong Kong legal adviser of the Company, a senior partner of Tung & Co., Mr. Tung holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom. He has over 20 years of experience as a practicing lawyer in Hong Kong. Mr. Tung joined the Company in January 1997. Mr. Tung is also the company secretary of a number of companies listed in Hong Kong.

(2) Equity incentive of Directors or senior management during the Reporting Period

Not applicable

(II) Engagements of existing and resigned Directors, Supervisors and senior management during the Reporting Period

(1) Positions held in shareholders' entities

Name	Name of shareholder's entity	Position held at the shareholder's entity	Appointment date	End of term
Long Ziping	JCC	Chairman, Secretary to the Party Committee	11 September 2017	
Dong Jiahui	JCC	Director	12 June 2018	

Positions held in shareholders' entities Nil

(2) **Positions held in other entities**

Name	Name of other entities	Position held at other entities	Appointment date	End of term
Long Ziping	Jinrui Futures Shareholding Company	Supervisor		
Yu Tong	Jinrui Futures Shareholding Company	Chairman		
Gao Jianmin	Qingling Motors Co. Ltd	Executive Director		
	Silver Grant International Industries Limited	Director, general manager		
Liu Erh Fei	Xintai Asset Management Co., Ltd. (信泰資產管理有限公司)	Co-founder		
	21 Vianet Group, Inc. (世紀互聯集團有限公司)	Independent Director		
	Fortunet E-commerce Group Limited (鑫網易商集團有限公司)	Independent Director		
	Qingling Motors Co., Ltd. (慶鈴汽車股份有限公司)	Independent Director		
Zhou Donghua	Jiangxi University of Finance and Economics	Deputy Director of Department		
	Jiangxi Hongdu Commercial Aircraft Co., Ltd.*	Independent Director		
	Zhongzhi Technology Group Co., Ltd.	Independent Director		
Tu Shutian	Department of Law, Nanchang University	Professor		
	Renhe Pharmacy Co., Ltd.	Independent Director		
Liu Xike	Jiangxi Financial Development Group Shareholding Co., Ltd.	Chairman		
Sun Chuanyao	Central South University	Professor		
	Northeastern University	Professor and tutor of PhD Programme		
	University of Science & Technology Beijing	Professor and tutor of PhD Programme		
	China University of Mining and Technology	Professor		
	Kunming University of Science and Technology	Professor		
	Guizhou University	Professor		
	Henan Polytechnic University	Professor		
	China Non-Ferrous Metals Industry Association Specialists Committee (中國有色金屬工業協會專家委員會)	Vice Chairman		
	Non-ferrous Metals Society of China Mining Selection Academic Committee (中國有色金屬學會選礦學術委員)	Chairman		

Name	Name of other entities	Position held at other entities	Appointment date	End of term
	China Mining Association Mining Selection Academic Committee (中國礦業聯合會選礦委員會)	Chairman		
Liao Shengsen	China Nerin Engineering Co., Ltd.	Supervisor		
	Minmetals Jiangxi Copper Mining Investment Co., Ltd.	Chairman of the Board of Supervisors		
Huang Mingjin	China Nerin Engineering Co., Ltd. (中國瑞林工程技術有限公司)	Director		
Zhang Jianhua	China Southern Rare Earth Group (中國南方稀土集團有限公司)	Director		
	Jiangxi Hongdu Commercial Aircraft Corporation Limited (江西洪都商用飛機股份有限公司)	Director		

Positions held in other entities	Nil

(III) Remunerations of Directors, Supervisors and senior management

Determination procedures for remunerations of Directors, Supervisors and senior management	The Remuneration Committee of the Company formulates proposals on remunerations of Directors, Supervisors and senior management to be submitted to the Board for approval by voting.
Determination basis for remunerations of Directors, Supervisors and senior management	Remunerations for the Directors, Supervisors and senior management of the Company consist of basic salaries and performance salaries, among which performance salaries are calculated based on basic salaries to be received by the Directors, Supervisors and senior management according to assessment of their annual operating results. Remunerations for the independent Directors are determined according to annual subsidies.
Particulars of remunerations payable to Directors, Supervisors and senior management	During the Reporting Period, remunerations of Directors, Supervisors and senior management were RMB12.0878 million.
Actual total payment of remunerations to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, Directors, Supervisors and senior management received a total remuneration of RMB12.0878 million.

(IV) Change in Directors, Supervisors and senior management

Name	Position Held	Change	Reasons for the changes
Zheng Gaoqing	General Manager	Appointment	
Zheng Gaoqing	Executive Director	Election	
Dong Jiahui	Executive Director	Election	Other work engagement
Liu Xike	Independent Director	Election	Other work engagement
Yu Tong	Chief Financial Officer	Appointment	
Yu Tong	Executive Director	Election	
Liao Xinggeng	Deputy General Manager	Appointment	Other work engagement
Zhu Xingwen	Independent Director	Election	Other work engagement
Wu Yuneng	General Manager	Dismissed	Other work engagement
Wu Yuneng	Executive Director	Resigned	Other work engagement
Wu Jinxing	Chief Financial Officer	Dismissed	Other work engagement
Wu Jinxing	Executive Director	Resigned	Other work engagement
Zeng Qingjian	Deputy General Manager	Resigned	Other work engagement
Sun Chuanyao	Independent Director	Resigned	Other work engagement

(V) Explanation on punishments received from securities regulatory institutions in the recent three years

Not applicable

(VI) Directors' and Supervisors' service contracts and interests in contracts

Pursuant to relevant provisions in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and reappointment. Under Company Law of the PRC, the term of office of Supervisors is also three years and they are eligible for re-election and re-appointment.

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

(VII) Interests of Directors, Supervisors and chief executive in shares

As at 31 December 2018, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules.

(VIII) Directors' and Supervisors' interests in competing business or other interests in material transactions, arrangement or contracts

During the year and as at the date of this report, none of the Directors or Supervisors had any interest in any business which competes or may compete with the business of the Company.

As at 31 December 2018 or at any time during the reporting year, none of the Company or its holding company or its subsidiaries entered into any transactions, arrangements or contracts of significance in which any of the Directors or Supervisors or an entity connected with them was either directly or indirectly materially interested.

(IX) Employee information of the parent and its major subsidiaries

(1) Employee information

Number of in-service employees in the parent	13,852
Number of in-service employees in major subsidiaries	5,859
Total number of in-service employees	19,711
Number of employees retired for whom the parent and major subsidiaries shall be liable to expenses	0

Specialty composition

Category	Headcount
Production	15,057
Sales	181
Technician	1,950
Financial	372
Administration	2,151
Total	19,711

Education level

Category	Headcount
Post-secondary and above	7,656
Technical secondary and senior secondary	7,336
Junior secondary and below	4,719
Total	19,711

(II) Remuneration policies

In 2018, the Company followed a position-performance payroll mechanism and based on the principle of division of labour, made remuneration distribution according to value of position, work techniques and results. Staff remunerations, mainly including position salaries, performance salaries and other welfare, were released based on assessment with reference to operating performance, management obligation, etc.

(III) Training plan

In 2018, the Company established a series of rules and regulations, such as Employee Incentives on Self-improvement on Foreign Languages (Tentative), Proposal for Evaluation on the Effectiveness of Training Implementation (Tentative), and a Proposal for Talent Self-nurturing and Evaluation Implementation. The Company set up an "one-on-one" connection service mechanism for leaders and the senior level talent of the Company, providing guidance, to attract talents and to optimize the mechanism. The Company encouraged self-development while recruiting talents from market, adhering to the concept "go with two-pronged approach to walk on two legs". The Company accelerated the improvement of the system of talent selection, training and evaluation based on quality, ability and performance. The Company continued to promote the construction of "three talent teams" and enhance the ability to support talents for strategic development.

(IV) Outsourcing

Not applicable

XII. Ordinary share profit distribution plan or plan to convert capital reserves into share capital

(I) The formulation, implementation or adjustment of the cash dividend policy

1. Profit distribution principle: the Company distributes dividend annually. It may distribute interim or special dividend provided that it is in compliance with the Articles of Association of the Company. The dividend distribution policy of the Company should maintain certain continuity and steadiness, and be in compliance with relevant regulatory requirements which may be amended from time to time.

2. Profit distribution method: the Company distributes dividend by ways of cash, shares or a combination of cash and shares, in which cash dividend will be a priority.

3. Profit distribution plan: Under the conditions that the Company's accumulated distributable profit is a positive figure, the profit and cash can satisfy normal production and operation of the Company, earnings per share of the year is above RMB0.01, and the cash dividend per share is above RMB0.01 if no less than 10% of the distributable profit of the year is distributed, then the distributed profit in cash shall not be less than 10% of the distributable profit of the year. For the last three years, the accumulated distributed profit in cash shall be no less than 30% of the average annual distributable profit in the last three years.

4. The profit distribution plan proposed by the Board should obtain approval from over half of all the independent Directors, and shall be submitted to the shareholders' meeting of the Company for approval after the consideration and approval of the Board. The shareholders' meeting of the Company should communicate with the minority and obtain adequate opinions from them while considering the cash dividend plan.

5. Should the Company have profit but the Board have not made any cash dividend proposal, then such reasons should be disclosed in the periodic reports and so as the usage of the undistributed fund in the Company. Independent Directors should issue their independent opinions to such matter.

Pursuant to the requirements of the Company Law and the Notice in relation to Matters concerning Further Implementation of Cash Dividend Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號–上市公司現金分紅》) issued by CSRC and the Notice regarding to the Re-issue of Notice in relation to Matters concerning Further Implementation of Cash Dividend Distribution of Listed Companies (《關於轉發〈關於進一步落實上市公司現金分紅相關事項的通知〉的通知》) and other documents issued by Jiangxi Securities Regulatory Bureau, the Company considered and approved the resolution of the Dividend Policy and 3-Year Plan of Shareholders' Return of Jiangxi Copper Company Limited (2016–2018) at the 2016 first extraordinary general meeting convened on 18 July 2016.

The 2018 Profit Distribution Plan of the Company will be implemented pursuant to the Dividend Distribution Policy and 3-Year Plan for Shareholders' Return of Jiangxi Copper Company Limited (2016–2018). The Board has recommended distribution of a final dividend for 2018 as follows:

(1) appropriate 10% of the profit after tax calculated under the PRC GAAP to the statutory surplus reserve;

(2) distribute a final dividend of RMB0.20 per share (tax inclusive) for the year ended 31 December 2018 (2017: RMB0.20 per share) to all Shareholders based on the total issued share capital of 3,462,729,405 Shares as at 31 December 2018, amounting to approximately RMB692,545,881. The remaining undistributed profits are carried down to the next year;

(3) the A shares 2018 final dividend will be declared and paid in Renminbi, and the H shares 2018 final dividend will be declared in Renminbi and paid in Hong Kong dollars;

(4) the profit distribution will not carry out transfer of capital reserve to share capital or issue of bonus shares.

Independent Directors of the Company have expressed independent opinions on the profit distribution plan.

(II) Plans or proposals for ordinary share profit distribution or transfer of capital reserve to share capital of the Company in the last three years (including the Reporting Period)

Unit: Yuan Currency: RMB

Year	Number of bonus shares for every 10 shares *(share)*	Dividend for every 10 shares *(RMB)* (tax inclusive)	Number of shares transferred from capital reserve for every 10 shares *(share)*	Cash dividends (tax inclusive)	Net profit attributable to ordinary shareholders of the Company in the consolidated statement during the year of dividend distribution	Percentage in net profit attributable to ordinary shareholders of the Company in the consolidated statement *(%)*
2018	0	2.0	0	692,545,881	2,447,475,745	28.3
2017	0	2.0	0	692,545,881	1,605,632,641	43.13
2016	0	1.5	0	519,409,411	784,149,893	66.24

(III) Share buy-back by cash offer recognized in cash dividends

Nil

(IV) If the Company records positive profits and distributable profit to ordinary shareholders during the Reporting Period but there is no proposal for cash dividend, the Company to disclose the reasons, the usage and planned usage of the undistributed profits in detail

Not applicable

(V) Other explanations

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprise Shareholders

Pursuant to the "Enterprise Income Tax Law of the PRC"(《中華人民共和國企業所得稅法》)and the relevant implementing rules which came into effect on 1 January 2008 and the "Notice of the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which are Overseas non-resident Enterprises" (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Shares register of members of the Company. Any Shares registered in the names of non-individual registered shareholders (including HKSCC Nominees Limited, other corporate nominees, trustees or other entities and organizations) will be treated as being held by non-resident enterprise shareholder and will therefore be subject to the withholding of the enterprise income tax.

Withholding and Payment of Personal Income Tax for Individual H Shareholders

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) dated 28 June 2011, and the letter entitled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" dated 4 July 2011 issued by the Stock Exchange, the Company is required to withhold and pay the individual income tax in respect of the 2017 final dividends paid to the individual H Shareholders (the "**Individual H Shareholders**"), as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2018 final dividends are to be distributed to the holders of H Shares whose names appear on the register of members of the Company as at 9 July 2019, the Company will base on the tax rate of 10% to withhold 10% of the dividend to be distributed to the Individual H Shareholders as individual income tax. For non-resident enterprise holders of H Shares, the Company will withhold 10% of the dividend as enterprise income tax according to the relevant tax regulations in line with its previous practice.

If shareholders' names appear on the H Shares register of members, please refer to nominees or trust organization for details of the relevant arrangements. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the laws, and withhold and pay the enterprise income tax and individual income tax on behalf of the relevant shareholders based on the H Shares register of members of the Company as of 9 July 2019. The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any uncertainties in the identity of the shareholders.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividends received by domestic individual investors from investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for domestic individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Pursuant to the Notice on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for domestic individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Should the holders of H Shares of the Company have any doubts in relation to the aforesaid arrangements, they are recommended to consult their tax advisors regarding the relevant tax impacts in mainland China, Hong Kong and other countries (regions) on the possession and disposal of H Shares of the Company.

XIII. Equity-linked agreement

Saved as the disclosed in this report, there was no equity-linked agreement entered into by the Company during the Reporting Period.

XIV. Donation

During the Reporting Period, the Group did not make any donation.

Corporate Governance Report

I. Information on corporate governance

During the Reporting Period, the Company strictly complied with the Disclosure of Inside Information and Procedures of Internal Control, and standardized its operation in strict compliance with provisions of laws, regulations and regulatory documents in and outside the PRC including the PRC Company Law, the PRC Securities Law, Code of Corporate Governance for Listed Companies, and Listing Rules of SSE, the Rules Governing the Listing of Securities on the Stock Exchange. We continued optimizing the governance structure to regulate the operation of the Company, in which the Board, Supervisory Committee and special committees under the Board duly performed their duties and operated in accordance with law.

There was no material difference between the corporate governance of the Company and the requirements of the relevant regulations of CSRC.

II. Corporate Governance Code

The Company strives to maintain and establish high quality corporate governance.

To the knowledge of the Board, during the Reporting Period, the Company has been in full compliance with all the code provisions under the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules, with the exceptions as disclosed in this Corporate Governance Report and the following deviations:

During the Reporting Period, potential legal actions which the Directors may face were covered in the internal control and risk management of the Company. As the Company considered that it is unlikely to have additional risks, insurance arrangements in respect of legal action against the Directors have not been arranged as required under code provision A.1.8 of the Code.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the resignation of Mr. Wu Yuneng as the general manager of the Company (the "**General Manager**") on 18 July 2018, during the period from 18 July 2018 to 17 January 2019, the Company had been looking for the suitable candidate to be appointed as the General Manager. During that period, the responsibilities of the General Manager (where necessary) were shared by each of the vice general managers of the Company within the scope of their authorities. Since 18 January 2019, Mr. Zheng Gaoqing has been appointed as the General Manager.

The followings are the corporate governance practices adopted by the Company.

(1) Shareholders and general meeting

The Company seeks to ensure that all shareholders, especially minority shareholders, are able to enjoy equal status and exercise their rights and the corresponding obligations effectively and fully. Meanwhile, it seeks to ensure shareholders' rights to be aware of and participate in the Company's significant events as stipulated under relevant laws, regulations and the Articles of Association of the Company.

The procedures for convening, holding of, considering resolutions and voting at the shareholders' meetings of the Company are in strict compliance with the relevant regulatory provisions of the places where the Company's shares are listed as well as the requirements of the Articles of Association of the Company. All shareholders' meetings of the Company are witnessed by the PRC lawyers with the representative from auditors as the scrutineer.

(2) Relationship between the controlling shareholder and the Company

JCC, being the controlling shareholder of the Company, performs its rights and obligations legally. The economic business between the Company and its controlling shareholder is carried out strictly in accordance with market and commercial principles and follows the approval procedures for connected transactions. The controlling shareholder has not overridden the power of the general meeting to interfere directly or indirectly the operating activities of the Company. The Company is independent from its controlling shareholder in terms of operations, assets, organisation, finance and staff. The Board, Supervisory Committee and the internal functions of the Company are able to operate independently.

(3) Directors, the Board and senior management

The Board is mainly responsible for devising the Company's overall strategies such as the development strategies, management structure, investment and financing, budget, financial control and human resources and overseeing the operations of the Company (including reviewing and monitoring the training and continuous professional development for the Directors and senior management personnel and formulating, reviewing and monitoring the code of conduct and compliance manual of employees and Directors). The Board is also responsible for reviewing and monitoring the policies and practices regarding the Company's compliance with laws and regulatory requirements and formulating the operations and disclosures of the Company in accordance with the listing rules or other rules and regulations of places where the shares of the Company are listed and reviewing the financial performance of the Company. In addition, the Board is also responsible for formulating and reviewing the Company's corporate governance policies and practices. The Board has reviewed the Company's compliance with the Code and the disclosure in the "Corporate Governance Report" during the Reporting Period.

Of which, the Chairman leads and supervises the operation of the Board and effectively plans Board meetings to ensure that the Board acts in the best interests of the Company. Under the leadership of the Chairman, the Board has adopted sound corporate governance and procedures and taken adequate measures for efficient communication with shareholders. The Chairman implements the Board's decisions and makes daily management decisions. The power and duties of the Board and Chairman of the Company are set out in the Articles of Association in details.

Senior management of the Company comprises the General Manager, the Deputy General Manager, the chief engineer, the chief financial officer, the chief legal officer, secretary to the Board of the Company and other management personnel as determined by the Board. The General Manager is responsible to the Board for exercising the following duties: presiding over the production, operation and management work of the Company; organising the implementation of the Board's resolutions; organising the implementation of business plan and investment plan for the year organising the formulation of plan for the establishment of internal management organisations of the Company; organising the formulation of fundamental management system of the Company; organising and formulating the fundamental rules of the Company; proposing the appointment or removal of the Deputy General Manager and the chief financial officer of the Company; appointing or removing management personnel other than those who shall be appointed or removed by the Board; and other duties granted by the Articles of Association and the Board.

During the Reporting Period, Mr. Long Ziping served as the Chairman of the Company. From 1 January 2018 to 7 January 2018, Mr. Long Ziping concurrently served as the General Manager; from 8 January 2018 to 18 July 2018, Mr. Wu Yuneng served as the General Manager. Since the resignation of Mr. Wu Yuneng as the General Manager on 18 July 2018, from 18 July 2018 to 17 January 2019, the Company had been looking for the suitable candidate to be appointed as the General Manager, the responsibilities of the General Manager during the period (where necessary) were shared by each of the vice general managers of the Company within the scope of their authorities. Since 18 January 2019, Mr. Zheng Gaoqing has been appointed as the General Manager of the Company.

From 1 January 2018 to 5 March 2018, the Board comprised 10 Directors, including 6 executive Directors and 4 independent non-executive Directors. From 6 March 2018 to 11 June 2018, the Board comprised 9 Directors, including 6 executive Directors and 3 independent non-executive Directors. From 12 June 2018 to 31 December 2018, the Board comprised 11 Directors, including 7 executive Directors and 4 independent non-executive Directors.

2 executive Directors (i.e. Mr. Long Ziping and Mr. Dong Jiahui, respectively) have background of the controlling shareholder or the actual controller. Members of the Board have different industrial background and professional knowledge in corporate management, financial accounting, law, mining and metallurgy. For details of the composition of the Board and the biographies of the members of the Board, please refer to the section headed "Particulars of Directors, Supervisors, senior management and staff" in the chapter "Report of the Board" of this report.

To the best knowledge and belief of Directors, there is no relationship among members of the Board, including financial, business, family or other material or relevant relationships.

Pursuant to relevant provisions in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment.

Mr. Zhou Donghua, an independent non-executive Director, obtained a bachelor's degree in Accounting and a master's degree in National Economy from University of Shanghai of Science and Technology (上海理工大學) and a Ph.D. in Accounting from Fudan University (復旦大學). Mr. Zhou is currently a deputy head, associate professor and a postgraduate supervisor in Accounting Department of the Jiangxi University of Finance and Economics (江西財經大學), and is concurrently a councillor of the Finance Cost Branch of Accounting Society of China* (中國會計學會財務成本分會理事), a non-practicing member of The Chinese Institute of Certified Public Accountants, and was selected as a member in the sixth session of national academic accounting leading (supporting) talent schemes for the Ministry of Finance of the PRC. The Board considers that, Mr. Zhou, with his educational background and experience, is in compliance with the requirement set out in Rule 3.10(2) of the Listing Rules which prescribes that at least one of the independent non-executive Directors shall have appropriate expertise in accounting or related financial management.

The Company nominates the Director candidates in accordance with the Articles of Association of the Company and relevant regulatory requirements. Candidates for independent directorship may be nominated by the Board, Supervisory Committee or by shareholders individually or collectively holding 1% or more of the issued shares of the Company carrying voting rights. Candidates for non-independent directorship may be nominated by the Board or the controlling shareholder of the Company.

The Board established the Independent Audit Committee (the Audit Committee), the Remuneration Committee and Nomination Committee:

The responsibilities of the Independent Audit Committee principally cover reviewing and monitoring the performance and procedures of financial reporting as well as the accounting policies and affairs of the Company, making recommendations to the Board on the appointment, re-appointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors and dealing with any issue related to the resignation or dismissal of such auditors, considering the engagement of independent auditors and the related coordination, reviewing their related work efficiency and performance, serving as a major representative between the Company and the external auditors for monitoring the relationship between those two parties, reviewing the risk management and internal control system of the Company, discussing the risk management and internal control system with the management to ensure the management's fulfilment of responsibilities in setting up an effective system, and considering major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings.

From 1 January 2018 to 6 March 2018, the seventh session of the Independent Audit Committee comprised 4 independent non-executive Directors, namely Mr. Zhou Donghua, Mr. Tu Shutian, Mr. Sun Chuanyao and Mr. Liu Erh Fei. However, since the resignation of Mr. Sun Chuanyao as the independent non-executive Director of the Company on 6 March 2018, from 6 March 2018 to 12 June 2018, the Independent Audit Committee comprised 3 independent non-executive Directors. From 13 June 2018, the Independent Audit Committee comprised 4 independent non-executive Directors, namely, Mr. Zhou Donghua, Mr. Tu Shutian, Mr. Liu Erh Fei and Mr. Liu Xike, of which Mr. Zhou Donghua was the chairman of the Independent Audit Committee. After the Reporting Period, Mr. Zhu Xingwen was appointed as an independent non-executive Director on 15 January 2019 in replacement of Mr. Zhou Donghua, and was appointed as the chairman of the Independent Audit Committee. The Secretary to the Board is also the secretary to the Independent Audit Committee.

The establishment status and main particulars of the relevant duties of the Independent Audit Committee (the Audit Committee) and the summary report on its fulfilment of duties

1) The Company had formulated the Work System of the Independent Audit Committee (the Audit Committee) (《獨立審核委員會(審計委員會)工作規程》), in which the Independent Audit Committee (the Audit Committee) is responsible to the Board and assumes the duties to review the Company's financial reporting, financial control, internal control and risk management systems and oversee the preparation procedures of the Company's financial statements and the completeness of their contents as well as the appointment and removal of the auditors.

2) Summary report on fulfilment of duties of the Independent Audit Committee:

   (1) We convened two meetings in 2018, at which all members of the Independent Audit Committee presented. At one meeting, we reviewed and confirmed the audited 2017 annual report and issued written opinions on the connected transactions, fund appropriation and external guarantees of the Company and made recommendations for the appointment of auditors, whilst at the other meeting, we reviewed and confirmed the audited 2018 interim report and be briefed on the report on 2018 annual audit work arrangements by the auditors;

   (2) We have reviewed the annual financial statements for 2018 prepared by the Company, and issued written opinions that such financial statements were in compliance with the PRC GAAP, and agreed to submit such financial statements to Ernst & Young Hua Ming LLP for auditing;

   (3) We have reviewed matters including the audit process, audit findings and audit adjustments of Ernst & Young Hua Ming LLP and believed that the audit work was executed in strict accordance with provisions of China Standards on Auditing for Certified Public Accountants;

   (4) Upon issue of initial audit opinions by the auditors, we reviewed again such financial statements prepared by the Company and considered that they were appropriately prepared in accordance with requirements of the PRC GAAP, and truly and completely reflected the Company's financial position as at 31 December 2018, operating results and cash flow for 2018 in relevant material aspects;

(5) We submitted to the Board the summary report on the Company's audit work for the previous year made by the auditors, considering that Ernst & Young Hua Ming LLP executed the auditing work in strict accordance with provisions of China Standards on Independent Auditing for Certified Public Accountants. With sufficient time for audit and reasonable allocation on audit personnel, the auditors were competent in respect of execution ability. The audit report issued fully reflected the financial position of the Company as at 31 December 2018 and its operating results for 2018 and were in line with actual situation of the Company;

(6) We recommended to appoint Ernst & Young Hua Ming LLP and Ernst & Young to be the domestic and overseas auditors of the Company for the year 2019.

Members of Independent Audit Committee: Zhu Xingwen, Tu Shutian, Liu Erh Fei and Liu Xike

25 March 2019

The responsibilities of the Remuneration Committee mainly include: to provide advice to the Board in respect of the remuneration policies and structure of the Company's Directors and senior management and formulation of remuneration policies through establishment of formal and transparent procedures; to review and approve proposals in respect of remuneration of the management in response to the various enterprise principles and targets; to propose remuneration of all executive Directors and senior management which includes non-monetary benefits, pension rights and compensation to the Board; to provide advice to the Board in respect of the remuneration of non-executive Directors; to consider the remuneration paid by similar companies, time and duties devoted as well as employment conditions of other posts within the Group; to ensure that no Director or any of his/her associates determines his/her own remuneration; and to provide other duties specified in the terms of reference of the Remuneration Committee.

From 1 January 2018 to 6 March 2018, the seventh session of the Remuneration Committee comprised 4 independent non-executive Directors, namely Mr. Tu Shutian, Mr. Sun Chuanyao, Mr. Liu Erh Fei and Mr. Zhou Donghua. However, since the resignation of Mr. Sun Chuanyao as the independent non-executive Director of the Company on 6 March 2018, from 6 March 2018 to 12 June 2018, the Remuneration Committee comprised 3 independent non-executive Directors. From 13 June 2018, the Remuneration Committee comprised 4 independent non-executive Directors, namely, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhou Donghua and Mr. Liu Xike, of which Mr. Tu Shutian is the chairman of the Remuneration Committee. After the Reporting Period, Mr. Zhu Xingwen was appointed as an independent non-executive Director on 15 January 2019 in replacement of Mr. Zhou Donghua. The Secretary to the Board is also the secretary to the Remuneration Committee.

Summary report on fulfilment of duties of the Remuneration Committee of the Board:

On 18 March 2018, the Company held the first meeting of the eighth Remuneration Committee, which was attended by all members of the Remuneration Committee then, at which the Proposal of Remuneration of Directors, Supervisors and Senior Management for the Year 2017 (《2017年度董事、監事、高級管理人員薪酬預案》) was approved, and recommendations were made to the Board in respect of the above matters.

Members of Remuneration Committee: Tu Shutian, Liu Erh Fei, Zhu Xingwen and Liu Xike

23 March 2019

The responsibilities of the Nomination Committee mainly include: to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to establish a diversity policy for the Board members and disclose its policy and the summary of the policy in the Corporate Governance Report; to supervise the diversity policy for the Board members and review the measurable targets and the progress of achieving the objectives; to assess the independence of independent non-executive Directors; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive.

From 1 January 2018 to 6 March 2018, the seventh session of the Nomination Committee comprised chairman Mr. Long Ziping and 4 independent non-executive Directors, namely Mr. Tu Shutian, Mr. Sun Chuanyao, Mr. Liu Erh Fei and Mr. Zhou Donghua. However, since the resignation of Mr. Sun Chuanyao as the independent non-executive Director of the Company on 6 March 2018, from 6 March 2018 to 12 June 2018, the Nomination Committee comprised chairman Mr. Long Ziping and 3 independent non-executive Directors. From 13 June 2018, the Nomination Committee comprised chairman Mr. Long Ziping and 4 independent non-executive Directors, namely, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhou Donghua and Mr. Liu Xike, of which Mr. Long Ziping is the chairman of the Nomination Committee. After the Reporting Period, Mr. Zhu Xingwen was appointed as an independent non-executive Director on 15 January 2019 in replacement of Mr. Zhou Donghua. The Secretary to the Board is also the secretary to the Nomination Committee.

Summary report on fulfilment of duties of the Nomination Committee of the Board:

During the Reporting Period, the Company held six Nomination Committee meetings, and all then members of Nomination Committee attended these meetings and provided advice to the Board on the following matters. On 5 January 2018, the Nomination Committee approved the resolution on nomination of Mr. Wu Yuneng as the general manager of the Company. On 23 March 2018, the Nomination Committee approved the resolution on nomination of Mr. Long Ziping, Mr. Wu Yuneng, Mr. Wang Bo, Mr. Wu Jinxing, Mr. Dong Jiahui, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhou Donghua and Mr. Liu Xike as candidates of Directors of the Company. On 13 June 2018, the Nomination Committee approved the resolution on proposed appointment of Mr. Long Ziping and four then independent non-executive Directors, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhou Donghua and Mr. Liu Xike, to form the eighth session of Nomination Committee, with Mr. Long Ziping acting as the Chairman of Nomination Committee. On 18 July 2018, the Nomination Committee approved the resolution on nomination of Mr. Liao Xingeng as the deputy general manager of the Company. On 24 August and 14 November 2018, the Nomination Committee approved respectively the resolution on nomination of Mr. Yu Tong as the chief financial officer and the candidate of Director and the resolution on nomination of Mr. Zhu Xingwen as the candidate of Director.

Members of Nomination Committee: Long Ziping, Tu Shutian, Liu Erh Fei, Zhu Xingwen, Liu Xike

23 March 2019

(4) Supervisory Committee

The Supervisory Committee consists of 5 Supervisors, including 2 employees representative Supervisors. The Supervisors serve for a term of office of three years and are eligible for re-election. The current Supervisory Committee is the eighth Supervisory Committee since the incorporation of the Company.

During the Reporting Period, the Supervisors exercised its supervising power in accordance with laws, thereby safeguarding the legal interests of shareholders, the Company and its employees.

(5) Directors' responsibilities on the financial statements

With the assistance of the accounting department, the Directors are responsible for preparing the financial statements of the Company for each financial year and ensuring that, in preparing such financial statements, appropriate accounting policies are adopted and applied and the PRC GAAP and IFRSs are complied with to give a true and impartial view of the financial position and operating results of the Company.

(6) Independence of the independent non-executive Directors

The Board has received a confirmation letter from each of the independent non-executive Directors in respect of their independence in accordance with the requirements provided under Rule 3.13 of the Listing Rules. The Company considers the current independent non-executive Directors to be independent.

(7) Board diversity policy

The Board has adopted a diversity policy for the Board members, and the Nomination Committee is responsible for supervising the effectiveness of the measurable targets and the progress of achieving the objectives.

The Company understands and believes that the diversity policy for the Board members can enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company regards the increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Company has considered a number of aspects for the Board diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All appointments of the Board are based on meritocracy, and candidates are selected objectively having taken full account of the benefits of diversity on the Board.

III. Peer competition and connected transactions

(1) Peer competition

During the Reporting Period, there was no substantive peer competition between the Company and its controlling shareholder, JCC.

(2) Connected transactions

The Company was established in 1997 through separation of part of the assets from the controlling shareholder, JCC. Hence, certain connected transactions are inevitable between the Company and JCC and its subsidiaries from time to time (except the Group). Such connected transactions are in compliance with the market and business principles and follow the approval procedures for connected transactions.

The Company has sought to reduce the connected transactions with JCC and its subsidiaries from time to time (except the Group) since its listing. The types of connected transactions between the Company and JCC and its subsidiaries from time to time (except the Group) have been substantially reduced due to the increasing acquisitions of assets of JCC and its subsidiaries from time to time (except the Group) by the Company and the socialisation of part of assets of JCC.

For details of the connected transactions conducted between the Company and JCC and its subsidiaries from time to time (except the Group), please refer to the section headed "Material connected transactions" in the chapter of "Significant Events" in this report.

IV. General meeting overview

Session of the meeting	Date of convening	Reference of the website specified for information disclosure	Publication date of resolutions
2017 Annual General Meeting	12 June 2018	SSE www.sse.com.cn	13 June 2018

Explanation on Shareholders' Meeting

In 2018, all resolutions submitted to the annual general meeting of the Company for consideration were approved.

V. Fulfilment of duties by Directors

(I) Attendance of Directors at the Board meetings and shareholders' meetings

		Participation in Board meetings						Participation in shareholders' meetings
Name of Director	Whether an independent Director	Required attendance in the year	Attendance in person	By telecommunication	Attendance by proxy	Absence	Whether not attend in person for two consecutive times	Attendance in shareholders' meetings
Long Ziping	No	10	8	1	1	0	No	1
Dong Jiahui	No	5	4	1	0	0	No	1
Wangbo	No	10	8	2	0	0	No	1
Wu Yuneng	No	10	5	1	0	4	Yes	1
Wu Jinxing	No	10	5	2	0	3	Yes	1
Gao Jianmin	No	10	8	1	1	0	No	1
Liang Qing	No	10	8	2	0	0	No	1
Sun Chuanyao	Yes	1	1	0	0	0	No	1
Liu Xike	Yes	5	4	1	0	0	No	1
Tu Shutian	Yes	10	8	2	0	0	No	1
Liu Erh Fei	Yes	10	8	2	0	0	No	1
Zhou Donghua	Yes	10	8	2	0	0	No	1

Explanation on not attending the Board meeting in person for two consecutive times

Mr. Wu Yuneng was unable to attend the Board meeting to four times due to other business, matters, and Mr. Wu Jinxing was unable to attend the Board meeting for three times.

Board meetings convened during the year	10
Of which: On-site meetings	2
By telecommunication	0
Meetings held on site and by telecommunications	8

(II) Objection of independent Directors on the Company's relevant events

During the Reporting Period, no objection was made by the Company's independent Directors to resolutions of the Board meetings or other resolutions made by parties other than the Board of the year.

(III) Model Code for Securities Transaction by Directors

During the Reporting Period, the Company adopted the Model Code for Securities Transactions by Directors of Listed issuers. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the requirements of the Model Code during the Reporting Period.

(IV) Directors' participation in continuous professional development

During the Reporting Period, according to the requirement of the CSRC and the two stock exchanges, all the Directors attended the training classes of professional knowledge, participated in the continuous professional development and updated their knowledge and skills, so as to ensure that they can contribute to the Board with the comprehensive information catering to their needs.

All Directors have read and earnestly studied the latest securities laws, regulations and rules of Hong Kong and the PRC.

VI. Major advice and recommendation proposed by the special committees under the Board in fulfilment of duties during the Reporting Period, and details in case of disagreements

The Company has established the Working System for Annual Report of the Independent Directors (《獨立董事年度報告工作制度》). Work Rules of the Independent Audit Committee (Audit Committee) (《獨立審核委員會(審計委員會)工作規程》) of the Company also requires that all members of the independent Audit Committee shall be independent Directors. During the Reporting Period, independent Directors duly performed their duties, carefully reviewed the connected transactions, appropriation of funds by substantial shareholders and preparation of the annual report and issued independent opinions.

VII. Explanation on the risk in the company discovered by the Supervisory Committee

No disagreement was raised by Supervisory Committee in the supervision during the Reporting Period.

VIII. Explanation on lack of independence or independent operating ability in terms of business, personnel, assets, organisations and finance by the company from its controlling shareholder

Not applicable

IX. Particulars of the assessment mechanism for senior management and of the establishment and implementation of incentive mechanism during the Reporting Period

For the details of 2018 Assessment Report on Internal Control, please refer to the relevant disclosures on 28 March 2019 at the website of the SSE.

X. Auditors' Remuneration

For the auditors' remuneration in 2018, please refer to content of "Appointment and removal of accounting firms" under section headed "Significant Events" in this report.

XI. Company Secretary

For the year ended 31 December 2018, the company secretary of the Company had received relevant professional trainings of not less than 15 hours to update his skills and knowledge.

XII. Shareholders' rights

The Company ensures that all its shareholders enjoy equal rights and they can fully exercise their rights based on their shareholdings. The Articles of Association of the Company expressly provides that its shareholder(s) holding more than 10% (including 10%) of the issued shares with voting rights of the Company may request the Board to convene an extraordinary general meeting. The convening, holding, voting and relevant procedures are in strict compliance with relevant laws and the Articles of Association of the Company.

The Articles of Association of the Company also expressly provides that its shareholders are entitled to supervise and manage the business and operation of the Company, put forward recommendations or questions, inquire relevant information as well as the rights to know and participate in the Company's significant events. For details of the procedures and methods of inquiry, please refer to the Articles of Association of the Company. The Company values good communication with its shareholders. The main communication channels of the Company include general meetings, the Company's website and electronic mailbox, the facsimile and telephone of the secretariat of the Board, which are available for its shareholders to express their opinions or exercise their rights.

XIII. Investor relations

During the Reporting Period, the Company attached great importance to build a sound and harmonious investor relation. The Company intensified the communication and interaction with its shareholders through various channels such as the Company's website, emails, telephone and facsimile, greeted its shareholder's visits and replied to their letter and calls seriously, and addressed their concerns and inquiries, turning the investors' request and suggestions as an incentive for the Company to grow.

In addition, the websites of the Company and the Stock Exchange contain the information of the Company, the annual reports, interim reports, quarterly reports and interim announcements and circulars published by the Company. The latest information of the Company is available to its shareholders and investors.

The Company has uploaded its Articles of Association on the websites of the Stock Exchange (http://www.hkexnews.hk/) and the Company (http://www.jxcc.com/). During the Reporting Period, the Company proposed the amendments to its Articles to Association in order to reflect the Decision of the NPCSC on the Amendments to the Company Law of the PRC (《全國人民代表大會常務委員會關於修改的決定》) approved at the sixth meeting of the thirteenth session of NPCSC held on 26 October 2018, Opinions on Supporting Listed Companies to Repurchase Shares (《關於支持上市公司回購股份的意見》) jointly published by CSRC, the Ministry of Finance of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council on 9 November 2018, after taking into consideration the actual situation of the Company. Shareholders approved the relevant amendments by special resolutions at the extraordinary general meeting held on 15 January 2019. The relevant amendments shall be subject to all necessary approvals, authorisations, or registration (if applicable) having been obtained from or filed with the relevant governmental or regulatory authorities. For details, please refer to the circular of the Company dated 30 November 2018.

XIV. Risk management and internal control

The Audit Committee of the Company regularly (twice a year) reviews the risk management system for the year 2018 of the Group. During the Reporting Period, the Independent Audit Committee has conducted an evaluation for the Group's management system, and is of the view that the risk management system of the Group is effective and adequate.

The Board regularly (twice a year) reviews the internal control of the Group. During the Reporting Period, the Board has conducted an evaluation for the Group's internal control. Please refer to the Report on Internal Control as set out in this report and the 2018 Assessment Report on Internal Control disclosed on 28 March 2019 at the website of the SSE for details.

Internal Control

I. Statement on the responsibility of internal control and establishment of internal control system

It is the responsibility of the Board to establish a sound internal control implement it effectively, and evaluate its effectiveness and to truthfully disclose the assessment report on internal control in accordance with the requirements of the Standards System for Enterprise Internal Control. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The management of the Company is responsible for organizing and leading the daily operation of internal control of the Company.

The Board, Supervisory Committee and Directors, Supervisors and senior management of the Company warrant that there are no false representations, misleading statements or material omissions in this report, and are severally and jointly responsible for the truthfulness, accuracy and completeness of the content herein contained.

The objectives of the Company's internal control are reasonable assurance of operation and management in compliance with laws and regulations, asset safety, truthfulness and completeness of financial report and relevant information, improvement of operation efficiency and results, as well as promotion of development strategy. Due to inherent limitations of internal control, it can only provide reasonable assurance for achievement of above objectives. In addition, changes in circumstances may lead inadequacy of internal control or reduction of the adherence of control policies and procedures, thus it has certain risks in effectiveness of future internal control inferred with the evaluation results of internal control.

(I) Conclusions on the evaluation of internal control

According to the identification criteria of material deficiency of internal control in the financial reporting of the Company, as at the basis date of internal control evaluation report, material deficiency of internal control in the financial reporting did not exist. The Board is of the view that the Company has maintained efficient internal control in the financial report in all material respects in accordance with requirements of corporate internal control standard system and relevant regulations.

According to the identification of material deficiency of internal control in the non-financial reporting of the Company, as at the basis date of internal control evaluation report, material deficiency of internal control in non-financial reporting did not exist.

There was no factor affecting conclusion to the evaluation of efficiency of internal control from the basis date of internal control evaluation report to its issue date.

(II) Evaluation of internal control

(I) Evaluation scope of internal control

The Company determined to incorporate major units, business and matters as well as high-risk fields into the evaluation scope pursuant to risk-oriented principle. The major units within the evaluation scope comprise of the Company, JCC Yinshan Mining Company Limited, Thermonamic Electronics (Jiangxi) Company Limited, Jiangxi Copper International Trade Company Limited, Jiangxi Copper Shanghai Trading Company Limited and Shenzhen Jiangxi Copper Marketing Company Limited, etc.

Total asset of the units being incorporated in the evaluation scope accounted for 94% of the total asset in the consolidated financial statements of the Company, with the total operating income accounted for 90% of the operating income in the consolidated financial statements of the Company for the year. Principal business and items which were incorporated in the evaluation scope included: procurement management, sales management, production and inventory management, financial derivatives instrument management, asset management and fund management. High-risk fields that need special attention include financial derivatives instrument management and fund management.

The above-mentioned units, business and items, as well as high-risk fields, which were incorporated in the evaluation scope, comprised the Company's major aspects of operation and management. There is no significant material omission and no statutory exemption.

(II) Basis of internal control evaluation and standard of deficiency identification in internal control

The Company organised internal control evaluation in accordance with the Corporate Internal Control Standard System, the Internal Control Manual of Jiangxi Copper Company Limited (江西銅業股份有限公司內部控制手冊) and the Internal Control Evaluation Implementation Scheme for the Year 2018 of Jiangxi Copper Company Limited (江西銅業股份有限公司2018年度內部控制評價實施方案).

In accordance with the requirements of the Corporate Internal Control Standard System on identification of material defects, major defects and general defects and with reference to the Company's scale, industry characteristics, risk appetite, risk tolerance and other factors, the Board made a distinction between internal control over financial reporting and internal control over non-financial reporting, studied and established a specific defect identification standard which was applicable to internal control of the Company and consistent with those in the previous years. The internal control defect identification standard in the financial report identified by the Company is as follows:

Internal Control

1. Standard of identification for internal control defects in the financial statements

Quantitative standard for identification of internal control defect in the financial statements of the Company is as follows:

Material defects:	Misreported amount is greater than 10% of the audited net profit of the Company for the last accounting period.
Major defects:	Misreported amount is greater than 6% and smaller than 10% of the audited net profit of the Company for the last accounting period.
General defects:	Misreported amount is smaller than or equal to 6% of the audited net profit of the Company for the last accounting period.

Qualitative standard for identification of internal control defect in the financial statements of the Company is as follows:

Material defects:	(1) The Directors, Supervisors and senior management are found to have fraud behavior; (2) ineffective internal control environment; (3) the Company corrects the published financial reports; (4) the certified public accountant identifies material misstatement in the current financial report which has not been identified during the operation of the internal control; (5) the supervision of the Company's Audit Committee and Department of Audit over the internal control is proved to be ineffective.
Major defects:	(1) Correction of the misstatement in the financial report, which does not reach or exceed the level of importance but is still worth the attention of the Board and the management; (2) internal control defects which have occurred and reported to the management are not corrected on time.
General defects:	Nil

2. Identification criteria for defects in internal control over non-financial reporting matter

Quantitative criteria for identifying defects in internal control over non-financial reporting:

Name of indicators	Quantitative criteria for material defects	Quantitative criteria for major defects	Quantitative criteria for general defects
Investment in time, personnel and costs	For material business failure, remarkable costs (over 20% budget of investment in time, personnel and costs) shall be paid in order to control the situation, or the uncontrollable situation brought about material impact on survival of the enterprise	Ranging from major defects to general defects	Certain impact on the operation. The situation can be controlled by paying less costs (within 6% budget of investment in time, personnel and costs)
Key operating targets or results indicators	Risks resulted in failure of the Company to achieve its part of key operating targets or results targets. For any one of the unachieved targets with completion rates lower than 90%, or the departments/units failed to achieve its all key operating targets or results indicators		
General business/ discontinuous days of operation from departments/ units	General business/discontinuous operation from departments/ units reached 3 days or above influenced by risks due to factors such as equipment, personnel, system and natural disasters	Ranging from major defects to general defects	General business/discontinuous operation from departments/ units was four hours or below influenced by risks due to factors such as equipment, personnel, system and natural disasters may recover promptly
Loss of assets	Greater than or equal to over 8% of the audited net profit in the recent accounting year	Ranging from major defects to general defects	Lower than 6% but greater than or equal to 4% of the audited net profit in the recent accounting year

Name of indicators	Quantitative criteria for material defects	Quantitative criteria for major defects	Quantitative criteria for general defects
Net assets	1. Seriously breaching laws and regulations, resulting in investigation by the central government or regulatory institutions and causing punishment; 2. Significant commercial disputes, civil litigations or arbitration; target amount reached 8% of the audited net assets in the recent accounting year of the Company;	Ranging from major defects to general defects	1. In breach of laws and regulations, resulting in investigation, litigation or punishment imposed by prefecture-level government department or may exist the problem of slight violation of regulations; mostly verbal warning; 2. normal commercial disputes, civil litigations or arbitration; target amount was lower than 6% but greater than or equal to 4% of the audited net assets in the recent accounting year of the Company;
Number of deaths	One incident resulting in more than three deaths	Ranging from major defects to general defects	One incident resulting in 3 persons below suffering from serious injuries (including acute industrial poisoning)

Qualitative criteria for identifying defects in internal control over non-financial reporting:

Material defects: (1) Negative information spreads across the nation, and the central government departments or regulators pay high attentions or start an investigation, or the information becomes a great concern of the official and mainstream media; (2) the enterprise needs more than 1 year to restore the reputation; (3) irreparable environmental damage that can be catastrophic or the environmental events as defined in Emergency Countermeasures for Environmental Incidents of the PRC (《國家突發環境事件應急預案》); (4) the situation is reported by the national administrative department on environmental protection and is requested to suspend production for rectification; (5) seriously impair the interest of employees and influence their overall working efficiency; (6) individual or collective appeal of the staff, which has bad influences; (7) the loss of more than 5% of the key technical staff and management (intermediate level (inclusive) technician/managerial personnel at middle level above in the secondary units).

Major defects:	Between the material defects and general defects.
General defects:	(1) Negative information has little damage to the corporate reputation or does not attracted the attention of the media; (2) the corporate can rapidly defuse the impact brought by the negative information; (3) administrative penalty imposed by the environment authorities in the districts; (4) has certain or temporary impact on the environment or society, but not damage the ecosystem; (5) draws attention of the relevant authorities of the government/or needs to inform the relevant authorities of the government, and does not need to take practical actions but need to pay close attention; (6) influences the working enthusiasm of the staff to some extent and lower their working efficiency; (7) individual or collective appeal of the staff to the parent company, which has adverse impact on the corporate culture, corporate cohesive force to some extent; (8) the loss of less than 1% of the key technical staff and management.

II. Explanations on relevant matters of internal control audit report

The Company disclosed a standard unqualified Internal Control Audit Report for 2018 issued by Ernst & Young Hua Ming LLP, the auditor for internal control. For details, please refer to the websites of the SSE and the Company.

Whether to disclose internal control audit report: Yes

Corporate Bonds

I. Basic information of corporate bonds

Unit: Yuan Currency: RMB

Name of bonds	Abbreviation	Code	Issuing date	Maturity date	Bonds balance	Interest rate *(%)*	Method of repayment of principal and interest	Trading venue
2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited	17 JCC 01	143304	20 September 2017	21 September 2022	500,000,000	4.74	The interest of the bonds is payable on a yearly basis and the principal is payable upon maturity. The interest is payable annually, and the last installment of interest shall be paid together with the principal amount.	SSE

Interest payment and repayment of corporate bonds

On 21 September 2018, the Company distributed an interest of RMB4.74 (tax inclusive) to each board lots of "17 JCC 01" with par value of RMB100 according to the Announcement on the Coupon Rate of 2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited, and made the first interest payment on 21 September 2018.

Other information on corporate bonds

(1) Options for the Company to adjust the coupon rate: The Company is entitled to determine to adjust the coupon rate for the 2 years following the end of the third year of the term of the bonds. The Company will publish an announcement on whether to adjust the coupon rate of the bonds and the adjustment rate on the 20th business day prior to the interest payment date of the third interest payment year of the bonds. If the Company does not exercise the option to adjust the coupon rate, the coupon rate for the remaining term will remain unchanged at the original coupon rate.

(2) Resale options of investors: Upon publication of the announcement by the Company on whether to adjust the coupon rate of the bonds and the adjustment rate, investors are entitled to elect to register during the announced resale registration period for investors so as to resell all or part of the bonds held by them at par value to the Company. If bonds holders do not register, they will be deemed to continue to hold the bonds and accept the aforementioned adjustment.

II. Contact information of trustee of corporate bonds and credit rating agency

Trustee of bonds	Name	China International Capital Corporation Limited
	Business address	27–28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing, the PRC
	Contact	Shang Chen, Rui Wendong, Lian Meng
	Tel	010-65051166
Credit rating institution	Name	China Chengxin Securities Credit Rating Co., Ltd.*
	Business address	Floor 14, Tower C, Zhaoshang International Financial Center, No. 156, Fuxingmenwai Avenue, Xicheng District, Beijing, the PRC

Other explanation:

Not Applicable

III. Use of proceeds from bonds issuance

Please refer to the 2018 Proceeds Raising Report of Jiangxi Copper Company Limited disclosed at the SSE on 28 March 2019.

IV. Information on credit rating institution of corporate bonds

On 28 May 2018, China Chengxin Securities Credit Rating Co., Ltd.* (中誠信證券評估有限公司) conducted credit rating on the 2017 Corporate Bonds (First Tranche) Publicly Issued to Qualified Investors by Jiangxi Copper Company Limited issued by the Company: Corporate credit rating was AAA, maintaining the current credit rating of bonds as AAA and forward-looking rating was stable. For details, please refer to the credit rating report, i.e. Credit Rating Report of 2017 Corporate Bonds (First Tranche) and the Tracking Report (2018) Publicly Issued to Qualified Investors by Jiangxi Copper Company Limited, published on the website of the SSE (www.sse.com.cn) on 28 May 2018.

V. Credit improving mechanism, repayment plan and other related information for corporate bonds during the Reporting Period

Not Applicable

VI. Corporate bonds holders' meetings

During the Reporting Period, the Company did not convene corporate bonds holders' meetings.

VII. Duty performance of trustee of corporate bonds

During the duration of corporate bonds, the bond trustee strictly complied with the stipulations in the Bond Trustee Management Agreement to continuously monitor the Company's credit status, management and use of proceeds, repayment of principal and interest of corporate bonds and supervise the Company to fulfill its obligations stipulated in the bond prospectus. The bond trustee has actively exercised its duties to safeguard the legal rights and interests of bonds holders.

The bond trustee is expected to disclose the Trustee Management Services Report for the Reporting Period in two months after the Company's annual report is disclosed. For details of the report, please refer to the website of the SSE (http://www.sse.com.cn).

VIII. Accounting data and financial indicators of the last two years as at the end of the Reporting Period (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

Major indicators	2018	2017 *(Restated)*	Increase/ decrease from last year *(%)*
EBITDA	**6,372,191,610**	5,582,488,825	14.15
Liquidity ratio	**1.51**	1.43	0.08
Quick ratio	**1.13**	1.00	0.14
Asset-liability ratio *(%)*	**49.42**	48.70	0.01
EBITDA total debt ratio	**7.98**	8.50	-0.52
Interest cover ratio	**3.34**	4.11	-0.78
Cash interest coverage ratio	**7.40**	5.83	1.58
EBITDA interest coverage ratio	**4.52**	6.08	-1.56
Loan repayment rate *(%)*	**100**	100	
Interest coverage *(%)*	**100**	100	

IX. Interest payment for other bonds and debt financing instruments

Not Applicable

X. Banking facilities during the Reporting Period

As of 31 December 2018, the Company (the headquarters of parent company) was granted with total credit of RMB55.34 billion, RMB18.317 billion of which had been used and the balance was RMB37.023 billion.

XI. Performance of agreement or commitment provided in the bond prospectus during the Reporting Period

During the Reporting Period, the Company strictly implemented the bond prospectus and paid the interest of bonds on time without any prejudice to the interests of bond investors.

XII. Effect of significant events of the Company on its operation and repayment

During the Reporting Period, no significant events of the Company occurred in accordance with the Article 45 of the Administrative Measures for the Issuance and Trading of Corporate Bonds.

Significant Events

I. Performance of undertakings

(I) Undertakings given by de facto controller, shareholders, related party and purchaser of the Company and the Company and other relevant parties related to the undertaking during or continuing in the Reporting Period

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether it was fulfilled strictly in a timely manner	Specify when not performing the undertaking timely and reasons for not performing the undertakings timely	Specify the plan if not performing the undertakings timely
Undertaking related to share restructuring								
Undertaking made in the takeover report or equity change report								
Undertaking related to material asset restructuring								
Undertaking related to initial public offering	Others	JCC	Note 1	Date of the undertaking: 22 May 1997 Term: Long term	Yes	Yes	N/A	N/A
Undertaking related to refinancing	Resolving industry competition	JCC	Note 3	Date of the undertaking: 21 December 2016 Term: Long term	Yes	Yes	N/A	N/A
Undertaking in relation to share incentive								
Other undertakings made to the minority shareholders	Dividend	Jiangxi Copper Company Limited	Note 2	Date of the undertaking: 18 July 2016 Term: 3 years (2016–2018)	Yes	Yes	N/A	N/A
Other undertakings								

Note 1:

1. Under the Company Law of the PRC, the Company has full independent control over its production and operations. JCC has undertaken not to interfere with the daily operations and decisions of the Company, unless such actions are performed through the Board of the Company.

2. (I) During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC shall make its best endeavors to ensure the independence of the Board pursuant to the requirements set out by the London Stock Exchange and the Stock Exchange. Further, JCC shall ensure that independent Directors (namely those independent of JCC and China National Non-ferrous Metals Industry Corporation) shall constitute a majority of the Board of the Company in accordance with the requirements of the London Stock Exchange.

   (II) During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC shall exercise its voting rights to ensure that no amendment to the Articles of Association of the Company that may impact the independence thereof shall be made.

3. During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC, its subsidiaries and connected companies (including the companies, enterprises and businesses controlled by JCC, except those controlled through the Company) shall not engage in any activities or businesses that are or may be in direct or indirect competition with the Company.

4. JCC has undertaken to assist the Company in obtaining approvals from government agencies with respect to the businesses thereof.

5. In the event that JCC carries out such actions as transfers and disposals of the land use rights of Dexing Copper Mine, Yongping Copper Mine and Guixi Smelter, the Company shall have the preemptive right.

6. JCC gives an option to the Company that the Company can purchase from JCC any mines, smelters or refineries that are currently or will be owned and/or operated in the future or any rights of mining or exploration that are currently or will be held in the future by JCC.

Note 2: Details of dividend undertakings

1. The Company can distribute dividend by way of cash, shares or the combination of cash and shares; and can distribute interim dividend according to the actual profitability and the capital requirement of the Company;

2. According to the provisions of the laws, regulations and the Articles of Association, conditional upon the cumulative distributable profits being positive after making up of the losses, deduction of the statutory reserve fund and provident fund in full amount, and having sufficient profits and cash to support the normal production and operation of the Company, in each year, the profit distribution by way of cash shall be not less than 10% of the distributable profits realized for the year, and the accumulated distributable profit distributed by way of cash in the last three years shall be not less than 30% of the average annual distributable profits realized in the last three years;

3. In addition to satisfying the minimum cash dividend distribution, the Company can implement share dividend distribution. The proposal for share dividend distribution should be proposed by the Board and put forward to the shareholders' meeting for approval.

Significant Events

Note 3: As of 21 December 2016, the copper processing business conducted by JCC Copper Strip Company Limited (江西銅業集團銅板帶有限公司) ("**Copper Strip Company**"), a subsidiary of JCC, and the Company and its holding subsidiaries are identical or similar to a certain extent but there is no actual competition between them. JCC undertakes as follows:

1. From 21 December 2016, JCC shall actively transfer its controlling interest or all interest in Copper Strip Company to other independent third parties in compliance with laws before the operating situation of Copper Strip Company turns better and fulfils the condition for being injected into the Company.

2. At the time when the operating situation of Copper Strip Company turns better and fulfils the condition for being injected into the Company, and in the event that JCC has not yet transferred the controlling interest or all interest of Copper Strip Company to independent third parties, JCC undertakes that, provided that the interests of investors of the Company are protected, it shall commence the relevant work to inject such interest into the Company within three years after Copper Strip Company fulfils the conditions for being injected into the Company.

3. JCC shall continue to fulfil the various obligations under the Option-to-Purchase Agreement and Undertaking given by Jiangxi Copper Corporation to Jiangxi Copper Company Limited.

(II) Profit forecast were made for the assets or projects of the Company and the Reporting Period fell in the forecast period of profit, the Company gave an explanation on whether its assets or projects have met the original profit forecast and the reasons thereof

Not applicable

(III) Fulfillment of results guarantee and its effects on goodwill impairment

Not Applicable

II. Embezzlement of funds and repayment of debt during the Reporting Period

Not applicable

III. The Company's explanation for "non-standard auditing report" given by the auditors

Not applicable

IV. Analysis and explanation of the Company on the reasons and impact of the change in accounting policy, accounting estimation or correction to material accounting errors

(I) Analysis and explanation of the Company on the reasons and impact of the change in accounting policy and accounting estimation

The Ministry of Finance of the PRC issued in 2017 the amended Accounting Standards for Business Enterprises No. 14 – Revenue, Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedging as well as Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments, set to be implemented from 1 January 2018. The 24th meeting of the seventh session of the Board for the year 2018 has approved the resolutions for the abovementioned matters.

The Ministry of Finance of the PRC issued in 2018 the Notice on the Revision of the Issuance of the General Enterprise Financial Statements as at the Year 2018 (Cai Kuai[2018] No. 15) and Interpretation of Issues relating to the 2018 General Enterprise Financial Statements Format, and required preparation of financial statements for the year 2018 and subsequent periods in accordance with the requirement of the Notice. The 9th meeting of the eighth session of the Board for the year 2019 has approved the resolutions for the abovementioned matters.

For details about the changes in accounting policies, please refer to the announcements of the Company dated 28 March 2018 and 27 March 2019 in respect of changes in accounting policies disclosed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the SSE (www.sse.com.cn).

(II) Analysis and explanation of the Company on the reasons and impact of the correction to material accounting errors

Not applicable

(III) Communication with the former accounting firm

Not applicable

V. Appointment and removal of accounting firms

Unit: 0'000 Currency: RMB

	Current auditors
Name of domestic auditor	Ernst & Young Hua Ming Certified Public Accountants LLP
Remuneration for domestic auditor	400
Years of audit services provided by the domestic auditor	1 year
Name of overseas auditor	Ernst & Young
Remuneration for overseas auditor	440
Years of audit services provided by the overseas auditor	1 year

	Name	Remuneration
Auditor for internal control	Ernst & Young Hua Ming Certified Public Accountants LLP	88

Appointment and removal of accounting firms

The Company has considered and approved to appoint Ernst & Young Hua Ming Certified Public Accountants LLP and Ernst & Young as the 2018 internal control auditor and 2018 domestic and overseas auditors of the Company, respectively, at the 2017 annual general meeting of the Company held on 12 June 2018.

Explanation on change of the accounting firm for the past three years

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas auditors of the Company in 2016 and 2017, respectively, while the Company currently appoints Ernst & Young Hua Ming LLP and Ernst &Young as the domestic and overseas auditors of the Company for the year 2018, respectively.

VI. Risk of suspension of listing

(I) Reasons for suspension of listing

Not applicable

(II) Measures to be adopted by the Company

Not applicable

VII. Delisting and its reasons

Not applicable

VIII. Insolvency or restructuring

During the year, the Company did not have any insolvency or restructuring related matters.

IX. Material litigation and arbitration

The Company had no material litigation and arbitration for the Year.

X. Punishment on the Company and its Directors, Supervisors, senior management, controlling shareholder, de facto controller, and offeror and rectification

None of the Company, directors, supervisors, senior management, controlling shareholder, de facto controller and offeror were subject to punishment and rectification during the Reporting Period.

XI. Credit conditions of the Company and its controlling shareholders, de facto controllers during the Reporting Period

Not applicable

XII. Share option scheme, employee shareholding plan or other employee incentives and effects

(I) Relevant share option scheme disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

(II) Equity incentive not disclosed in extraordinary announcements or with subsequent development

1. **Share option scheme**

   Not applicable

2. **Employee shareholding plan**

   Not applicable

3. **Other employee incentives**

   Not applicable

XIII. Material connected transactions

(I) Connected transactions in relation to daily operations

1. **Events disclosed in extraordinary announcements and without subsequent development or changes during implementation**

   Not applicable

2. **Events disclosed in extraordinary announcements with subsequent development or changes during implementation**

   Not applicable

3. **Connected transactions**

During the Reporting Period, details of connected transactions carried out by the Company are as follows:

Unit: Yuan Currency: RMB

Connected party	Nature of the Connection	Category of connected transaction	Details of connected transaction	Pricing policy of connected transaction	Price of connected transaction	Amount of connected transaction	Percentage of the amount involved in transactions of the same category (%)	Payment method of connected transaction	Market price	Reason for the difference between trading price and market price
JCC and its subsidiaries	Controlling shareholder	Purchase of products	Ancillary industrial products and other products	Market price or cost plus tax		113,131,582	3.23	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Purchase of products	copper concentrates	Market price		42,799,200	0.18	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Purchase of products	sulphuric acid and steel ball	Market price		1,680,540	0.13	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Acceptance of use rights of patents and trademarks	Land use fee	Assessment price		165,398,268	100	Settlement at the end of year		
JCC and its subsidiaries	Controlling shareholder	Acceptance of labour services	Futures agency service fee	Market price		20,727,323	48.90	Payment upon completion of transaction		
JCC and its subsidiaries	Controlling shareholder	Other inflow	Interest charges for deposits	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		18,025,111	100	Monthly or quarterly payment		
JCC and its subsidiaries	Controlling shareholder	Acceptance of labour services	Acceptance of repair and maintenance service	Industry standards		46,238,651	12.42	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Provision of labour	Labour services, such as loading and logistics	Market price		63,956,596		Monthly payment		

Unit: Yuan Currency: RMB

Connected party	Nature of the Connection	Category of connected transaction	Details of connected transaction	Pricing policy of connected transaction	Price of connected transaction	Amount of connected transaction	Percentage of the amount involved in transactions of the same category *(%)*	Payment method of connected transaction	Market price	Reason for the difference between trading price and market price
JCC and its subsidiaries	Controlling shareholder	Acceptance of labour	Environmental sanitation and greenery services	Shared according to the proportion of staff number		3,290,940	100	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Acceptance of agent	Pension contributions	Based on the actual amount payable to Social Security Fund Department		2,623,946	100	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Sales of commodities	Copper Rods (tons)	Market price	45,952	636,059,275	1.34	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Sales of commodities	Copper cathodes (tons)	Market price	42,747	514,699,974	0.42	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Sales of commodities	Lead materials (tons)	Market price		40,726,691	100	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	Sales of commodities	Zinc concentrates (tons)	Market price		50,273,424	100	Payment upon acceptance		
JCC and its subsidiaries	Controlling shareholder	sales of commodities	Sale of ancillary industrial products	Market price		86,194,729		Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Loans	Provision of loan	Finance company to charge based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no less favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,370,000,000	100	Payment on terms set out in the loan agreement		
JCC and its subsidiaries	Controlling shareholder	Loans	Provision of loan interests	Finance company to charge based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no less favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		45,313,545	100	Monthly or quarterly payment		

Unit: Yuan Currency: RMB

Connected party	Nature of the Connection	Category of connected transaction	Details of connected transaction	Pricing policy of connected transaction	Price of connected transaction	Amount of connected transaction	Percentage of the amount involved in transactions of the same category (%)	Payment method of connected transaction	Market price	Reason for the difference between trading price and market price
JCC and its subsidiaries	Controlling shareholder	Cost of public utilities such as water, electricity and gas	Electricity supply	Cost plus tax		32,744,144	100	Monthly payment		
JCC and its subsidiaries	Controlling shareholder		Fixed assets			85,243,264				
JCC and its subsidiaries	Controlling shareholder	Cost of public utilities such as water, electricity and gas	Water Supply	Cost plus tax		371,159	100	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Provision of labour	Construction services	Industry standards		124,394,494	63.67	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Provision of labour	Provision of logistics services	Standard passenger and cargo rates of Jiangxi Province		365,923	0.18	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Provision of labour	Provision of repair and maintenance services	Industry standards		2,023,165	17.28	Monthly payment		
JCC and its subsidiaries	Controlling shareholder	Provision of labour	Provision of miscellaneous services	Industry standards		11,629,596	100	Payment according to agreement		
JCC and its subsidiaries	Controlling shareholder	Other cost of public utilities, such as water, electricity and gas	Rental from provision of public utilities	Shared on a cost basis in accordance with the proportion of staff		3,239,120	15.24	Monthly payment		
Total						3,481,150,660				

Details of substantial sales return	During the Reporting Period, there was no substantial sales return
Explanation on connected transactions	During the Reporting Period, the main and frequent connected transactions between the Company and its connected parties amounted to RMB3,481 million, including purchase transactions of RMB460 million and selling transactions of RMB1,588 million. Inventory transaction of finance companies amounted to RMB1,433 million.

Continuing Connected Transaction

(1) Comprehensive Supply and Services Agreements

The Company and JCC entered into Comprehensive Supply and Services Agreement I and Comprehensive Supply and Services Agreement II on 29 August 2017, respectively, pursuant to which, JCC and its subsidiaries from time to time (other than the Group) supplied various materials and provided industrial and other services to the Group, while the Company supplied various materials and provided industrial and other services to JCC and its subsidiaries from time to time (other than the Group). Comprehensive Supply and Services Agreement I and Comprehensive Supply and Services Agreement II will be valid until 31 December 2020.

The proposed caps of Comprehensive Supply and Services Agreement I for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 were not to exceed RMB502,110,000, RMB502,400,000 and RMB507,700,000, respectively.

The proposed caps of Comprehensive Supply and Services Agreement II for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 were not to exceed RMB3,998,200,000, RMB4,003,700,000 and RMB4,009,200,000, respectively.

The Company believes that JCC with its subsidiaries from time to time (other than the Group) are beneficial to the reasonable allocation and adequate utilisation of the existing assets of each party, the realisation of resource sharing and mutual complement of advantages of each party, so as to enhance sustainable stability and development of production and operation of the Group, reduce overlapping investment and save expenses of the Group, as well as increase the comprehensive efficiency of the Group. The pricing policies for the connected transactions between the Company and JCC were determined based on the priority from the national price, market price/industry price, prices quoted on Shanghai Futures Exchange, costs plus applicable taxes, or a combination of certain pricing bases as mentioned above.

(2) Land Leasing Agreement

Due to historic factors, some of the office buildings and factories of the Group are built on land which are owned by JCC and its subsidiaries from time to time (other than the Group). The land leasing approach adopted by the Group to JCC and its subsidiaries from time to time (other than the Group) can help reduce the investment of the Group. On 29 August 2017, the Company, as the lessee, entered into the Land Leasing Agreement with JCC, as the lessor, for a term of three years, pursuant to which, JCC agreed to let the land use right of the lands covering an area of approximately 51,234,036.77 square meters to the Company, and the contract was valid until 31 December 2020.

The proposed caps of the Land Leasing Agreement for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 were not to exceed RMB165,400,000, RMB181,940,000 and RMB200,134,000, respectively.

(3) Financial Assistance Agreement

JCC Finance Company Limited ("**JCC Finance**"), a subsidiary of the Company, entered into the Financial Assistance Agreement with JCC on 13 February 2017, pursuant to which JCC and its subsidiaries from time to time (excluding the Group) agreed to provide financial assistance to JCC Finance by transferring part of its deposit and loan from other financial institutions to JCC Finance while JCC Finance agreed to provide financial services to JCC and its subsidiaries from time to time (excluding the Group) on an ongoing basis. Such services include: cash deposit services; settlement services; and credit services. The maximum daily balance of credit services to be provided by JCC Finance to JCC and its subsidiaries from time to time (excluding the Group) for the period from the date of Financial Assistance Agreement entered into by JCC and its subsidiaries from time to time (excluding the Group) (i.e. 13 February 2017) to 31 December 2017 and the two financial years ending 31 December 2019 will not exceed RMB2,000,000,000. According to the Financial Assistance Agreement, JCC and its subsidiaries from time to time (excluding the Group) will transfer net deposit (i.e. total daily deposit balance of JCC and its subsidiaries from time to time (excluding the Group) exceeds total daily loan balance to JCC and its subsidiaries from time to time (excluding the Group)) to JCC Finance, which forms actual financial assistance to JCC Finance, supplements the available financial resources of JCC Finance, enhances the profitability of JCC Finance and hence enhances the profitability of the Company.

(4) Finance Lease Framework Agreement

The Company entered into the Finance Lease Framework Agreement with Shenzhen Finance Leasing Company Limited* ("**Shenzhen Finance**"), a subsidiary of JCC on 13 February 2017, pursuant to which Shenzhen Finance and its subsidiaries from time to time ("**Shenzhen Finance Group**") shall, at the request of the Group, provide finance lease services, including direct lease service and sale and lease-back service, to the Group. The aggregate rent payable by the Group to Shenzhen Finance Group in respect of the finance lease services contemplated thereunder, shall not exceed RMB1,900,000,000 for each financial year from the date of the Finance Lease Framework Agreement (i.e. 13 February 2017) to 31 December 2019. The transactions contemplated under the Finance Lease Framework Agreement are beneficial to the Company in expanding leasing channel, lowering investment risks and reducing financial pressure. Through personalised finance lease services solution provided to the Group, it can effectively increase the mobility of the assets of the Company and optimize its asset structure.

(5) Mutual Guarantees Agreements

On 22 January 2017, Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. ("**Heding Copper**"), a subsidiary of the Company, and Zhejiang Fuye Group Co., Ltd. (浙江富冶集團有限公司) ("**Fuye Group**") as well as Jiangxi Jinhui Environmental Technology Co., Ltd. (江西金匯環保科技有限公司) ("**Jiangxi Jinhui**") (formerly known as Jiangxi Jinhui Copper Co., Ltd.* (江西金匯銅業有限公司)) and Jiangxi Hefeng Environmental Technology Co., Ltd. (江西和豐環保科技有限公司) ("**Jiangxi Hefeng**") (formerly known as Shangrao Hefeng Copper Co., Ltd.* (上饒和豐銅業有限公司)), which are beneficially owned by Fuye Group, entered into the mutual guarantees agreement (the "**Original Mutual Guarantees Agreement**"), pursuant to which Heding Copper and Fuye Group agreed that the aggregated annual balance amount of guarantee for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2017 to 31 December 2018 shall not exceed RMB1,500,000,000 respectively (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group to each other prior to 1 January 2017 and were valid during the term of the Original Mutual Guarantees Agreement), provided that the execution of each loan facility shall take place within the period from 22 January 2017 to 31 December 2017 and the term of each loan facility shall not exceed 12 months. Jiangxi Jinhui and Jiangxi Hefeng agreed to act as the counter-guarantors of Fuye Group, of which, they shall counter-guarantee Fuye Group with all their assets for the liabilities of Fuye Group for guarantees provided by Heding Copper to Fuye Group under the loan facilities executed during the period from 22 January 2017 to 31 December 2017 pursuant to the Original Mutual Guarantees Agreement jointly and severally. The execution of the Original Mutual Guarantees Agreement enables Heding Copper to receive financing from lenders in order to support its ordinary and usual course of business.

On 26 October 2017, Heding Copper, Fuye Group, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye Co., Ltd.* (浙江富和置業有限公司) ("**Zhejiang Fuhe Zhiye**"), the beneficial owner of which is Fuye Group, entered into the new mutual guarantees agreement (the "**2017 Mutual Guarantees Agreement**"), pursuant to which (i) the Original Mutual Guarantees Agreement was terminated on 26 October 2017; (ii) the Proposed Cap was increased from RMB1,500,000,000 to RMB1,600,000,000, provided that the execution of each loan facility shall take place within the period from 26 October 2017 to 31 December 2018 and the term of each loan facility shall not exceed 12 months; (iii) the term of the 2017 Mutual Guarantees Agreement will be for a term ending on 31 December 2019; and (iv) Zhejiang Fuhe Zhiye will be an additional counter guarantor.

In order to meet the actual production and operation needs of Heding Copper, lower the financing cost, and owing to the intention of Heding Copper and Fuye Group to further increase mutual financing support, the new mutual guarantees agreement (the "**New Mutual Guarantees Agreement**") was entered into among Heding Copper, Fuye Group, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye on 16 November 2018, whereby (among other things), (i) Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which was also the maximum daily balance) of guarantees for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2019 to 31 December 2020 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group to each other prior to 1 January 2019 and are valid during the term of the New Mutual Guarantees Agreement), provided that the execution of each loan facility shall take place within the period from 1 January 2019 to 31 December 2019 and the term of each loan facilities shall not exceed 12 months; and (ii) Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group.

Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, pursuant to which, they shall jointly and severally provide counter-guarantee to Heding Copper with all their assets for guarantees provided by Heding Copper to Fuye Group which are included in the bank loans agreement entered into during the period from 1 January 2018 to 31 December 2019, under the New Mutual Guarantees Agreement.

The execution of the New Mutual Guarantees Agreement enables Heding Copper to receive financing from lenders in order to support its ordinary and usual course of business.

Details of guarantees are set out in page 108 in the report.

All of the abovementioned continuing connected transactions are reviewed by the independent non-executive Directors of the Company every year, confirming that: (i) the transactions were entered into in the ordinary and usual course of business of the Group; (ii) the transactions were entered into on normal commercial terms or on the terms same as (or favorable than) that from independent third parties; and (iii) the transactions are conducted in accordance with relevant transaction agreements, the terms of which were fair and reasonable, and were in the interests of the shareholders of the listed company as a whole.

The auditors of the Company were appointed to report on the connected transactions of the Group in accordance with "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" conducted by Hong Kong Standard on Assurance Engagements 3000 and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Auditors have issued a letter confirming that nothing has come to their attention causing them to believe that the abovementioned continuing connected transactions for the year ended 31 December 2018: (1) were not approved by the Board; (2) were not carried out in accordance with the pricing policies of the Company in all material aspects for the transactions that involved the provision of products and services by the Group; (3) were not entered into in accordance with the agreements governing such transactions in all material aspects; and (4) exceeded the annual caps as disclosed in the announcements dated 13 February 2017, 29 August 2017, 26 October 2017 and 16 November 2018 for the abovementioned continuing connected transactions by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange in accordance with Rule 14A.57 of the Listing Rules.

Other Transactions

As at 31 May 2018, the Company and JCC entered into an asset transfer agreement pursuant to the Implementation Notice of the People's Government Of Jiangxi Province on the Printing and Distributing of Work Plan for the Province to Speed Up the Relief of State-owned Enterprises of their Social Functions (Gan Fu Ting Zi [2016] No. 96) (《江西省人民政府辦公廳關於印發全省加快剝離國有企業辦社會職能工作實施方案的通知》(贛府廳字[2016] 96號)) and the Implementation Opinions Provincial SASAC, Provincial Civil Affairs Department, Provincial Department of Finance, Provincial Housing and Urban-Rural Development Department on Separation and Transfer of Functions State-owned Enterprises in Municipal Management and Community Management (Gan Guo Zi Qi Gai Zi [2017]No.236) (《省國資委、省民政廳、省財政廳、省住房城鄉建設廳關於國有企業辦市政、 社區管理等職能分離移交的實施意見》(贛國資企改字[2017] 236號)), pursuant to which the Company agreed to sell and JCC agreed to purchase from the Company certain fixed assets ("**Target Assets**") with social functions of Guixi Smelter, Dexing Copper Mine, Yongping Copper Mine, Wushan Copper Mine and Dongxiang Copper Mine owned by the Company with an amount of approximately RMB188,569,900 (equivalent to approximately HKD230,415,694), being the pricing basis of the transfer (subject to adjustment). The above transfer is beneficial to revitalizing the Company's assets, reducing non-operating expenditures in relation to Social Functions and reducing the Company's burden, which are in line with the long-term development goals of the Company.

In order to further improve the decision-making efficiency regarding the subsidiaries and strengthen the business integration of the Company, the Company has participated in the bidding for the 11% equity interests ("**Target Equity Interest**") in JCC Finance held by Bank of China Group Investment Limited ("**BOCGI**") in an open tender on the Jiangxi Assets and Equity Exchange, and on 29 June 2018, the Company entered into an equity transfer agreement with BOCGI after it was confirmed by way of agreement as the transferee of the Target Equity Interest. Pursuant to the agreement, the Company agreed to purchase the Target Equity Interest at a consideration of approximately RMB337.55 million (equivalent to HKD400.37 million) (being the tender price of the transfer of the Target Equity Interest as set out in the relevant open tender notice). Hence the Company and the Jiangxi Copper Products Company Limited, being a subsidiary of the Company, hold the entire equity interests in JCC Finance.

Besides, the transactions between the Company and its joint venture, Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited (江西省江銅百泰環保科技有限公司) amounted to RMB77,446 thousand.

(II) Connected transaction from assets or equity acquisition or sale

1. Events disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

2. Events disclosed in extraordinary announcements with subsequent development or changes during implementation

Not applicable

3. Events not disclosed in extraordinary announcements

Not applicable

4. Where agreed results are involved, the results in the Reporting Period shall be disclosed

Not applicable

(III) Material connected transactions of joint overseas investment

1. Events disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

2. Events disclosed in extraordinary announcements with subsequent development or changes during implementation

Not applicable

3. Events not disclosed in extraordinary announcements

Not applicable

(IV) Connected claim and debt

1. Events disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

2. Events disclosed in extraordinary announcements with subsequent development or changes during implementation

Not applicable

3. Events not disclosed in extraordinary announcements

Unit: 0'000 Currency: RMB

Related party	Relationship	Funds provided to connected parties			Funds offered by connected parties to the Company		
		Opening Balance	Amount incurred	**Closing balance**	Opening Balance	Amount incurred	**Closing balance**
JCC	Controlling shareholders	103,500	142,000	**119,500**	322,723.81	5,201,732.54	**206,338.9**
Total		103,500	142,000	**119,500**	322,723.81	5,201,732.54	**206,338.9**

Reasons for connected claim and debt	On 13 February 2017, JCC Finance Company Limited ("**Finance Company**"), a subsidiary of the Company, and JCC, the largest shareholder of the Company, entered into Financial Assistance Agreement, the effective period of which shall be from the date the financial Assistance Agreement took effect until 31 December 2019. According to the Financial Assistance Agreement, a proportion of deposits and loans of JCC which were deposited in financial institutions for the years of 2017, 2018 and 2019 would be transferred to Finance Company as deposits and loans in accordance with market principles, among which, the daily balance of the transferred loans (referring to comprehensive credit services provided to member companies of JCC, including the provision of loans, discounted bills, commercial note acceptance, provision of letters of guarantee, provision of overdraft facility, account receivable factoring and finance lease) would not exceed RMB2 billion; and the daily balance of loans should not exceed the daily balance of transferred deposits in order to create "net deposit", and the transferred deposits shall serve as guarantee to the transferred loans.
Impacts of connected claim and debt on the operating results and financial position of the Company	JCC transfers the net deposits, which forms actual financial assistance to JCC Finance, supplements the available financial resources of Finance Company, enhances the profitability of Finance Company and hence enhances the profitability of the Company. Finance Company and the Company adopt adequate risk control measures to warrant JCC Finance and the Company would not record losses in the connected transaction. The terms of the Financial assistance Agreement are fair and reasonable, and in the interest of the Company and its Shareholders as a whole

XIV. Material Contracts and their performance

(I) Custody, contracts and leases

1. Custody

Not applicable

2. Contracts

Not applicable

3. Leases

Not applicable

(II) Guarantees

Unit: Yuan Currency: RMB

External guarantees (excluding guarantees for subsidiaries)

Guarantor	Relation between the Guarantor and the Listed Company	Guarantee	Guarantee amount	Guarantee date (execution date of the contract)	Start date of guarantee	End date of guarantee	Type of guarantee	Guarantee fulfilled or not	Guarantee completed or not	Amount of overdue guarantee	Counter Guarantee available or not	Related party guarantee or not	Nature of connection
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.	Controlling subsidiaries	Zhejiang Fuye Group Co., Ltd.	452,841,500	26 October 2017	26 October 2017	31 December 2018	Joint and several liabilities guarantee	Yes	No		Yes	Yes	Shareholders
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.	Controlling subsidiaries	Zhejiang Fuye Group Co., Ltd.	1,036,392,000	26 October 2017	26 October 2017	31 December 2019	Joint and several liabilities guarantee	No	No		Yes	Yes	Shareholders

Total guarantee amount during the Reporting Period (excluding guarantees for subsidiaries)	1,489,233,500
Total balance of guarantee at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	414,556,800
Guarantees of the Company and its subsidiaries for subsidiaries	
Total guarantee amount for subsidiaries during the Reporting Period	0
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	0
Total guarantee amount (including guarantees for subsidiaries)	
Total guarantee amount (A+B)	414,556,800
Proportion of total guarantee amount to net assets of the Company *(%)*	0.83
Including:	
Guarantee amount provided for the shareholders, de facto controller and related parties (C)	0
Guarantee amount for liabilities provided directly or indirectly for the guarantees with asset-liability ratio over 70% (D)	0
Total guarantee amount over 50% of net assets (E)	0
Total of the above guarantee amount (C+D+E)	0
Explanation on possible joint and several liability for liabilities settlement in case of outstanding guarantee	Nil
Explanation on guarantee	Nil

(III) Entrusted cash assets management

1. Entrusted wealth management

(1) Overall entrusted wealth management

Not applicable

Others

Not applicable

(2) Single entrusted wealth management

Not applicable

Others

Not applicable

(3) Provision for impairment of entrusted wealth management

Not applicable

2. Entrusted loans

(1) Overall entrusted loans

Not applicable

Others

Not applicable

(2) Single entrusted loans

Not applicable

Others

Not applicable

(3) Provision for impairment of entrusted loans

Not applicable

3. Others

Not applicable

(IV) Other material contracts

The Company had no other material contracts during the Reporting Period.

XV. Active performance of social responsibility

(I) Poverty alleviation of the listed company

Not applicable

(II) Social Responsibility efforts

Please refer to the 2018 Social Responsibility Report of Jiangxi Copper Company Limited published on www.sse.com.cn on 28 March 2019 for details.

(III) Environment

1. Explanation on environmental protection of the Company and its subsidiaries falling into the category of major pollutant-emission units designated by national environmental authorities

(1) Information on discharge of pollutants

Names of the Company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Chengmenshan Copper Mine	pH		/	7.33	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	1	Yong'an Levee of the Yangtze River
	COD	180	171.134	39.42				
	Ammonia nitrogen		4.721	1.09				
	Total copper	2.87	0.303	0.07				

Names of the Company	Names of major pollutants	Total emissions approved *(t/a)*	Total emissions *(t/a)**	Emission concentration *(mg/L)**	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Dexing Copper Mine	pH			6.91	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	4	2 on National Highway S201, 1 in the mining area of the copper mine, and 1 in the north district of the copper mine
	COD	480	431.116	20.14				
	Ammonia nitrogen	108.1	93.21	4.36				
	Suspended matter		891.459	41.65				
	Total copper		0.013	0.0006				
	Total lead		0.11	0.0051				
	Total cadmium		0.037	0.0017				
	Total zinc		0.319	0.015				
	Total arsenic		6.491	0.303				
Jiangxi Copper (Dexing) Chemical Company Limited	Sulfur dioxide	446.43	207.385	196.26mg/m^3	Standards in the "Emission Standard of Pollutants for Sulfuric Acid Industry" (GB26132-2010); the B-level standards of the "Emission Standard of Air Pollutants for Industrial Kiln and Furnace" (GB9078-1996); the standards in the "Integrated Wastewater Discharge Standard" (GB8978-1996)	Organized emissions after meeting standards	7	In the plant area
	Smoke dust	2.54	1.03	18.4mg/m^3				
	COD	1.5	0.769	52.67				
Guixi Smelter	COD	600	225.84	24.79	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	11	In the plant area
	Ammonia nitrogen	80	6.74	0.74				
	Arsenic	5	0.54	0.059				
	Lead	5	0.91	0.1				
	Cadmium	1	0.228	0.025				
	HG	0.5	0.0025	0.00027				
	Sulfur dioxide	6,600	1805.44	141.7mg/m^3				
	Smoke (powder) dust	880	281.76	22.1mg/m^3				

Names of the Company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Jiangxi Copper Yates Copper Foil Company Limited	pH		/	7.37	"Integrated Wastewater Discharge Standard" (GB8978-1996); "Integrated Emission Standard of Air Pollutants" (GB16297-1996); "Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	Organized emissions after meeting standards	21	In the plant area
	COD		5.21	64.92				
	Suspended matter		0.43	5.33				
	Ammonia nitrogen		0.24	3.03				
	Total copper		0.05	0.64				
	Total zinc		0.01	0.16				
	Total chromium	0.09472	0.00752	0.0937				
	Hexavalent chromium		0.00748	0.093				
	Sulfuric acid mist		8.79	4.78mg/m³				
	Chromic acid mist		0.0127	0.0403mg/m³				
	Nitrogen oxides	11.2	0.568	99mg/m³				
Jiangxi Copper (Longchang) Precise Pipe Company Limited	pH			6.24	Management standards of Qingshan Lake Sewage Treatment Plant (Nanchang city)	Organized emissions after meeting standards	2	In the plant area
	COD		1.6449	55.5				
	Ammonia nitrogen		0.0202	0.6825				
	SS		0.2894	14				
	BOD_5		0.3757	12.675				
	Animal and vegetable oils		0.0368	1.24				
	Petroleum		0.0343	1.1575				
Jiangxi Jiangtong-Wengfu Chemical Company Limited	Sulfur dioxide	752	104.7	56mg/m³	"Emission Standard of Pollutants for Sulfuric Acid Industry" (GB26132-2010)	Organized emissions after meeting standards	2	In the plant area

Names of the Company	Names of major pollutants	Total emissions approved *(t/a)*	Total emissions *(t/a)**	Emission concentration *(mg/L)**	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Wushan Copper Mine	pH		/	7.44	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010); the A-level standards in the table 4 of the "Integrated Wastewater Discharge Standard" (GB8978-1996)	Organized emissions after meeting standards	3	1 opposite to the west main gate of the mining area and 2 in the mining area
	COD	430	295.85	47.96				
	Ammonia nitrogen	60	21.1	3.4205				
	Suspended matter		196.272	31.821				
	Total copper	10	0.6366	0.1032				
	Total zinc		0.3689	0.0598				
	Total lead		1.2338	0.2				
	Total cadmium		0.3084	0.05				
	Total arsenic		0.3222	0.052				
JCC Yinshan Mining Company Limited	pH			7.00	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	1	In the water outlet of tailings pond
	COD	157.4	72.858	28.793				
	Ammonia nitrogen	9.7	4.753	1.878				
	Suspended matter		65.93	26.055				
	Total copper		0.1	0.039				
	Total lead		0.025	0.01				
	Total zinc		0.765	0.302				
	Total cadmium		0.004	0.002				
	Total arsenic		0.05	0.02				
JCC Dongtong Mining Company Limited	pH			7.0	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	1	In the mining area
	COD	87.56	39.11	40.17				
	Sulfide		0.1	0.103				
	Suspended matter		11.73	12.05				
	Total copper		0.166	0.171				
	Total lead		0.165	0.169				
	Total zinc		0.205	0.21				

Names of the Company	Names of major pollutants	Total emissions approved *(t/a)*	Total emissions *(t/a)**	Emission concentration *(mg/L)**	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Yongping Copper Mine	COD	375	325.03	38	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	3	In the mining area
	pH			7.28				
	Ammonia nitrogen		4.02	0.56				
	Total copper		0.79	0.11				
	Total lead		1.601	0.20				
	Total zinc		0.93	0.12				
	Total cadmium		0.17	0.03				
	Suspended matter		159.50	22.25				

Explanation: The pollutants with their corresponding approved emissions shown in the table are the targets specially controlled and managed by the state and local government, while other unconfirmed pollutants are also subject to supervision by the state and local government and will be discharged by the Company or its subsidiaries in an orderly manner after meeting the standards.

*: Unless otherwise specified.

(2) Construction and operation of pollution prevention facilities

The Company actively puts the concept of "Green Development, Environmental Priority" into practice. Over the years, it has continuously increased its investment in environmental protection, carried out construction of pollution prevention and control capabilities, and implemented a number of ecological restoration and environmental governance projects.

During the Reporting Period, all units of the Company took the initiative to adapt to the new situation and new requirements of safety and environmental protection work, and firmly established the awareness of the bottom line and red line. It solidly fulfilled the responsibility of enterprise safety production, and promoted the special rectification actions for safety production, double prevention mechanism and establishment of safety production standardization. It also strengthened the ecological environment protection, actively promoted the development of green industry to effectively ensure that the status of the works on safety and environmental protection of the Company continues to be stable.

(3) *Environmental impact assessment and other environmental protection administrative licensing of construction projects*

Key projects	Environmental impact assessment issued/ acceptance status	Notes
Start-up project of Chengmenshan Copper Mine (1,200 tonnes/day)	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Kai Zi [2000] No. 19, Gan Huan Ping Han [2007] No. 292)
Phase II expansion project of Chengmenshan Copper Mine	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2007] No. 91, Gan Huan Ping Han [2014] No. 206)
Technical reconstruction project for mining expansion of Dexing Copper Mine	Passed acceptance	Ministry of Environmental Protection (Huan Shen [2008] No. 140, Huan Yan [2015] No. 112)
System I 100,000t/a production project of Dexing Chemical Company Limited	Passed acceptance	Shangrao Environmental Protection Bureau (Rao Huan Du Zi [2004] No. 51, Rao Huan Du Zi [2006] No. 82)
System II 400,000t/a production project of Dexing Chemical Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2008] No. 493, Gan Huan Ping Han [2014] No. 58)
300,000t/a copper smelting project of Guixi Smelter	Passed acceptance	Ministry of Environmental Protection (Huan Shen [2006] No. 207, Huan Yan [2014] No. 269)
6,000t/a high-grade electrolytic copper foil project of the Company	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2007] No. 27, Gan Huan Ping Zi [2010], No. 524)
Phase II copper pipe construction project of Jiangxi Copper (Longchang) Precise Pipe Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2008] No. 14, Gan Huan Ping Han [2013] No. 180)
400,000t/a sulfuric acid project of a sino-foreign joint venture – Jiangxi Jiangtong- Wengfu Chemical Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Han [2005] No. 97, Gan Huan Jian Zi [2007] No. 042)
Technical reconstruction expansion project of Wushan Copper Mine through deep exploration	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2006] No. 106, Gan Huan Ping Han [2012] No. 047)
5,000t/d mining technology reconstruction project of Jiuqu Copper-gold Mine of JCC Yinshan Mining Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2009] No. 219, Gan Huan Ping Han [2013] No. 237)
Deep Mining Project of No. 5 Ore Body of Dongtong Mining Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Ping Han [2015] No. 190)

Key projects	Environmental impact assessment issued/ acceptance status	Notes
Environmental Protection Comprehensive Treatment Project of Dongtong Mining Company Limited	Passed acceptance	Fuzhou Environmental Protection Bureau (Fu Huan Du Xi [2016] No. 57)
Technical reconstruction project from open-pit mining to underground mining of Yongping Copper Mine	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Du Zi [2006] No. 236, Gan Huan Ping Han [2015] No. 88)
Selection of high-grade sulfur concentrate for acid-producing iron concentrate project of Yongping Copper Mine	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Ping Zi [2010] No. 100)
Comprehensive sulfur recovery project of tailings of Yongping Copper Mine	Passed acceptance	Shangrao Environmental Protection Bureau (Rao Huan Du Zi [2014] No. 73)

(4) Contingency plan for emergency environmental incidents

The Company and its subsidiaries have formulated the "Contingency Plan for Emergency Environmental Incidents" and reported and filed to environmental protection authorities, in order to establish and improve the response mechanism for environmental pollution accidents, improve the ability of the Company and its subsidiaries of responding to emergency environmental pollution accidents related to public crisis, maintain social stability, safeguard the well-being of the public and safety of property, and promote the comprehensive, coordinated and sustainable development of society.

(5) Self-monitoring environmental programs

The company and its subsidiaries conduct self-monitoring work and formulate self-monitoring programs in accordance with the regulations of the relevant authorities at all levels, and continuously improve the capacity of monitoring stations to update environmental monitoring equipment and improve the accuracy of monitoring. At the same time, the monitoring data and related information are released in a timely, complete, and accurate manner as required by the relevant authorities."

(6) Other information about environmental protection should be made public

Unit: 0'000 Currency: RMB

Company name	System establishment	Main measures	Environmental protection (including reclamation) investment	Reuse rate of industrial water (%)
	Environmental protection construction Environmental protection			
Guixi Smelter	" Wastewater Control Process of Guixi Smelter ", " Waste Gas and Dust Control Process of Guixi Smelter ", "Solid Waste Control Process of Guixi Smelter"	Ring desulfurization reformation of first smelting system, Reformation of fluorine removal facility in sulfuric acid workshop, Addition of electric demisting to the tail gas of second sulfuric acid series, Ring flue gas desulfurization reformation of second smelting system, etc.	3,285.2	97.91
Dexing Copper Mine	"Environmental Protection Management Measures of Dexing Copper Mine ", "Administrative Measures for Dangerous Solid Wastes in Dexing Copper Mine"	Molybdenum and rhodium comprehensive recovery and reformation and expansion project, Updated 5 sets of ventilation and dust removal systems of Dashan factory crushed ore section, newly built Zhujia acidic water regulation reservoir, partial ecological restoration project of Nanpingshan, the upper and east sides of Shuilongshan, the east side of Yangtaowu, and the tape road retaining wall, etc.	12,197.2	91.73
Wushan Copper Mine	"Environmental Protection Management System of Wushan Copper Mine ", "Environmental Protection Facilities Management System of Wushan Copper Mine ", "Environmental Protection Responsibility Target Assessment Method of Wushan Copper Mine "	Newly built tailings paste filling station, freight yard renovation and surrounding environment remediation of terminal transfer station, ecological restoration of waste rock site, etc.	1,115.5	96.68

Company name	System establishment	Environmental protection construction Environmental protection Main measures	Environmental protection (including reclamation) investment	Reuse rate of industrial water *(%)*
Yongping Copper Mine	"Environmental Protection Administrative Measures of Yongping Copper Mine", "Environmental Protection Responsibility System of Yongping Copper Mine "	Environmental protection comprehensive treatment project, wastewater transportation system transformation of production regulation storage (dam), deep drainage system reconstruction of open pit (North pit), etc.	2,384.9	86.77
Chengmenshan Copper Mine	"Environmental Monitoring Management System", "Environmental Protection Management System", "Environmental Factors Identification and Evaluation Management System"	Permanent ecological restoration of slope on the southeast side of the Nanpo dump, improvement of wastewater transportation system, etc.	1,191.3	96.97
Yinshan Mining	"Environmental Management System of JCC Yinshan Mining Company Limited", "Administrative Measures for the Operation of Environmental Protection Facilities of JCC Yinshan Mining Company Limited", "Environmental Monitoring Management System of JCC Yinshan Mining Company Limited "	Comprehensive wastewater treatment project of Yinshan Mining, reclamation of mining area and tailings and waste rock site, new tailings, acidic reservoir, reclamation of ore shaft , etc.	1,690.1	87.11
Dongtong Mining	"Environmental Protection Management System", "Administrative Measures for Environmental Protection Facilities", Environmental Protection Awards and Punishment Measures	Tailings dam surface vegetation	33.3	94.35

2. Companies other than major pollutant-emission units

Not applicable

3. Others

I. Explanation of significant safety incident, renovation measures and impacts on the Company during the Reporting Period

In 2018, there was no significant safety incident of the Group.

II. Explanation of tax payables and payment of resources tax and environmental protection tax during the Reporting Period

Currency: RMB

Tax rate of resources tax and preferential tax policies										
		Resources tax				Environmental protection tax				
Name of companies	Type of metal	Tax rate *(%)*	Tax payable *RMB ('000)*	Payment status	Preferential tax policies	Pollutant of tax payable	Standard of tax amount *(each pollutant loading/RMB)*	Tax payable *RMB ('000)*	Payment status	Preferential tax policies
Dexing Copper Mine	Copper concentrate	6.5	34,223.52	Settled	Half of levies reduced for low grade mine Enjoying a return in 2018 for June-December 2017 with an amount of RMB11.1661 million	Water	1.4	1,230.37	Settled	Nil
						Atmosphere	1.2	21.56	Settled	
Yongping Copper Mine	Copper concentrate	6.5	2,699.12	Settled	Nil	Water	1.4	315.21	Settled	Nil
						Atmosphere	1.2	2.08	Settled	
Wushan Copper Mine	Copper concentrate	6.5	3,072.57	Settled	Nil	Water	1.4	48.95	Settled	For the emission concentration of pollutants lower than over 50% of the emission limit of national or local requirements, half of the environmental protection tax was deducted in the policy. In the first quarter of 2018, tax reduced by 40,305.10,which is almost half of the original
Chengmenshan Copper Mine	Copper concentrate	6.5	3,530.97	Settled	Nil	Water	1.4	39.07	Settled	Nil

		Tax rate of resources tax and preferential tax policies								
		Resources tax				Environmental protection tax				
Name of companies	Type of metal	Tax rate (%)	Tax payable *RMB ('000)*	Payment status	Preferential tax policies	Pollutant of tax payable	Standard of tax amount *(each pollutant loading/RMB)*	Tax payable *RMB ('000)*	Payment status	Preferential tax policies
Yinshan Mining	Copper concentrate	6.5	2,142.87	Settled	Nil	Water	1.4	300.00	Settled	Nil
Dongtong Mining	Copper concentrate	6.5	477.33	Settled	Nil	Water	1.4	8.42	Settled	Nil

XVI. Particulars of convertible bond of the Company

(I) Issuance of convertible bonds

Not applicable

(II) Holders and guarantors of the convertible bonds during the Reporting Period

Not applicable

(III) Changes in convertible bonds during the Reporting Period

Not applicable

Accumulated conversion in convertible corporate bonds during the Reporting Period

Not applicable

(IV) Historical adjustments on the conversion price

Not applicable

(V) Liabilities, change in credit standing and cash arrangement of repayment in the future

Not applicable

(VI) Other information about convertible bonds

Not applicable

XVII. Charges on the Group Assets

On 31 December 2018, certain machineries and equipment with carrying amount of approximately RMB372,616,000 (2017: RMB436,609,000) and certain buildings and mining infrastructure with carrying amount of approximately RMB225,150,000 (2017: Nil) of the Group were pledged as collateral for obtaining short-term bank borrowings; certain prepaid land lease payments with net carrying amount of approximately RMB339,000,000 (2017: RMB78,252,000) of the Group were pledged as collateral for obtaining short-term bank borrowings; certain inventories with carrying amount of approximately RMB250,000,000 (2017: RMB144,456,000) of the Group were pledged as collateral for obtaining short-term bank borrowings; certain bills receivable with carrying amount of approximately RMB737,796,000 (2017: RMB1,191,123,000) and certain trade receivables with an amount of RMB100,000,000 (2017: Nil) of the Group were pledged as collateral for obtaining short-term bank borrowings; time deposit with an amount of RMB4,820,168,000 (31 December 2017: RMB2,211,948,000) and demand deposit with an amount of RMB3,900,000 (31 December 2017: RMB27,780,000) by the Group were pledged for obtaining bank borrowings.

XVIII. Foreign Exchange Risk

The reporting currency of the Group is Renminbi. Where any transactions in foreign currencies of the Company are incurred, amounts in foreign currencies are translated into RMB at the middle market exchange rates at the beginning of the transaction month. Closing balances in foreign currency account are translated into Renminbi at the market exchange rates at the end of the year.

Although currently RMB is not a currency that is freely convertible in the PRC, the Chinese government is taking initiatives for exchange reform and adjustments to exchange rate. Change of exchange rate will have an impact on the Group's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Group believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange revenue and spending.

The Group's operations are mainly in the PRC. Except for export sales, which are mainly transacted in US dollars, the Group currently receives its sales revenue mainly in Renminbi. The Group's exposure to exchange rate fluctuations primarily derives from the sales of products and purchase of raw materials in foreign currencies.

XIX. Contingent Liabilities

As of 31 December 2018, the Group had no contingent liabilities.

Independent Auditors' Report

To the shareholders of Jiangxi Copper Company Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 140 to 307, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
The Group had trade receivables of approximately RMB10,900.29 million and an impairment allowance of approximately RMB5,172.57 million as at 31 December 2018. Provision is made for lifetime expected credit losses on trade receivables. Management applied judgement in assessing the expected credit losses. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for provision of impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for provision of impairment allowance. The expected credit loss rates are determined based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. The realizable value of collaterals have been taken into account when individually and collectively assessing the expected credit loss for trade receivables. Related disclosures are included in note 3 "Significant accounting judgements and estimations" and note 28 "Trade and bills receivables", respectively, to the financial statements.	We performed the following procedures in our audit for the assessment of impairment of trade receivable: 1. Understood and validated the credit control procedures performed by management, including its procedures on periodic review of aged receivables and assessment on expected credit losses allowance of receivables; 2. Tested on a sample basis, the accuracy of ageing profile of trade receivables by checking to the underlying sales invoices; 3. Assessed the reasonableness of impairment allowance made with reference to credit history of customers which adjusted for forward-looking factors specific to the debtors, the economic environment, the realizable value of collaterals and settlement records including default or delay in payments and actual collections after the end of the reporting period; and 4. Reviewed the collateral valuation reports and tested the key assumptions and estimations used in the valuation with the assistant of EY internal valuation specialists. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Allowance for inventories	
As at 31 December 2018, inventories and the allowance for inventories of the Group amounted to RMB17,566.82 million and RMB307.55 million, respectively. The risk of inventory impairment mainly came from the fluctuations of the open market prices. Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated selling expenses and related taxes to determine the allowance for inventories. Management may take reference to the available price in the open market or the most recent/subsequent selling price if the open market information is not available. Related disclosures are included in note 3 "Significant accounting judgements and estimations" and note 27 "Inventories", respectively, to the financial statements.	We performed the following procedures in our audit for the assessment of allowance for inventories: 1. Understood and evaluating the key controls relating to the determination of allowance for inventories performed by the management; 2. Assessed, on a sample basis, the products with open market prices by benchmarking the estimated selling prices with the current market prices; 3. Assessed, on a sample basis, the products without open market prices by comparing the estimated selling prices to the selling prices of recent or subsequent sales; and 4. Assessed, on a sample basis, the reasonableness of the estimated costs of completion and selling expenses of the raw materials and work in progress by comparing them to the estimated costs of completion and selling expenses of the raw materials and work in progress with similar nature produced in the current year. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai, Ricky.

Ernst & Young
Certified Public Accountants

Hong Kong
27 March 2019

Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
REVENUE	6	**214,395,309**	204,241,187
Cost of sales		**(207,552,232)**	(195,642,937)
Gross profit		**6,843,077**	8,598,250
Other income	7	**885,416**	694,115
Other gains and losses	8	**773,295**	(3,116,313)
Selling and distribution costs		**(569,029)**	(533,434)
Administrative expenses		**(1,787,275)**	(1,851,515)
Impairment losses on financial assets	9	**(1,369,111)**	–
Finance costs	10	**(1,409,007)**	(917,961)
Share of profits and losses of:			
Joint ventures	22	**(30,243)**	(36,963)
Associates	23	**(74,998)**	70,056
PROFIT BEFORE TAX	11	**3,262,125**	2,906,235
Income tax	14	**(839,539)**	(1,146,051)
PROFIT FOR THE YEAR		**2,422,586**	1,760,184
Attributable to:			
Owners of the Company		**2,415,017**	1,651,113
Non-controlling interests		**7,569**	109,071
		2,422,586	1,760,184
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
– Basic and diluted	16	**RMB0.70**	RMB0.48

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2018

	2018 *RMB'000*	2017 *RMB'000* (Restated)
PROFIT FOR THE YEAR	**2,422,586**	1,760,184
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income to that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(753)
Income tax effect	**–**	188
	–	(565)
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**6,554**	–
Income tax effect	**(1,639)**	–
	4,915	–
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments	**3,401**	11,459
Reclassification adjustments for gains included in the statement of profit or loss	**(8,469)**	(5,806)
Income tax effect	**2,117**	(943)
	(2,951)	4,710
Exchange differences on translation of foreign operations	**75,921**	(51,962)
Share of other comprehensive income/(expenses) of joint ventures	**6,623**	16,657
Share of other comprehensive income/(expenses) of associates	**158,608**	(154,119)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	**243,116**	(185,279)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	**243,116**	(185,279)

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,665,702**	1,574,905
Attributable to:		
Owners of the Company	**2,644,908**	1,455,400
Non-controlling interests	**20,794**	119,505
	2,665,702	1,574,905

Consolidated Statement of Financial Position

31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	17	**21,560,982**	21,981,202
Investment properties	18	**462,199**	473,556
Prepaid land lease payments	19	**1,267,624**	1,205,601
Intangible assets	20	**1,088,845**	689,176
Exploration and evaluation assets	21	**886,847**	1,096,637
Investments in joint ventures	22	**256,224**	273,694
Investments in associates	23	**3,419,605**	2,904,100
Financial instruments other than derivatives	24	**2,272,121**	1,665,484
Deferred tax assets	26	**676,853**	716,072
Prepayments, other receivables and other assets	30	**818,878**	233,007
Deposits for prepaid lease payments	30	**593,550**	460,610
Total non-current assets		**33,303,728**	31,699,139
Current assets			
Inventories	27	**17,259,265**	19,997,187
Trade and bills receivables	28	**8,957,645**	12,804,620
Factoring receivables	29	**2,082,024**	2,227,710
Prepayments, other receivables and other assets	30	**7,138,995**	7,528,907
Loans to fellow subsidiaries	31	**1,182,088**	1,014,165
Prepaid land lease payments	19	**29,838**	28,689
Derivative financial instruments	25	**263,905**	191,770
Financial instruments other than derivatives	24	**9,791,375**	2,951,286
Restricted bank deposits	32	**12,125,857**	8,639,835
Cash and cash equivalents	32	**10,647,443**	10,363,203
		69,478,435	65,747,372
Assets classified as held for sale	33	**83,661**	23,308
Total current assets		**69,562,096**	65,770,680

Consolidated Statement of Financial Position

31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Current liabilities			
Trade and bills payables	34	**6,230,058**	7,881,408
Other payables and accruals	35	**7,193,968**	4,900,538
Deposits from holding company and fellow subsidiaries	36	**1,937,903**	3,083,404
Deferred revenue	37	**39,301**	50,915
Derivative financial instruments	25	**94,258**	724,148
Interest-bearing bank borrowings	38	**29,901,455**	28,500,226
Income tax payable		**741,094**	772,990
Total current liabilities		**46,138,037**	45,913,629
Net current assets		**23,424,059**	19,857,051
Total assets less current liabilities		**56,727,787**	51,556,190
Non-current liabilities			
Interest-bearing bank borrowings	38	**3,282,000**	8,750
Corporate bonds	39	**500,000**	500,000
Provision for rehabilitation	40	**191,429**	182,485
Employee benefit liabilities	41	**34,589**	63,880
Deferred revenue	37	**523,798**	568,905
Other long-term payables	42	**60,142**	124,648
Deferred tax liabilities	26	**109,139**	105,838
Total non-current liabilities		**4,701,097**	1,554,506
Net assets		**52,026,690**	50,001,684

Consolidated Statement of Financial Position

31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Equity			
Equity attributable to owners of the parent			
Share capital	43	**3,462,729**	3,462,729
Reserves	44	**46,303,582**	44,088,152
		49,766,311	47,550,881
Non-controlling interests		**2,260,379**	2,450,803
Total equity		**52,026,690**	50,001,684

Approved on behalf of the board of directors:

Mr. Long Ziping
Director

Mr. Yu Tong
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2018

For the year ended 31 December 2018

	Attributable to owners of the company												
	Share capital	Share premium*	Capital reserve*	Other reserve*	Statutory surplus reserve*	Discretionary surplus reserve*	Safety fund surplus reserve*	Hedging reserve*	Translation reserve*	Retained profits*	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2017	3,462,729	12,647,502	(898,369)	(98,191)	4,816,743	9,647,574	420,620	6,352	(114,878)	17,642,349	47,532,431	2,450,803	49,983,234
Effect of the new adoptions of IFRS 9 *(Note 2.2)*	-	-	-	806	-	-	-	-	-	290,302	291,108	44,370	335,478
Acquisition of Guixi Recycling *(Note 4)*	-	-	1,980	-	-	-	-	-	-	16,470	18,450	-	18,450
At 1 January 2018 (Restated)	3,462,729	12,647,502	(896,389)	(97,385)	4,816,743	9,647,574	420,620	6,352	(114,878)	17,949,121	47,841,989	2,495,173	50,337,162
Profit for the year	-	-	-	-	-	-	-	-	-	2,415,017	2,415,017	7,569	2,422,586
Other comprehensive income for the year	-	-	-	4,915	-	-	-	(2,951)	227,927	-	229,891	13,225	243,116
Total comprehensive income for the year	-	-	-	4,915	-	-	-	(2,951)	227,927	2,415,017	2,644,908	20,794	2,665,702
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	108,965	108,965
Acquisition of Guixi Recycling *(Note 4)*	-	-	(18,407)	-	-	-	-	-	-	-	(18,407)	-	(18,407)
Acquisition of non-controlling interests	-	-	(9,633)	-	-	-	-	-	-	-	(9,633)	(330,933)	(340,566)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,620)	(33,620)
Final 2017 dividend declared	-	-	-	-	-	-	-	-	-	(692,546)	(692,546)	-	(692,546)
Transfer from retained earnings	-	-	-	-	-	-	(32,459)	-	-	32,459	-	-	-
At 31 December 2018	3,462,729	12,647,502	(924,429)	(92,470)	4,816,743	9,647,574	388,161	3,401	113,049	19,704,051	49,766,311	2,260,379	52,026,690

* These reserve accounts comprise the consolidated reserves of RMB46,303,582,000 (2017: RMB44,088,152,000) in the consolidated statement of financial position.

For the year ended 31 December 2017

	Attributable to owners of the company												
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Discretionary surplus reserve *RMB'000*	Safety fund surplus reserve *RMB'000*	Hedging reserve *RMB'000*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2017	3,462,729	12,647,502	(902,113)	(97,626)	4,816,743	9,647,574	375,030	1,642	84,980	16,561,525	46,597,986	2,224,862	48,822,848
Acquisition of Jiangxi Gold	–	–	240,000	–	–	–	–	–	–	(3,765)	236,235	118,691	354,926
Acquisition of Guixi Recycling *(Note 4)*	–	–	1,980	–	–	–	–	–	–	14,945	16,925	–	16,925
At 1 January 2017 (Restated)	3,462,729	12,647,502	(660,133)	(97,626)	4,816,743	9,647,574	375,030	1,642	84,980	16,572,705	46,851,146	2,343,553	49,194,699
Profit for the year (Restated)	–	–	–	–	–	–	–	–	–	1,651,113	1,651,113	109,071	1,760,184
Other comprehensive (expense)/ income for the year	–	–	–	(565)	–	–	–	4,710	(199,858)	–	(195,713)	10,434	(185,279)
Total comprehensive (expense)/ income for the year (Restated)	–	–	–	(565)	–	–	–	4,710	(199,858)	1,651,113	1,455,400	119,505	1,574,905
Acquisition of Jiangxi Gold	–	–	(236,256)	–	–	–	–	–	–	–	(236,256)	–	(236,256)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(12,255)	(12,255)
Final 2016 dividend declared	–	–	–	–	–	–	–	–	–	(519,409)	(519,409)	–	(519,409)
Transfer from retained earnings	–	–	–	–	–	–	45,590	–	–	(45,590)	–	–	–
At 31 December 2017 (Restated)	3,462,729	12,647,502	(896,389)	(98,191)	4,816,743	9,647,574	420,620	6,352	(114,878)	17,658,819	47,550,881	2,450,803	50,001,684

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,262,125**	2,906,235
Adjustments for:			
Finance costs	10	**1,409,007**	854,789
Foreign exchange gains, net	8	**(54,988)**	(151,969)
Share of losses/(profits) of joint ventures and associates	22, 23	**105,241**	(33,093)
Income from listed debentures	8	**(9,376)**	(9,270)
Income from investments in financial products	8	**(143,310)**	(260,239)
Dividend income from equity investments	7	**(13,500)**	(40,006)
Net loss on disposal of items of property, plant and equipment	8	**72,384**	57,926
Fair value (gains)/losses, net:			
– Derivative financial instruments		**(303,762)**	27,698
– Listed equity investments	8	**(123,334)**	–
– Unlisted equity investments	8	**(72,860)**	–
– Income right attached to a target equity interest	8	**(21,028)**	–
– Listed debentures	8	**9,878**	3,410
– Debt investments	8	**(123,626)**	16,299
Provision for impairment of trade and bills receivables	9	**1,390,882**	1,853,793
Provision for impairment of factoring receivables	9	**95,205**	78,784
(Reversal of)/provision for impairment of prepayment, other receivables and other assets	9	**(116,976)**	226,190
Provision for impairment of inventories to net realisable value	11	**76,911**	3,379
Provision for impairment of property, plant and equipment	8	**5,145**	5,914
Provision for impairment of exploration and evaluation assets	21	**303,531**	–
Reversal of impairment of loans to fellow subsidiaries	8	**–**	(2,957)
Provision for impairment of assets classified as held for sale	8	**95,837**	166,584
Provision for impairment of financial instruments	8	**–**	4,414

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Depreciation of property, plant and equipment	11	**1,580,105**	1,713,483
Depreciation of investment properties	11	**11,357**	10,741
Amortisation of prepaid land lease payments	11	**29,838**	28,689
Amortisation of intangible assets	11	**48,036**	52,018
Net loss on disposal of an associate		**157**	–
Unwinding of an interest in rehabilitation provision	40	**8,944**	8,976
Deferred revenue released to the statement of profit or loss	37	**(52,798)**	(53,477)
		7,469,025	7,468,311
Decrease/(increase) in inventories		**2,660,163**	(4,469,922)
Decrease/(increase) in trade and bills receivables		**2,141,562**	(3,244,367)
Decrease in factoring receivables		**50,481**	224,128
(Increase)/decrease in prepayments, other receivables and other assets		**(1,690,398)**	658,925
Increase in derivative financial instruments		**(259,314)**	(41,409)
Increase in restricted bank deposits except restricted deposits to secure bank borrowings	32	**(901,683)**	(1,637,925)
(Decrease)/increase in trade and bills payables		**(1,651,350)**	871,094
Increase in other payables and accruals		**2,375,005**	572,517
(Decrease)/increase in deposits from holding company and fellow subsidiaries		**(1,145,501)**	1,395,381
Cash generated from operations		**9,047,990**	1,796,733
Income tax paid		**(865,871)**	(938,647)
Net cash flows from operating activities		**8,182,119**	858,086

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 *RMB'000*	2017 *RMB'000* (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial investments		**17,394,980**	3,868,998
Dividend received from a joint venture		**6,600**	2,730
Dividend received from an associate		**27,005**	11,199
Proceeds from disposal of property, plant and equipment		**154,384**	19,266
Additional investments in joint ventures		**(12,751)**	(13,262)
Additional investments in associates		**(464,436)**	(276,425)
Purchases of financial investments		**(23,730,228)**	(2,471,545)
Purchases of property, plant and equipment		**(1,931,486)**	(3,128,707)
Purchase of exploration and evaluation assets	21	**(97,635)**	(99,481)
Purchases of prepaid land lease payments	19	**(93,071)**	(36,565)
Purchase of intangible assets	20	**(431,761)**	(3,261)
Other investing cash flow, net		**–**	23,239
Net cash used in investing activities		**(9,178,399)**	(2,103,814)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 **RMB'000**	2017 *RMB'000* (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised		**59,890,925**	32,442,954
New bond borrowings raised		**–**	500,000
Proceeds from sale and leaseback arrangements		**–**	200,000
Collection of pledged time deposits to secure bank borrowings		**(2,584,340)**	(2,183,517)
Cash paid on shareholders in relation to business combination under common control		**(18,402)**	(212,976)
Repayment of bank and other borrowings		**(53,831,579)**	(25,432,900)
Cash paid on sale and leaseback arrangement		**–**	(18,822)
Dividends paid		**(692,546)**	(583,409)
Dividends paid to non-controlling interests		**(33,620)**	(12,255)
Interest paid		**(1,311,268)**	(776,670)
Withdraw of non-controlling interest		**(340,566)**	–
Contribution from non-controlling interests		**30,000**	–
Net cash used in financing activities		**1,108,604**	3,922,405
Net increase in cash and cash equivalents		**112,324**	2,676,677
Cash and cash equivalents at beginning of year		**10,363,203**	8,275,268
Effect of foreign exchange rate changes, net		**171,916**	(588,742)
Cash and cash equivalents at end of year		**10,647,443**	10,363,203

1. CORPORATE INFORMATION

The Company was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Gan Zhong Zi 003556. The Company was established on 24 January 1997 by Jiangxi Copper Corporation ("JCC"), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province's Administrative Bureau for Industry and Commerce. The Company's H shares and A shares were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively. The registered address of the Company is located at 15 Yejin Avenue, Guixi City, Jiangxi, the PRC. The Company's ultimate holding company is JCC, and the ultimate controlling party is the State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province.

The Group is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid, and electrolytic gold and silver, and rare metals such as molybdenum, and trading of copper related products, etc.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited ("Kangtong")	LLC	PRC/Mainland China	RMB286,880,000	57.14%	–	Sale of copper materials, precious metal materials and sulphuric acid
江銅國際貿易有限公司 Jiangxi Copper international trade Company Limited ("JXCC International Trade")	LLC	PRC/Mainland China	RMB1,000,000,000	59.05%	–	Sale of metals, chemicals, mining products, construction materials
保弘有限公司 Sure Spread Company Limited ("Sure spread")	LLC	Hong Kong	HKD50,000,000	–	59.05%	International trading and provision of related technical service

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
上海江銅國際物流有限公司 Jiangxi Copper Shanghai International Logistics Company Limited ("International Logistics")	LLC	PRC/Mainland China	RMB100,000,000	–	59.05%	Provision of logistics service
江銅供應鏈管理有限公司 Jiangxi Copper Supplychain Management Company Limited ("Supplychain")	LLC	PRC/Mainland China	RMB200,000,000	–	59.05%	Warehouse, storage and logistics services
江銅國際(新加坡)有限公司 Jiangtong International (Singapore) PTE. LTD. ("Singapore")	LLC	Singapore	USD35,000,000	–	59.05%	Sale of copper materials, precious metal materials and sulphuric acid
江銅國際商業保理有限責任公司 Jiangxi Copper international Commercial Factoring Company Limited ("Factoring")	LLC	PRC/Mainland China	RMB400,000,000	–	59.05%	Treasury and provision of financial services
江銅國際貿易北美有限公司 Jiangxi Copper International Trading North America, Inc. *(b)*	LLC	The United States	USD10,000,000	–	59.05%	International trading
上海江銅投資控股有限公司 Jiangxi Copper Shanghai Holding Limited ("Shanghai Holding")	LLC	PRC/Mainland China	RMB192,542,000	100%	–	Property holding and interior design
江銅勝華(上海)電纜有限公司 Jiangxi Copper Shenghua (Shanghai) Cable Company Limited ("JXCC Shenghua") *(Note 4) (a)*	LLC	PRC/Mainland China	RMB161,153,000	–	51%	Manufacture and sale of cable products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團財務有限公司 JCC Finance Company Limited ("Finance Company")	LLC	PRC/Mainland China	RMB1,000,000,000	100%	–	Provision of deposit, loan, guarantee and financing consultation services to related parties
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	LLC	PRC/Mainland China	RMB424,500,000	100%	–	Sale and processing of copper rods and wires
江銅華東(浙江)銅材有限公司 JCC Huadong (Zhejiang) Copper Products Company Limited (Copper Huadong) *(b)*	LLC	PRC/Mainland China	RMB100,000,000	70%	–	Sale and processing of copper rods and wires
江西銅業集團銅材有限公司 JCC Copper Products Company Limited ("Copper Products")	LLC	PRC/Mainland China	RMB186,391,000	98.89%	–	Processing and sale of copper rods
江西銅業集團(貴溪)再生資源有限公司 JCC Recycling Company Limited ("Group Recycling")	LLC	PRC/Mainland China	RMB6,800,000	55.88%	43.63%	Collection and sale of metal scrap
深圳江銅營銷有限公司 Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading")	LLC	PRC/Mainland China	RMB2,260,000,000	100%	–	Sale of copper products
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky")	LLC	Hong Kong	HKD77,555,000	–	100%	Trading of copper products and non–ferrous metals
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	LLC	PRC/Mainland China	RMB200,000,000	100%	–	Sale of copper products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
北京江銅營銷有限公司 Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	LLC	PRC/Mainland China	RMB261,000,000	100%	–	Sale of copper products
成都江銅營銷有限公司 Jiangxi Copper Chengdu Trading Company Limited	LLC	PRC/Mainland China	RMB60,000,000	100%	–	Sale of copper products
江西銅業集團銀山礦業有限責任公司 JCC Yinshan Mining Company Limited ("Yinshan Mining")	LLC	PRC/Mainland China	RMB30,000,000	100%	–	Manufacture and sale of non-ferrous metal and rare materials
江西銅業集團東同礦業有限公司 JCC Dongtong Mining Company Limited ("Dongtong Mining")	LLC	PRC/Mainland China	RMB46,209,000	100%	–	Manufacture and sale of non-ferrous metal and rare materials
江西銅業集團(東鄉)鑄造有限公司 JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	LLC	PRC/Mainland China	RMB29,000,000	–	74.97%	Production and sale of grinding pebbles, casting of machine tools and wear-resistant parts, cast steel processing, machine work and waste steel reclaiming
廣州江銅銅材有限公司 Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC")	LLC	PRC/Mainland China	RMB800,000,000	100%	–	Production, processing and sale of copper products and wires
江西省江銅耶茲銅箔有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Yates")	LLC	PRC/Mainland China	RMB1,253,600,000	98.15%	–	Production and sale of copper foil
江西江銅龍昌精密銅管有限公司 Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe")	LLC	PRC/Mainland China	RMB890,529,000	92.04%	–	Production and sale of copper pipes and other copper pipe products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西省江銅-台意特種電工材料有限公司 Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi")	LLC	PRC/Mainland China	USD16,800,000	70%	–	Production and sale of enamelled wires and provision of repair and consulting services
江西納米克熱電電子股份有限公司 Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	LLC	PRC/Mainland China	RMB70,000,000	95%	–	Development and production of electronic semiconductors and provision of related services
江西銅業集團(貴溪)冶金化工工程公司 JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry Engineering")	LLC	PRC/Mainland China	RMB35,081,000	100%	–	Provision of repair and maintenance services for production facilities and machinery equipment
江西銅業集團(貴溪)冶化新技術有限公司 JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelting Technology")	LLC	PRC/Mainland China	RMB2,000,000	100%	–	Development of new chemical technologies and new products
江西銅業集團(貴溪)物流有限公司 JCC Guixi Logistics Company Limited ("Guixi Logistics")	LLC	PRC/Mainland China	RMB40,000,000	100%	–	Provision of transportation services
江西銅業集團(德興)鑄造有限公司 JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	LLC	PRC/Mainland China	RMB66,380,000	100%	–	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團(餘幹)鍛鑄有限公司 Jiangxi Copper Yugan Forge & Alloy Company Limited ("Yugan Forge & Alloy")	LLC	PRC/Mainland China	RMB28,000,000	–	100%	Production and sale of alloy grinding pebbles
江西銅業集團(德興)建設有限公司 JCC (Dexing) Construction Company Limited ("Dexing Construction")	LLC	PRC/Mainland China	RMB50,000,000	100%	–	Provision of construction and installation services; development and sale of construction materials
江西銅業集團(德興)爆破有限公司 JCC Dexing Explosion Company Limited ("Dexing Explosion")	LLC	PRC/Mainland China	RMB10,000,000	–	100%	Production and sale of engineering, including blasting engineering
江西銅業集團地勘工程有限公司 JCC Geology Exploration Company Limited ("Geology Exploration")	LLC	PRC/Mainland China	RMB15,000,000	100%	–	Provision of services relating to mine exploration and development
江西省江銅-甕福化工有限公司 Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical")	LLC	PRC/Mainland China	RMB181,500,000	70%	–	Manufacture and sale of sulphuric acid and by–products
江西銅業集團(瑞昌)鑄造有限公司 JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	LLC	PRC/Mainland China	RMB2,602,000	100%	–	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing
江西銅業集團井巷工程有限公司 Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	LLC	PRC/Mainland China	RMB20,290,000	100%	–	Providing mining services

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團(鉛山)選礦藥劑有限公司 JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration")	LLC	PRC/Mainland China	RMB10,200,000	100%	–	Sale of beneficiation drugs, fine chemicals and other products
江西銅業(德興)化工有限公司 Jiangxi Copper Dexing Chemical Company Limited ("Dexing Chemical")	LLC	PRC/Mainland China	RMB375,821,500	100%	–	Manufacture and sale of chemical products
江西銅業建設監理諮詢有限公司 Jiangxi Copper Construction Supervision Company Limited ("JCCS")	LLC	PRC/Mainland China	RMB3,000,000	100%	–	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service
杭州銅鑫物資有限公司 Hangzhou Tongxin Company Limited ("Hangzhou Trading")	LLC	PRC/Mainland China	RMB2,000,000	100%	–	Sale of metal, ore and chemical products
江西銅業(清遠)有限公司 Jiangxi Copper (Qingyuan) Company Limited	LLC	PRC/Mainland China	RMB890,000,000	100%	–	Manufacturing and sale of copper products
江西銅業再生資源有限公司 Jiangxi Copper Recycling Company Limited ("Copper Recycling")	LLC	PRC/Mainland China	RMB250,000,000	100%	–	Collection and sale of metal scrap
貴溪銅盛再生資源有限公司 Guixi Tongsheng Recycling Company Limited ("Guixi Recycling") *(Note 4) (a)*	LLC	PRC/Mainland China	RMB18,450,000	–	100%	Collection and sale of metal scrap

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
江西銅業香港有限公司 Jiangxi Copper Company Hong Kong Limited	LLC	Hong Kong	HKD232,650,000	100%	–	Trading of copper products and non–ferrous metals
深圳前海科珀實業有限公司 Shenzhen Qianhai Kebo Company Limited ("Shenzhen Qianhai")	LLC	PRC/Mainland China	USD10,000,000	–	100%	Import and export processing
香格里拉市必司大吉礦有限公司 Shangri La Bisidaji Mining Company Limited	LLC	PRC/Mainland China	RMB5,000,000	51%	–	Exploration of copper mining
江銅國際礦業投資(伊斯坦布爾)股份有限公司 JCC Mining investment (Istanbul) Company Limited ("JCC Istanbul")	LLC	Turkey	USD62,400,000	100%	–	Providing mining investment
江西銅業技術研究院有限公司 Jiangxi Copper Technical Institute Company Limited ("Research Institute")	LLC	PRC/Mainland China	RMB45,000,000	100%	–	Research and development
江銅華北(天津)銅業有限公司 Jiangxi Copper Huabei (Tianjin) Company Limited ("JCHT")	LLC	PRC/Mainland China	RMB510,204,000	51%	–	Manufacturing and sale of copper products
浙江江銅富冶和鼎銅業有限公司 Zhejiang JCC Fuye Heding Copper Company Limited ("Fuye Heding") *(Note 4) (c)*	LLC	PRC/Mainland China	RMB1,280,000,000	40%	–	Manufacturing and sale of copper products
江西銅業(香港)投資有限公司 Jiangxi Copper Hong Kong Investment Limited	LLC	Hong Kong	USD5,000,000	100%	–	Providing mining investment

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業(開曼)礦業投資有限公司 Jiangxi Copper Cayman Investment Limited	LLC	Cayman Islands	RMB150,000	–	100%	Providing mining investment
江西銅業酒店管理有限公司 Jiangxi Copper Hotel Management Investment Limited ("Hotel Management")	LLC	PRC/Mainland China	RMB15,000,000	100%	–	Hotel services
江西銅業(鉛山)光伏發電有限公司 Jiangxi Copper (Qianshan) Photovoltaics Company Limited ("Qianshan Photovoltaics")	LLC	PRC/Mainland China	RMB51,000,000	100%	–	Photovoltaic power generation
江西銅業鑫瑞科技有限公司 Jiangxi Copper Xinrui Technology Company Limited ("Xinrui Technology")	LLC	PRC/Mainland China	RMB100,000,000	100%	–	Computer, communications and other electronic equipment manufacturing
江西黃金股份有限公司 Jiangxi Gold Company Limited ("Jiangxi Gold")	LLC	PRC/Mainland China	RMB400,000,000	60%	–	The exploration, selection, smelting, processing and sale of gold
善石投資管理有限公司 Virtue Start Limited ("Virtue Start") *(a)*	LLC	Hong Kong	USD10,000	–	100%	Providing mining investment, import and export of non-ferrous metals, ore and other products

(a) The subsidiaries were acquired by investment during the year ended 31 December 2018.

(b) The subsidiary was established during the year ended 31 December 2018.

(c) On 1 October 2015, the Company entered into an acting-in-concert agreement with another vote holder of Fuye Heding, resulting the Company having the majority of the voting right thereafter. Accordingly, the board of directors of the Company considered that the Company has control over Fuye Heding and consolidated it as a subsidiary since 1 October 2015.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standard Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, certain debt and equity instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 *Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

(a) Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement (Continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS 39 measurement				IFRS 9 measurement	
	Notes	Categories	Amount	Re-measurement	ECL	Categories	Amount
			RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
Financial assets							
Debt instruments (including hybrid contracts):		FVPL[5]	152,874	–	–	FVPL	152,874
Listed debentures	(i)	AFS[2]	2,856,762	–	–	FVPL	2,856,762
Investments in financial products		L&R[3]	70,375	–	–	FVPL	70,375
Bonds investment	(ii)	AFS	54,664	806	–	FVOCI[1]	55,470
Equity instruments:							
Listed equity investments		FVPL	56,861	–	–	FVPL	56,861
Unlisted equity investments	(iii)	AFS	910,564	371,956	–	FVPL	1,282,520
Income right attached to a target equity interest	(iii)	AFS	514,670	–	–	FVPL	514,670
Derivative financial instruments		FVPL	191,770	–	–	FVPL	191,770
Trade receivables		L&R	9,604,253	–	–	AC[4]	9,604,253
Bills receivables	(iv)	L&R	3,200,367	–	–	FVOCI	3,200,367
Factoring receivables		L&R	2,227,710	–	–	AC	2,227,710
Loans to fellow subsidiaries		L&R	1,014,165	–	–	AC	1,014,165
Financial assets included in prepayments, other receivables and other assets		L&R	5,119,617	–	–	AC	5,119,617
Restricted bank deposits		L&R	8,639,835	–	–	AC	8,639,835
Cash and cash equivalents		L&R	10,363,203	–	–	AC	10,363,203
			44,977,690	372,762	–		45,350,452
Total Assets			97,469,819	372,762	–		97,842,581

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement (Continued)

		IAS 39 measurement				IFRS 9 measurement	
	Notes	Categories	Amount	Re-measurement	ECL	Categories	Amount
			RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
Financial liabilities							
Derivative financial instruments		FVPL	724,148	–	–	FVPL	724,148
Trade and bills payables		AC	7,881,408	–	–	AC	7,881,408
Financial liabilities included in other payables and accruals		AC	2,019,975	–	–	AC	2,019,975
Deposits from holding company and fellow subsidiaries		AC	3,083,404	–	–	AC	3,083,404
Interest-bearing bank borrowings		AC	28,508,976	–	–	AC	28,508,976
Corporate bonds		AC	500,000	–	–	AC	500,000
Other long-term payables		AC	124,648	–	–	AC	124,648
			42,842,559	–	–		42,842,559
Other liabilities							
Deferred tax liabilities			105,838	36,478	–		142,316
Total liabilities			47,468,135	36,478	–		47,504,613

[1] FVOCI: Financial assets at fair value through other comprehensive income
[2] AFS: Available-for-sale investments
[3] L&R: Loans and receivables
[4] AC: Financial assets or financial liabilities at amortised cost
[5] FVPL: Financial assets at fair value through profit or loss

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement (Continued)

Notes:

(i) The Group has classified its investments in financial products previously classified as available-for-sale investments and other investments as financial assets measured at fair value through profit or loss as these investments in financial products did not pass the contractual cash flow characteristics test in IFRS 9.

(ii) As of 1 January 2018, the Group has assessed its liquidity portfolio of bonds investment which had previously been classified as AFS debt investments. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.

(iii) The Group has classified its unlisted equity investments and income right attached to a target equity interest previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these investments in financial product did not pass the contractual cash flow characteristics test in IFRS 9.

(iv) As of 1 January 2018, the Group has assessed its liquidity portfolio of certain of bills receivable which had previously been classified as loan and receivables. The objective of the Group in holding this liquidity portfolio is to discount bills to the bank or endorse bills to another company to manage the Group's liquidity needs. The Group concluded that these bills receivables are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these bills receivables as debt investments measured at fair value through other comprehensive income.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking ECL approach.

As illustrated in the table afore, the adoption of the new approach did not result in significant impact on the amounts reported in the opening balance sheet as at 1 January 2018.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

(c) Hedge accounting

The Group has applied hedge accounting under IFRS 9 prospectively. At the date of initial application of IFRS 9, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of IFRS 9, the Group designated the change in fair value of certain commodity derivative contracts in its cash flow hedge relationships. In addition, the Group also designated the change in fair value of certain commodity derivative contracts and provisional price arrangement in its fair value hedge relationships. Upon adoption of IFRS 9, the Group continues to designate certain commodity derivative contracts in the cash flow hedge relationships and certain commodity derivative contracts and provisional price arrangement in its fair value hedge relationships. The adoption of the hedge accounting requirements of IFRS 9 has had no significant impact on the Group's financial statements.

Impact on reserves and retained profits attributable to owners of the company

The impact of transition to IFRS 9 on reserves and retained profits attributable to owners of the company is as follows:

	Effect on other reserves	**Effect on retained earnings attributable to owners of the Company**
Remeasurement for unlisted equity investments	–	371,956
Remeasurement for bonds investment	806	(806)
Impact on deferred tax	–	(36,478)
Impact on non-controlling interests	–	(44,370)
	806	290,302

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 6 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	1 January 2018		
	IAS 18	**Reclassification**	**IFRS 15**
	RMB'000	***RMB'000***	***RMB'000***
Balance sheet (extract)			
Current liabilities			
Other payables and accruals	4,900,538	(1,543,606)	3,356,932
Contract liabilities	–	1,543,606	1,543,606

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as advance from customers. Under IFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of IFRS 15, the Group reclassified RMB1,543,606,000 from advance from customers to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB3,311,246,000 was reclassified from advance from customers to contract liabilities in relation to the consideration received from customers in advance for the sales of goods.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

IFRS 16 replaces IAS 17 Leases, IFRIC-Int 4 Determining whether an Arrangement contains a Lease, SIC-Int 15 Operating Leases – Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year ended 31 December 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that the carrying values of right-of-use assets and lease liabilities to be recognised at 1 January 2019 will not exceed 1% of the carrying value of the total assets of the Group as of 1 January 2019.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRIC-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses

(i) whether an entity considers uncertain tax treatments separately;

(ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;

(iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and

(iv) how an entity considers changes in facts and circumstances.

The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

(i) Business combinations under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter year, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous financial year end or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using the merger accounting are recognised as expenses in the year in which it is incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

(ii) Business combinations not under common control

The Group applies the acquisition method of accounting to account for business combinations not under common control. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

(ii) Business combinations not under common control (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its debt instruments, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their 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. An impairment loss is charged to the statement of profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting year as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the year in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Useful life	**Depreciation rate**
Buildings and mining infrastructure	12–45 years	2.00–8.08%
Machinery	8–27 years	3.33–12.13%
Motor vehicles	9–13 years	6.92–24.25%
Office equipment	5–10 years	9.00–19.40%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. After initial recognition, the Group uses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to investment property's residual value over its estimated useful life. The estimated useful lives are as follows:

Commercial properties	12–45 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The useful lives of intangible assets are assessed to be either finite or indefinite and are shown as below:

	Useful life	Depreciation rate
Mining rights	10–50 years	2%–10%
Trademarks	20 years	5%
Others	5–20 years	5%–20%

Intangible assets with finite useful lives mainly represent mining rights and trademarks acquired from third parties and JCC. Intangible assets with finite lives are subsequently amortised over the shorter of their useful economic lives and the licence period and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets are mainly comprised of cost to acquire exploration rights as well as expenditures incurred during topographical exploration process, including topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off in the statement of profit or loss.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition (applicable before 1 January 2018)” below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition (applicable before 1 January 2018)” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Available-for-sale financial investments (Continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018) (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

General approach (Continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Available-for-sale financial investments (Continued)

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, deposits from holding company and fellow subsidiaries, derivative financial instruments and interest-bearing bank borrowings, corporate bonds and other long-term payables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss (policies under IFRS 9 applicable from 1 January 2018)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss policies under IAS 39 applicable before 1 January 2018)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts (policies under IFRS 9 applicable from 1 January 2018)

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of:

(i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)"; and

(ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Financial guarantee contracts (policies under IAS 39 applicable before 1 January 2018)

A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of:

(i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Convertible bonds (Continued)

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts foreign currency swaps and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 and IAS 39 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Initial recognition and subsequent measurement (Continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

Before 1 January 2018, the documentation included identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group assessed the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges were expected to be highly effective in achieving offsetting changes in fair value or cash flows and were assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Starting from 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Initial recognition and subsequent measurement (Continued)

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

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Initial recognition and subsequent measurement (Continued)

Cash flow hedges (Continued)

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

To the extent to which more than one finished product is obtained from the mineral resource ("joint products"), all joint production costs are apportioned between the resulting finished products by reference to their estimated realisable values at the point where those joint products become physically separated.

Those costs of removing waste materials or "stripping costs" incurred during the production phase of a mine are included in the cost of inventories extracted during the period in which the stripping costs are incurred.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

Provisions for the Group's obligations for environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (applicable from 1 January 2018) (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Service income

Service income, including sub-contracting service, is recognised when services are provided.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Rental income is recognised on a time proportion basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

- service income, including sub-contracting service, is recognised when services are provided;

- interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

- dividend income, when the shareholders' right to receive payment has been established; and

- rental income, on a time proportion basis over the lease terms.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2018 was RMB191,429,000 (2017: RMB182,485,000). More details are given in note 40.

Useful lives of property, plant and equipment

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related property, plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future year. The carrying amount of property, plant and equipment at 31 December 2018 was RMB21,560,982,000 (2017: RMB21,981,202,000). More details are given in note 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Allowance for inventories

Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated selling expenses and related taxes to determine the allowance for inventories. Management may take reference to the available price in the open market or the most recent/subsequent selling price if the open market information is not available. These estimates could change significantly as a result of change in market demand of products or technical innovation and impact the expectation of net realisable value and allowance for inventories required. The carrying amount of inventories was RMB17,259,265,000 at 31 December 2018 (2017: RMB19,997,187,000). More details are given in note 27.

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortisation rates for mine related assets and are used in assessing impairment losses. The carrying amount of mining rights at 31 December 2018 was RMB1,031,344,000 (2017: RMB632,464,000). More details are given in note 20.

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of profit or loss in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at 31 December 2018 was RMB886,847,000 (2017: RMB1,096,637,000). More details are given in note 21.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts of the future taxable profit and tax planning strategies. The carrying amount of deferred tax assets at 31 December 2018 of the Group was RMB676,853,000 (2017: RMB716,072,000). More details are given in note 26.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2018, the carrying amount of non-current assets (other than deferred tax, deposits for prepaid lease payments and deposits for property, plant and equipment) was RMB28,942,326,000 (2017: RMB28,623,966,000).

Provision for expected credit losses on trade receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance. The expected credit loss rates are determined based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. The realisable value of collaterals has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables (Continued)

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging of bill for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions, realizable value of collaterals and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances, forecast economic conditions and realizable value of collaterals. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 28 to the financial statements.

Provision for expected credit losses on factoring receivables and other receivables

Impairment loss on factoring receivables and other receivables represent management's best estimate of losses incurred in factoring receivables and other receivables at the reporting date under ECL models. Management assesses whether the credit risk of factoring receivables and other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on factoring receivables and other receivables, including any observable data indicating that there is a measurable decrease in the estimated future cash flows from factoring receivables and other receivables and historical loss experience on the basis of the relevant observable data that reflects current economic conditions.

The measurement of the ECL involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether or not there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows in stage 3. The information about the ECLs on the Group's factoring receivables and other receivables is disclosed in note 29 and note 30 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Fair value of unlisted equity investments and income right attached to a target equity interest

The unlisted equity investments and income right attached to a target equity interest have been valued based on a market-based valuation technique as detailed in note 51 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select a serious of key ratios. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments and the income right attached to a target equity interest at 31 December 2018 was RMB1,442,885,000 (2017: not applicable). Further details are included in note 24 to the financial statements.

4. BUSINESS COMBINATION

4.1 Business combinations under common control

Acquisition of Guixi Tongsheng Recycling Company Limited

Pursuant to an acquisition agreement with JCC dated 26 September 2018, the Company acquired Guixi Tongsheng Recycling Company Limited (the Target) from a subsidiary of JCC at a consideration of RMB18.4 million (the "Acquisition").

Since the Company and the Target were all ultimately controlled by JCC both before and after the business combination, and control is not transitory, the Acquisition is dealt with as business combination under common control.

The operating results previously reported by the Group for the year ended 31 December 2017 have been restated to include the operating result of the acquired company and business as set out below:

	The Group (as previously reported)	Acquired business under common control	The Group (as restated)
	RMB'000	*RMB'000*	*RMB'000*
Operating profit:			
Revenue	204,233,881	7,306	204,241,187
Profit before tax	2,904,201	2,034	2,906,235
Profit for the year	1,758,659	1,525	1,760,184

4. BUSINESS COMBINATION (CONTINUED)

4.1 Business combinations under common control (Continued)

Acquisition of Guixi Tongsheng Recycling Company Limited (Continued)

The financial positions previously reported by the Group at 31 December 2017 and 1 January 2017 have been restated to include the assets and liabilities of the acquired company and business as set out below:

As at 31 December 2017

	The Group (as previously reported) *RMB'000*	Acquired business under common control *RMB'000*	The Group (as restated) *RMB'000*
Financial position:			
Non-current assets	31,697,988	1,151	31,699,139
Current assets	65,770,672	8	65,770,680
Current liabilities	45,930,920	(17,291)	45,913,629
Non-current liabilities	1,554,506	–	1,554,506
Equity:	49,983,234	18,450	50,001,684
Share capital	3,462,729	–	3,462,729
Reserves	44,069,702	18,450	44,088,152
Non-controlling interests	2,450,803	–	2,450,803

As at 1 January 2017

	The Group (as previously reported) *RMB'000*	Acquired business under common control *RMB'000*	The Group (as restated) *RMB'000*
Financial position:			
Non-current assets	30,590,455	1,284	30,591,739
Current assets	56,793,635	57	56,793,692
Current liabilities	37,339,126	(15,584)	37,323,542
Non-current liabilities	1,222,116	–	1,222,116
Equity:	48,822,848	16,925	48,839,773
Share capital	3,462,729	–	3,462,729
Reserves	43,135,257	16,925	43,152,182
Non-controlling interests	2,224,862	–	2,224,862

4. BUSINESS COMBINATION (CONTINUED)

4.2 Business combinations not under common control

Acquisition of Jiangxi Copper Shenghua

On 30 June 2018, the Group acquired a 51% interest in Jiangxi Copper Shenghua (Shanghai) Cable Co., Ltd. ("Jiangxi Copper Shenghua"), an unlisted company that specialises in the manufacture of cable. The consideration of RMB71,153,000 was satisfied by the Group's trade receivable due from the seller. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Jiangxi Copper Shenghua as at the date of acquisition were:

	30 June 2018 Fair value *RMB'000*
Property, plant and equipment	**89,267**
Intangible assets	**75,962**
Trade payables	**(4,288)**
Other payables	**(21,425)**
	139,516
Non-controlling interests	**68,363**
	71,153
Satisfied by:	
Trade receivables held by the Group	**71,153**

Since the acquisition, Jiangxi Copper Shenghua contributed RMB480,134,000 to the Group's revenue and RMB13,156,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB480,134,000 and RMB6,018,000, respectively.

5. OPERATING SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment: production and sale of copper and other related products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

The Group's operation is mainly located in the Mainland China and Hong Kong. The Group's revenue by geographical location of customers is detailed below:

	2018	2017
	RMB'000	*RMB'000*
Mainland China	**187,733,626**	166,893,784
Hong Kong	**12,564,503**	20,634,352
Others	**14,991,737**	17,526,103
	215,289,866	205,054,239
Less: Sales related taxes	**894,557**	813,052
	214,395,309	204,241,187

All material non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in the PRC except for certain investments in Hong Kong, USA, Singapore, Afghanistan, Algeria, Peru and Japan.

Information about major customers

Revenue of approximately RMB7,259,896,000 (2017: RMB7,074,078,000) was derived from sales of goods to a single customer, including sales to a group of entities which are known to be under common control with that customer.

6. REVENUE

An analysis of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods		
– Copper cathodes	**122,741,975**	121,462,702
– Copper rods	**47,315,355**	45,463,902
– Copper processing products	**5,136,411**	5,268,557
– Gold	**7,259,896**	7,227,737
– Silver	**2,057,013**	2,954,148
– Sulphuric and sulphuric concentrate	**1,200,901**	1,185,914
– Copper concentrate	**19,313,016**	12,653,298
– Rare and other non-ferrous metals	**5,240,472**	5,103,533
– Others	**4,850,061**	3,542,566
Provision of services	**174,766**	191,882
	215,289,866	205,054,239
Less: Sales related taxes	**894,557**	813,052
	214,395,309	204,241,187

6. REVENUE (CONTINUED)

With the adoption of IFRS 15 from 1 January 2018, the Group's revenue from contracts with customers, including sales of goods and other service income above, is as follows:

	2018
	RMB'000
Type of goods or service	
– Sale of goods	**215,115,100**
– Provision of services	**174,766**
	215,289,866
Less: Sales related taxes	**894,557**
Total revenue from contracts with customers	**214,395,309**
Timing of revenue recognition	
– Goods transferred at a point in time	**215,115,100**
– Services transferred over time	**174,766**
	215,289,866
Less: Sales related taxes	**894,557**
Total revenue from contracts with customers	**214,395,309**

7. OTHER INCOME

An analysis of other income is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest income	**672,785**	562,899
Dividend income from equity investments	**13,500**	40,006
Government grants recognised	**154,467**	89,669
Compensation income and others	**44,664**	1,541
	885,416	694,115

8. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Fair value gains/(losses) from commodity derivative contracts and commodity option contracts:		
Transactions not qualifying as hedges	**640,491**	(920,724)
Ineffectiveness of cash flow hedges	**–**	(11,411)
Fair value gains from foreign currency forward contracts, foreign currency swap and interest rate swaps	**193,983**	143,031
Fair value gains from provisional price arrangements	**–**	1,378
Fair value gains/(losses) on other financial assets:		
Listed debentures	**(9,878)**	(3,410)
Debt instruments	**123,626**	(16,299)
Listed equity instruments	**123,334**	–
Non-listed equity instruments	**72,860**	–
Income right attached to a target equity interest	**21,028**	–
Gains/(losses) on other financial assets:		
Listed debentures	**9,376**	9,270
Debt instruments	**2,830**	4,681
Bank financial products	**87,617**	140,723
Assets management products	**52,863**	113,593
Income right attached to a target equity interest	**–**	1,242
Impairment losses on:		
Assets classified as held for sale	**(95,837)**	(166,584)
Property, plant and equipment	**(5,145)**	(5,914)
Exploration and evaluation assets	**(303,531)**	–
Impairment of trade receivables	**–**	(1,932,577)
Impairment of loans to fellow subsidiaries	**–**	2,957
Impairment of factoring receivables	**–**	(78,784)
Impairment of unlisted equity investments	**–**	(4,414)
Impairment of prepayment, other receivables and other assets	**–**	(147,406)
Losses on disposal of property, plant and equipment	**(72,384)**	(57,926)
Foreign exchange gains, net	**(54,988)**	(151,969)
Others	**(12,950)**	(35,770)
	773,295	(3,116,313)

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2018	2017
	RMB'000	*RMB'000*
Provided for/(reversal of) impairment:		
Impairment of trade receivables	**1,390,882**	–
Impairment of factoring receivables	**95,205**	–
Impairment of prepayment, other receivables and other assets	**(116,976)**	–
	1,369,111	–

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**1,213,458**	744,547
Discounted notes	**161,869**	163,947
Corporate bonds	**23,700**	6,715
Financing lease	**9,980**	2,752
	1,409,007	917,961

11. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Cost of inventories sold and service provided		**202,554,953**	195,642,937
Depreciation of property, plant and equipment	17	**1,580,105**	1,713,483
Depreciation of investment properties	18	**11,357**	10,741
Amortisation of prepaid land lease payments	19	**29,838**	28,689
Amortisation of intangible assets	20	**48,036**	52,018
Minimum lease payments under operating leases		**167,947**	159,277
Auditors' remuneration		**9,207**	10,811
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**3,039,963**	2,327,583
– Pension scheme contributions		**586,755**	509,984
Research and development costs		**206,932**	158,313
Allowance for inventories included in cost of sales		**76,911**	3,379

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Fees	**383**	400
Other emoluments:		
Salaries, allowances and benefits in kind	**7,013**	6,536
Pension scheme contributions	**238**	439
	7,251	6,975
	7,634	7,375

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2018	2017
	RMB'000	*RMB'000*
Zhang Weidong *(i)*	**–**	50
Tu Shutian	**100**	100
Sun Chuanyao *(ii)*	**25**	100
Liu Erfei	**100**	100
Zhou Donghua *(i)*	**100**	50
Liu Xike *(iii)*	**58**	–
	383	400

Notes:

i. On 7 June 2017, Mr. Zhang Weidong resigned from his position as an independent non-executive director of the Company and Mr. Zhou Donghua was appointed as an independent non-executive director of the Company.

ii. On 6 March 2018, Mr. Sun Chuanyao resigned from his position as an independent non-executive director of the Company.

iii. On 12 June 2018, Mr. Liu Xike was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors

		Other emoluments			
2018	**Fees** *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Performance related bonuses** *RMB'000*	**Pension scheme contributions** *RMB'000*	**Total** *RMB'000*
Executive directors:					
Long Ziping *(Chairmen and the chief executive)*	–	809	–	27	836
Gao Jianmin	–	200	–	–	200
Liang Qing	–	200	–	–	200
Wu Jinxing	–	809	–	24	833
Wu Yuneng	–	809	–	24	833
Wang Bo	–	809	–	23	832
Dong Jiahui *(i)*	–	472	–	24	496
	–	4,108	–	122	4,230
Supervisors:					
Hu Qingwen	–	581	–	23	604
Liao Shengsen	–	581	–	22	603
Zhang Jianhua	–	581	–	23	604
Zeng Min	–	581	–	24	605
Zhang Kui	–	581	–	24	605
	–	2,905	–	116	3,021

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (Continued)

2017	Fees *RMB'000*	Other emoluments: Salaries, allowances and benefits in kind *RMB'000*	Other emoluments: Performance related bonuses *RMB'000*	Other emoluments: Pension scheme contributions *RMB'000*	Total *RMB'000*
Executive directors:					
Li Baomin *(ii)*	–	552	–	34	586
Long Ziping *(Chairmen and the Chief executive) (ii)*	–	736	–	45	781
Gao Jianmin	–	200	–	–	200
Liang Qing	–	200	–	–	200
Wu Jinxing	–	736	–	45	781
Wu Yuneng	–	736	–	45	781
Wang Bo	–	736	–	45	781
	–	3,896	–	214	4,110
Supervisors:					
Xie Ming *(iii)*	–	132	–	11	143
Hu Qingwen	–	528	–	45	573
Liao Shengsen	–	528	–	45	573
Zhang Jianhua	–	528	–	45	573
Zeng Min	–	528	–	45	573
Zhang Kui *(iii)*	–	396	–	34	430
	–	2,640	–	225	2,865

Notes:

i. On 27 April 2018, Mr. Dong Jiahui was appointed as an executive director of the Company.

ii. On 11 September 2017, Mr. Li Baomin resigned from his position as the chairman and an executive director of the Company, and Mr. Long Ziping, the chief executive director of the Company was appointed as the Chairman of the Company.

iii. On 39 March 2017, Mr. Xie Ming resigned from his position as a supervisor of the Company, and Mr. Zhang Kui was appointed as a supervisor of the Company.

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (Continued)

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the companies now comprising the Group during the year. There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the year.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors including the chief executive (2017: four directors including the chief executive), details of whose remuneration are set out in note 12(b) above. Details of the remuneration for the year of the remaining one (2017: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Salaries, allowances and benefits in kind	**619**	563
Pension scheme contributions	**24**	45
	643	608

The number of non-director and non-chief executive highest paid employee whose remuneration fell within the following band is as follows:

	2018 **Number of** **Individuals**	2017 Number of Individuals
Nil to HK$1,000,000	**1**	1

14. INCOME TAX

The major components of income tax expenses of the Group during the period are as follows:

	2018	2017
	RMB'000	*RMB'000*
Current income tax:		
PRC income tax	**829,426**	902,192
HK income tax	**4,549**	3,050
	833,975	905,242
Deferred income tax *(note 26)*	**5,564**	240,809
Income tax charge for the year	**839,539**	1,146,051

Hong Kong profits tax on five (2017: five) of the Group's subsidiaries has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC income tax is based on a statutory rate of 25% (2017: 25%) of the assessable profits of the PRC companies as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law except for those recognised as New and High Technology Enterprise entitled to a preferential PRC income tax rate of 15%, according to the PRC Corporate Income Tax Law.

14. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Profit before tax	**3,262,125**	**100.00**	2,906,235	100.00
Tax at the effective statutory tax rate (15%) *	**489,319**	**15.00**	435,935	15.00
Effect of different tax rates for subsidiaries	**(116,804)**	**(3.58)**	(138,317)	(4.76)
Tax loss and temporary differences not recognised	**483,750**	**14.83**	771,728	26.55
Expenses not deductible for tax	**20,894**	**0.64**	39,639	1.36
Income not subject to tax	**(7,340)**	**(0.23)**	(18,185)	(0.63)
Profits and losses attributable to joint ventures and associates	**6,742**	**0.21**	(5,533)	(0.19)
Adjustments in respect of current tax of previous periods	**12,170**	**0.37**	(2,598)	(0.09)
Effect on opening deferred tax of decrease in rates	**25**	**–**	163,882	5.64
Utilisation of unrecognised tax losses and temporary differences	**(35,779)**	**(1.10)**	(88,122)	(3.03)
Tax incentive in relation to deduction of certain expense	**(13,438)**	**(0.41)**	(12,378)	(0.43)
Income tax expense at the Group's effective rate	**839,539**	**25.74**	1,146,051	39.43

* Pursuant to the "Notice of Recognition of the 2017 First Batch of New and High Technology Enterprises in Jiangxi Provinces" (Gan Gao Qi Ren Fa [2017] No. 10) dated 17 November 2017, jointly issued by the Science and Technology Department of Jiangxi Province, Finance Department of Jiangxi Province, State Tax Bureau of Jiangxi Province and Provincial Tax Bureau of Jiangxi Province, the Company has passed the examination for new and high technology enterprises, and the certificate number is GR201736000335. According to the provisions of Article 28 "Enterprise Income Tax Law of the People's Republic of China", the applicable income tax rate of the Company during 1 January 2017 to 31 December 2019 is 15%.

The share of tax attributable to joint ventures and associates amounting to RMB901,000 (2017: RMB1,517,000) and RMB21,131,000 (2017: RMB22,227,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

15. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Proposed final of RMB0.20 per share (2017: RMB0.20 per share)	**692,546**	692,546

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,462,729,405 (2017: 3,462,729,405) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

The calculations of basic and diluted earnings per share are based on:

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**2,415,017**	1,651,113
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**3,462,729,405**	3,462,729,405

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As at 1 January 2017 (restated)	13,695,294	18,282,748	1,448,408	234,909	2,961,956	36,623,315
Additions	9,272	99,857	44,756	8,798	2,678,708	2,841,391
Transfers	1,209,574	1,134,150	23,907	7,718	(2,375,349)	–
Disposals	(28,037)	(495,278)	(55,002)	(4,644)	–	(582,961)
As at 31 December 2017 (restated)	14,886,103	19,021,477	1,462,069	246,781	3,265,315	38,881,745
Additions	53,416	41,329	10,157	6,714	1,340,363	1,451,979
Effect of business combination not under common control	47,471	41,796	–	–	–	89,267
Transfers	505,820	403,360	34,700	14,370	(958,250)	–
Transfer to intangible assets	–	–	–	–	(14,275)	(14,275)
Transfer to prepaid land lease payment	–	–	–	–	(8,673)	(8,673)
Transfer to assets classified as held for sale	(21,516)	(254,028)	(7,110)	(2,339)	–	(284,993)
Disposals	(230,378)	(592,227)	(23,638)	(6,425)	(5,390)	(858,058)
As at 31 December 2018	15,240,916	18,661,707	1,476,178	259,101	3,619,090	39,256,992
Accumulated depreciation						
As at 1 January 2017 (restated)	(5,318,575)	(9,120,700)	(1,132,739)	(97,628)	–	(15,669,642)
Charge for the year	(490,220)	(1,012,808)	(175,424)	(35,031)	–	(1,713,483)
Disposals	14,875	425,615	48,822	4,583	–	493,895
As at 31 December 2017 (restated)	(5,793,920)	(9,707,893)	(1,259,341)	(128,076)	–	(16,889,230)
Transfer to assets classified as held for sale	10,216	119,274	6,262	1,785	–	137,537
Charge for the year	(509,251)	(956,584)	(94,444)	(19,826)	–	(1,580,105)
Disposals	150,375	475,293	20,112	6,379	–	652,159
As at 31 December 2018	(6,142,580)	(10,069,910)	(1,327,411)	(139,738)	–	(17,679,639)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision for impairment						
As at 1 January 2017	(2,805)	(13,547)	(593)	(23)	–	(16,968)
Provision for the year	(5,914)	–	–	–	–	(5,914)
Write-off for the year	–	11,569	–	–	–	11,569
As at 31 December 2017	(8,719)	(1,978)	(593)	(23)	–	(11,313)
Provision for the year	(4,971)	(174)	–	–	–	(5,145)
Write-off for the year	–	87	–	–	–	87
As at 31 December 2018	(13,690)	(2,065)	(593)	(23)	–	(16,371)
Net carrying amount						
As at 31 December 2018	9,084,646	8,589,732	148,174	119,340	3,619,090	21,560,982
As at 31 December 2017	9,083,464	9,311,606	202,135	118,682	3,265,315	21,981,202

As at 31 December 2018, certain of the Group's machinery with a net book value of approximately RMB372,616,000 (2017: RMB436,609,000) and certain of the Group's buildings with a net book value of approximately RMB225,150,000 (2017: Nil) were pledged to secure short-term bank borrowings (note 38).

The net carrying amounts of the Group's fixed assets held under finance leases included in the total amounts of machinery at 31 December 2018 were RMB174,467,000 (2017: RMB185,924,000).

As at 31 December 2018, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with a net book value of approximately RMB1,027,401,000 (2017: RMB1,540,129,000).

18. INVESTMENT PROPERTIES

	Commercial properties *RMB'000*
Cost	
As at 1 January 2017, 31 December 2017 and 2018	531,419
Accumulated depreciation	
As at 1 January 2017	(47,122)
Charge for the year	(10,741)
As at 31 December 2017	(57,863)
Charge for the year	(11,357)
As at 31 December 2018	(69,220)
Net carrying amount	
As at 31 December 2018	462,199
As at 31 December 2017	473,556

The Group's properties held under operating leases are measured using cost model and are classified and accounted for as investment properties. Depreciation is provided to write off the cost of investment properties using straight-line method over the remaining terms of the useful life.

The directors of the Company anticipate that the fair values of the Group's investment properties are close to the carrying amount measured at cost method.

19. PREPAID LAND LEASE PAYMENTS

The prepaid land lease payments of the Group and the Company represent leasehold interests in state-owned land in the PRC with rights to use the land under leases ranging from 25 to 50 years.

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January	**1,234,290**	1,226,414
Additions	**93,071**	36,565
Transfer from construction in progress	**8,673**	–
Transfer to assets classified as held for sale	**(8,734)**	–
Recognised during the year	**(29,838)**	(28,689)
Carrying amount at 31 December	**1,297,462**	1,234,290
Current portion included in current assets	**(29,838)**	(28,689)
Non-current portion	**1,267,624**	1,205,601

As at 31 December 2018, certain of prepaid land lease payments of the Group with a net book value amounting to RMB339,000,000 (2017: RMB78,252,000) were pledged to secure short-term bank borrowings as set out in note 38.

As at 31 December 2018, no prepaid land lease payment of the Group (2017: RMB173,819,000) was pledged to secure long-term bank borrowings as set out in note 38.

At 31 December 2018, the Group was in the process of obtaining the certificates of the land use rights for certain of the Group's prepaid land lease payments with a net book value of approximately RMB10,531,000 (2017: RMB13,811,000).

20. INTANGIBLE ASSETS

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As at 1 January 2017	962,419	52,627	90,882	1,105,928
Additions	–	–	3,261	3,261
Transfer from exploration and evaluation assets	10,343	–	–	10,343
As at 31 December 2017	972,762	52,627	94,143	1,119,532
Additions	426,513	–	5,248	431,761
Transfer from construction in progress	–	–	14,275	14,275
Transfer from exploration and evaluation	3,894	–	–	3,894
Disposals	–	–	(2,358)	(2,358)
As at 31 December 2018	1,403,169	52,627	111,308	1,567,104
Amortisation				
As at 1 January 2017	(305,068)	(35,211)	(38,059)	(378,338)
Provision for the year	(35,230)	(1,913)	(14,875)	(52,018)
As at 31 December 2017	(340,298)	(37,124)	(52,934)	(430,356)
Provision for the year	(31,527)	(2,012)	(14,497)	(48,036)
Disposals	–	–	133	133
As at 31 December 2018	(371,825)	(39,136)	(67,298)	(478,259)
Net carrying amount				
As at 31 December 2018	1,031,344	13,491	44,010	1,088,845
As at 31 December 2017	632,464	15,503	41,209	689,176

21. EXPLORATION AND EVALUATION ASSETS

	2018 RMB'000	2017 RMB'000
Carrying amount at 1 January	**1,096,637**	1,007,499
Additions	**97,635**	99,481
Transfer to mining rights *(note 20)*	**(3,894)**	(10,343)
Impairment	**(303,531)**	–
Carrying amount at 31 December	**886,847**	1,096,637

22. INVESTMENTS IN JOINT VENTURES

	2018 RMB'000	2017 RMB'000
Share of net assets	**291,141**	308,611
Impairment	**(34,917)**	(34,917)
	256,224	273,694

The Group's trade receivable and payable balances with the joint ventures are disclosed in note 49 to the financial statements.

Particulars of the joint ventures are set out as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of establishment and operations	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
江西省江銅百泰環保科技有限公司 Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq")	Registered capital of RMB1 each	PRC/Mainland China	50%	50%	Recovery of industrial waste water and sale of products
Nesko Metal Sanayive Ticaret Anonim Şirketi	Registered capital of YTL1 each	Istanbul	48%	48%	Investment holding of a 99.95% equity interest in a mining company in Albania
嘉石普通合夥人有限公司 Valuestone GP Ltd.	Registered capital of USD1 each	Cayman Islands	51%	51%	Investments in natural resources

22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial statements of the Group's joint ventures that are not individually material:

	2018	2017
	RMB'000	*RMB'000*
Share of the joint ventures' loss for the year	**(30,243)**	(36,963)
Share of the joint ventures' other comprehensive income for the year	**6,623**	16,657
Share of the joint ventures' total comprehensive income for the year	**(23,620)**	(20,306)
Carrying amount of the Group's investments in the joint ventures	**256,224**	273,694

23. INVESTMENTS IN ASSOCIATES

	2018	2017
	RMB'000	*RMB'000*
Share of net assets	**3,419,605**	2,904,100

The Group's trade receivable and payable balances with the associates are disclosed in note 49 to the financial statements.

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
五礦江銅礦業投資有限公司 Minmetals Jiangxi Copper Mining Investment Company Limited ("Minmetals Jiangxi Copper")	Registered capital of RMB1 each	PRC/Mainland China	40%	Investment holding of a mining company in Peru
興亞保弘株式會社 Asia Development Sure Spread Company Limited ("Asia Sure Spread")	Registered capital of JPY1 each	Japan	49%	Import and export of copper products
中冶江銅艾娜克礦業有限公司 MCC-JCL Aynak Minerals Company Limited ("MCC-JCL ")	Registered capital of USD1 each	Afghanistan	25%	Exploration and sales of copper products
昭覺逢燁濕法冶煉有限公司 Zhaojue Fengye Smelting Company Limited ("Fengye")	Registered capital of RMB1 each	PRC/Mainland China	47.86%	Production and sales of copper cathodes and related products; technology development and provision of services
中銀國際證券股份有限公司 BOC International (China) Co., Ltd. ("BOCI")	Registered capital of RMB1 each	PRC/Mainland China	6.31%	Securities broker and investment advisory
江西金杯江銅電纜有限 公司 Jiangxi Copper Jinbei Cable Company Limited ("Jinbei")	Registered capital of RMB1 each	PRC/Mainland China	20%	Manufacture and sales of wire cables
嘉石環球資源基金一期 Valuestone Global Resources Fund I LP ("Fund I")	Paid-in contribution of USD1 each	Cayman Islands	90.41%	Investments in natural resources
江西銅瑞項目管理有限公司 Jiangxi Tongrui Project Management Company Limited ("Tongrui")	Registered capital of RMB1 each	PRC/Mainland China	49%	Project management services
江西江銅石化有限公司 Jiangxi JCC Petrochemical Company Limited ("Shihua")	Registered capital of RMB1 each	PRC/Mainland China	49%	Production and sale petrochemical products
寧波賽墨科技有限公司 Ningbo Saimo Technology Company Limited ("Saimo")	Registered capital of RMB1 each	PRC/Mainland China	38%	Technology services

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Minmetals Jiangxi Copper and MCC-JCL, which are considered material associates of the Group, are strategic partners of the Group engaged in the manufacture of industrial products and are accounted for using the equity method.

The following table illustrates the summarised financial statements in respect of Minmetals Jiangxi Copper and MCC-JCL adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Minmetals Jiangxi Copper

	2018	2017
	RMB'000	*RMB'000*
Current assets	**295,550**	67,474
Non-current assets	**4,643,722**	4,328,993
Current liabilities	**(199,258)**	(418,455)
Non-current liabilities	**(1,062,087)**	(1,011,110)
Net assets	**3,677,927**	2,966,902
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**40%**	40%
Carrying amount of the investment	**1,471,171**	1,186,761
Share of (loss)/profit for the year	**(51,950)**	15,030
Share of other comprehensive income/(expense)	**119,160**	(116,150)
Share of total comprehensive income/(expense) for the year	**67,210**	(101,120)

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

MCC-JCL

	2018 RMB'000	2017 RMB'000
Current assets	**179,815**	187,751
Non-current assets	**2,556,050**	2,417,368
Current liabilities	**(15,988)**	(15,624)
Net assets	**2,719,877**	2,589,495
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**25%**	25%
Carrying amount of the investment	**679,969**	647,374
Share of profit for the year	**–**	–
Share of other comprehensive income/(expense)	**32,587**	(39,570)
Share of total comprehensive income/(expense) for the year	**32,587**	(39,570)

The following table illustrates the aggregate financial statements of the Group's associates that are not individually material:

	2018 RMB'000	2017 RMB'000
Share of the associates' (profit)/loss for the year	**(23,048)**	55,026
Share of the associates' other comprehensive income for the year	**6,861**	1,601
Share of the associates' total comprehensive (income)/expense for the year	**(16,187)**	56,627
Carrying amount of the Group's investments in the associates	**1,268,465**	1,069,965

24. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

	2018 Presented under IFRS 9		2017 Presented under IAS 39	
	Categories	**Carrying Amount**	Categories	Carrying Amount
		RMB'000		*RMB'000*
Debt instruments (including hybrid contracts):				
Listed debentures *(a)*	**FVPL**	**109,287**	FVPL	152,874
Investments in financial products *(b)*	**FVPL**	**9,468,227**	AFS	2,856,762
			L&R	70,375
		9,468,227		2,927,137
Bond investments *(c)*	**FVOCI**	**50,047**	AFS	54,664
Equity instruments:				
Listed equity investments in the PRC *(d)*	**FVPL**	**163,814**	FVPL	56,861
Listed equity investments in the HKEx *(d)*	**FVPL**	**829,236**		–
Unlisted equity investments in the PRC *(e)*	**FVPL**	**907,187**	AFS	910,564
Income right attached to a target equity interest *(f)*	**FVPL**	**535,698**	AFS	514,670
		12,063,496		4,616,770
Under IFRS 9:				
FVPL		**12,013,449**		–
FVOCI		**50,047**		–
		12,063,496		–
Under IAS 39:				
AFS		**–**		4,336,660
FVPL		**–**		209,735
L&R		**–**		70,375
		–		4,616,770
Non-current assets		**2,272,121**		1,665,484
Current assets		**9,791,375**		2,951,286
		12,063,496		4,616,770

24. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES (CONTINUED)

(a) The listed debentures are at variable interest rates ranging from 0.5% to 6% (2017: 0.5% to 6%) per annum.

(b) The amount represents investments in financial products arranged by bank, trust institution and independent securities companies with high credit-rating and good reputation. The financial products held by the Group generate annual target return rates ranged from 4.10% to 8.00% (2017: 4.20% to 8.00%) per annum. The investments have maturity date from 15 January 2019 to 21 November 2021 (2017: 21 January 2018 to 15 January 2019) and were unsecured.

	2018	2017
	RMB'000	*RMB'000*
Including:		
Bank financial products	**8,182,800**	798,815
Trust products	**222,165**	1,000,000
Asset management products	**1,063,262**	1,128,322
	9,468,227	2,927,137

(c) As at 31 December 2018, the bond investments held by the Group generate annual target return rates ranged from 7.17% to 7.50% (2017: 7.17% to 7.50%), with matured date from 22 October 2019 to 31 October 2019 (2017: 22 October 2019 to 31 October 2019).

(d) The listed equity securities represent stocks listed in PRC and the Stock Exchange of Hong Kong Limited ("HKEx").

(e) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investee and the Group did not have significant influence on these invested entities.

During the year ended 31 December 2018, one of the unlisted equity investments held by the Group was successfully listed on the HKEx. Accordingly, the investment was presented as a listed equity security as at 31 December 2018.

(f) The investments represents a beneficial right attached to the 2.65% equity interest in a limited liability company established in the PRC held by China Cinda ("Beneficial Right"), including the right to all the incomes derived from this equity interest. The Group obtained the Beneficial Right by transferring its entrusted accounts receivable to independent third parties including Ping An Trust Co., Ltd. ("Ping An Trust") and China Cinda Asset Management Co., Ltd. ("China Cinda") in December 2017.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2018		2017	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Assets/(liabilities)				
Commodity derivative contracts	**87,749**	**(47,495)**	99,410	(433,992)
Commodity option contracts	**–**	**(20,966)**	–	–
Provisional price arrangements	**94,236**	**–**	–	(193,352)
Foreign currency forward contracts, interest rate swaps and foreign currency swaps	**81,920**	**(25,797)**	92,360	(96,804)
	263,905	**(94,258)**	191,770	(724,148)

	2018	2017
	RMB'000	*RMB'000*
Including:		
Derivatives designated as hedging instruments *(a)*:		
Cash flow hedges		
– Commodity derivative contracts	**3,401**	(5,693)
Fair value hedges		
– Commodity derivative contracts	**–**	(15,476)
– Provisional price arrangement	**94,236**	(193,351)
	97,637	(214,520)
Derivatives not designated as hedging instruments *(b)*:		
– Commodity derivative contracts	**36,853**	(313,415)
– Commodity option contracts	**(20,966)**	–
– Foreign currency forward contracts, interest rate swaps and foreign currency swaps	**56,123**	(4,443)
	72,010	(317,858)
	169,647	(532,378)

The Group uses commodity derivative contracts and provisional price arrangements to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are mainly standardised copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME").

25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivatives under hedging accounting:

For the purpose of hedge accounting, hedges of the Group are classified as:

– **Cash flow hedge**

Certain commodity derivative contracts were designated by the Group to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 31 December 2018, the expected delivery period of the forecasted sales for copper related products was from January to March 2019 (2017: January to March 2018).

– **Fair value hedge**

Certain commodity derivative contracts and provisional price arrangements were designated by the Group to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories. In addition, the Group also designated commodity derivative contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with unrecognised firm commitment to sell copper rods. For the year ended 31 December 2018, only provisional price arrangements were designated as hedging instruments under fair value hedges.

At the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective.

(b) Derivatives not under hedging accounting:

The Group utilises commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper component within copper concentrate, forecasted sales of copper wires and rods, and copper related products. These arrangements are designed to reduce significant fluctuations in the prices of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

In addition, the Group has entered into various foreign currency forward contracts, foreign currency swaps and interest rate swaps to manage its exposures on exchange rate and interest rate.

However, these commodity derivative contracts, foreign currency forward contracts, foreign currency swaps and interest rate swaps are not under hedging accounting.

25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The impacts of the hedged items under cash flow hedge on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year	Cash flow hedge reserve
	RMB'000	*RMB'000*
As at 31 December 2018		
Highly probable forecast sales	–	3,401

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognised in other comprehensive income					Amount reclassified from other comprehensive income to profit or loss			
	Gross amount	Tax effect	Total	Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Gross amount	Tax effect	Total	Line item (gross amount) in the statement of profit or loss
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*	*RMB'000*	
Highly probable forecast sales	4,535	(1,134)	3,401	–	Other gains and losses	(8,469)	2,117	(6,352)	Other gains and losses

25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The impact of the hedging instrument for fair value hedge on the statement of financial position is as follows:

	Carrying amount *RMB'000*	Line item in the statement of financial position	Changes in fair value used for measuring hedge ineffectiveness for the year *RMB'000*
As at 31 December 2018			
Provisional price arrangement	94,236	Derivative financial instruments	273,294

The impact of the hedged items under fair value hedge on the statement of financial position is as follows:

	Carrying amount	Accumulated fair value adjustment *RMB'000*	Line item in the statement of financial position	Changes in fair value used for measuring hedge ineffectiveness for the year *RMB'000*
As at 31 December 2018				
Inventories	2,789,670	(86,952)	Inventories	(259,314)

26. DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets:

	Impairment of assets	Accrued expenses	Unrealised profits	Deductible taxable loss	Fair value change from forward currency contracts	Fair value change from commodity derivative contracts	Deferred revenue	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016 (restated)	394,536	165,411	4,632	218,600	–	90,653	111,663	34,590	1,020,085
Deferred tax charged to other comprehensive income	–	–	–	–	943	–	–	(188)	755
Deferred tax credited/ (charged) to profit or loss	(79,147)	(24,979)	(2,797)	(88,658)	11,431	(17,485)	(47,537)	3,937	(245,235)
At 31 December 2017 (restated)	315,389	140,432	1,835	129,942	12,374	73,168	64,126	38,339	775,605
Deferred tax charged to other comprehensive income	–	–	–	–	–	(2,117)	–	1,639	(478)
Deferred tax credited/ (charged) to profit or loss	(52,125)	(13,002)	6,522	75,755	(11,114)	(62,644)	(786)	3,341	(54,053)
At 31 December 2018	263,264	127,430	8,357	205,697	1,260	8,407	63,340	43,319	721,074

26. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Fair value gain from derivative financial instruments – transactions not qualifying as hedges *RMB'000*	Forward currency contract, foreign currency swaps and interest rate swaps *RMB'000*	Fair value adjustments on property, plant and equipment, prepaid lease payments and exploration and evaluation assets *RMB'000*	Fair value change from commodity derivative contracts *RMB'000*	Fair value change from provisional price arrangements *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2017	(31,263)	(18)	(103,374)	(19,680)	(13,372)	(129)	(167,836)
Deferred tax charged to profit or loss *(note 14)*	5,349	(12,453)	780	(4,394)	13,372	(189)	2,465
At 31 December 2017	(25,914)	(12,471)	(102,594)	(24,074)	–	(318)	(165,371)
Effect of adoption of IFRS 9	–	–	–	–	–	(36,478)	(36,478)
At 1 January 2018	(25,914)	(12,471)	(102,594)	(24,074)	–	(36,796)	(201,849)
Deferred tax (credited)/charged to profit or loss	25,914	5,218	47,696	8,888	–	(39,227)	48,489
At 31 December 2018	–	(7,253)	(54,898)	(15,186)	–	(76,023)	(153,360)

26. DEFERRED TAXATION (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	Before elimination	**Elimination amount**	**After elimination**
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2017			
Deferred tax assets	775,605	(59,533)	716,072
Deferred tax liabilities	(165,371)	59,533	(105,838)
At 31 December 2018			
Deferred tax assets	721,074	(44,221)	676,853
Deferred tax liabilities	(153,360)	44,221	(109,139)

Deferred tax assets have not been recognised in respect of the following items:

	2018	2017
	RMB'000	*RMB'000*
Tax losses	**1,968,069**	2,295,078
Temporary difference	**5,835,765**	3,754,816
	7,803,834	6,049,894

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. INVENTORIES

	2018	2017
	RMB'000	*RMB'000*
Raw materials	**7,183,604**	8,789,820
Work in progress	**5,485,482**	5,487,874
Finished goods	**4,897,730**	5,954,286
	17,566,816	20,231,980
Less: Impairment allowance	**307,551**	234,793
	17,259,265	19,997,187

As at 31 December 2018, certain of the Group's inventories with a net book value of approximately RMB250,000,000 (2017: RMB144,446,000) were pledged to secure short term bank borrowings (note 38).

As at 31 December 2018, certain of the Group's inventories with a net book value of approximately RMB129,391,000 (2017: RMB543,636,000) were pledged as deposit for commodity derivative contracts.

As at 31 December 2018, the Group's inventories includes hedged items under hedging instrument of provisional price arrangement. The fair value of the hedged items amounted to RMB2,883,906,000 (2017: RMB3,233,834,000), which are estimated by reference to quoted bid prices of similar standardised commodity derivative contracts at the end of the Reporting Period. Their fair value measurements are categorised under Level 1.

28. TRADE AND BILLS RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**10,900,293**	13,391,108
Bills receivable	**3,229,925**	3,200,367
	14,130,218	16,591,475
Less: Impairment allowance	**5,172,573**	3,786,855
	8,957,645	12,804,620

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Trade receivables due from the Group's associates and related parties are repayable on similar credit terms to those offered to the major customers of the Group. Details as in notes 49.

As at 31 December 2018, bills receivables of RMB737,796,000 (2017: RMB1,191,123,000), and trade receivables of RMB100,000,000 (2017: Nil) were pledged to secure short-term bank borrowings (note 38).

The ageing analysis of trade and bills receivables, net of impairment allowance, is presented based on the goods delivery dates at the end of the reporting period as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**6,783,279**	9,514,147
1 to 2 years	**1,119,564**	1,893,785
2 to 3 years	**1,052,571**	813,269
Over 3 years	**2,231**	583,419
	8,957,645	12,804,620

28. TRADE AND BILLS RECEIVABLES (CONTINUED)

The term of bills receivable are all less than 12 months. As at 31 December 2018, the bills receivables were neither past due nor impaired (31 December 2017: Nil).

Movements in the loss allowance for impairment of trade receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**3,786,855**	2,252,822
Impairment losses, net	**1,385,718**	1,534,033
At end of year	**5,172,573**	3,786,855

Impairment under IFRS 9 for the year ended 31 December 2018

The Group applies the simplified approach in calculating ECLs for traded receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The realisable value of collaterals has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
		RMB'000	***RMB'000***	***RMB'000***
At 31 December 2018				
Provision on individual basis	**65.31%**	**7,508,475**	**(4,903,575)**	**2,604,900**
Provision on collective basis				
Aged less than 1 year	**0.01%**	**3,105,272**	**(217)**	**3,105,055**
Aged 1 to 2 years	**6.37%**	**5,700**	**(363)**	**5,337**
Aged 2 to 3 years	**35.19%**	**19,176**	**(6,748)**	**12,428**
Aged over 3 years	**100.00%**	**261,670**	**(261,670)**	**–**
	47.45%	**10,900,293**	**(5,172,573)**	**5,727,720**

28. TRADE AND BILLS RECEIVABLES (CONTINUED)

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB2,567,389,000 with a carrying amount before provision of RMB3,761,221,000 as at 31 December 2017.

The individually impaired trade receivables as at 31 December 2017 related to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

The ageing analysis of the trade receivables which are past due but not impaired as at 31 December 2017 that are were not individually considered to be impaired under IAS 39 is as follows:

	2017 *RMB'000*
Within 1 year	497,417
1 to 2 years	1,302,216
2 to 3 years	117,102
Over 3 years	1,492,358
	3,409,093

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 is was necessary in respect of these balances as there had has not been a significant change in credit quality and the balances are were still considered fully recoverable.

29. FACTORING RECEIVABLES

	2018 RMB'000	2017 RMB'000
Factoring receivables	**2,256,013**	2,306,494
Less: Impairment allowance	**173,989**	78,784
	2,082,024	2,227,710

As of 31 December 2018, factoring receivables were repayable within one year at interest rates ranging from 5.50% to 11.00% per annum. (2017: 6.00% to 11.50% per annum).

During the year ended 31 December 2018, RMB173,989,000 was recognised as an allowance for expected credit losses on factoring receivables. The movements in the loss allowance for impairment of factoring receivables are as follows:

	2018 RMB'000	2017 RMB'000
At beginning of year	**78,784**	–
Impairment losses, net	**95,205**	78,784
At end of year	**173,989**	78,784

29. FACTORING RECEIVABLES (CONTINUED)

Impairment under IFRS 9 for the year ended 31 December 2018

The Group determine the provision for expected credit losses by grouping together factoring receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions.

Reconciliation of allowance for factoring receivables is as follows.

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2 Individual basis	Stage 2 Collective basis	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	33,815	–	44,969	–	78,784
Transfer of financial instrument	–	–	–	–	–
– Transfers from stage 1 to stage 2	(33,815)	–	33,815	–	–
Impairment losses, net	37,137	–	58,068	–	95,205
	37,137	–	136,852	–	173,989

29. FACTORING RECEIVABLES (CONTINUED)

Impairment under IAS 39 for the year ended 31 December 2017

The ageing analysis of the factoring receivables as at 31 December 2017 that are were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017
	RMB'000
Neither pass due nor impaired	–
Less than 1 year past due	1,648,853
1 to 2 yeas past due	533,888
2 to 3 yeas past due	44,969
	2,227,710

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances are were still considered fully recoverable.

30. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2018	2017
	RMB'000	*RMB'000*
Prepayments	**3,177,729**	1,914,169
Deposits and other receivables	**3,488,305**	5,757,139
Prepaid value-added tax	**951,650**	728,128
Inter-bank loans *(a)*	**800,000**	–
Deposits for prepaid lease payments	**593,550**	460,610
Interest receivables	**230,393**	169,985
	9,241,627	9,030,031
Less: Impairment allowance	**690,204**	807,507
	8,551,423	8,222,524
Less: Non-current portion		
Prepayments	**818,878**	233,007
Deposits for prepaid lease payments	**593,550**	460,610
Current portion	**7,138,995**	7,528,907

(a) As of 31 December 2018, the interbank loan was provided by a subsidiary of the Group, Finance Company, to other financial institutions, which would mature from 1 January 2019 to 14 January 2019, with an annual interest rate of 4.1% to 5% (2017: Nil).

As at 31 December 2018, certain of the Group's deposits and other receivables of RMB1,716,864,000 (2017: RMB1,467,039,000) were pledged as deposits for commodity derivative contracts.

Prepayments, other receivables and other assets due from related parties included above are disclosed in note 49 to the financial statements.

30. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Movements in the provision for impairment of other receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**807,507**	584,020
Impairment losses, net	**(117,303)**	223,487
At end of year	**690,204**	807,507

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Reconciliation of allowance for other receivables is as follows.

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2 Individual basis	Stage 2 Collective basis	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	–	–	8,240	799,267	807,507
Transfer of financial instrument	–	–	–	–	–
– Transfers to stage 3	–	–	(8,062)	8,062	–
Impairment losses, net	–	–	2,117	(119,093)	(116,976)
Reversal	–	–	–	(327)	(327)
	–	–	2,295	687,909	690,204

31. LOANS TO FELLOW SUBSIDIARIES

	2018	2017
	RMB'000	*RMB'000*
Loans to fellow subsidiaries	**1,182,088**	1,014,165

Loans to fellow subsidiaries are all guaranteed by JCC. The interest rate of the short-term loans was 4.31% per annum (2017: 3.92% per annum) and such loans will be repaid within one year.

Expected credit loss is zero as these loans from fellow subsidiaries are fully guaranteed and have no history of default.

The directors estimate that the carrying amounts of the Group's loans approximate to their fair values, as the loans bear interest at variable rates.

32. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2018	2017
	RMB'000	*RMB'000*
Cash and bank balances	**17,101,638**	16,044,137
Time deposits	**5,671,662**	2,958,901
	22,773,300	19,003,038
Less: Restricted bank deposits *(a)*	**12,125,857**	8,639,835
Cash and cash equivalents	**10,647,443**	10,363,203

32. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (CONTINUED)

a) As at 31 December 2018, the restricted bank deposits include the following:

- Deposits amounting to RMB4,820,168,000 (2017: RMB2,211,948,000) and cash in the bank amounting to RMB3,900,000 (2017: RMB27,780,000) pledged to secure bank borrowings;
- A deposit amounting to RMB845,244,000 (2017: RMB741,163,000) pledged for the issuing of letters of credit;
- A deposit amounting to RMB6,250,000 (2017: RMB5,790,000) pledged for the issuing of letters of guarantee;
- A deposit amounting to RMB5,534,922,000 (2017: RMB4,791,958,000) pledged for the issuing bank accepted notes;
- Deposits amounting to RMB33,854,000 (2017: RMB32,316,000) placed as environmental recovery deposits whose usage is restricted; and
- Required mandatory reserve deposits and other restricted deposits amounting to RMB881,519,000 (2017: RMB828,880,000) was placed by JCC Finance Company Limited, a subsidiary of the Group, in the People's Bank of China ("PBC"), which are not available for use in the Group's daily operations.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB18,723,350,000 (2017: RMB9,491,849,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2018, bank balances and cash of RMB3,280,381,000 (2017: RMB1,915,323,000) were placed in banks outside of the PRC.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

33. ASSETS CLASSIFIED AS HELD FOR SALE

On 6 December 2016, Kangtong received local government official's decision to cease production and relocate to another location due to environment protection policies. Immovable building infrastructure amounting to RMB150,488,000 and immovable machinery amounting to RMB39,404,000 were transferred to assets classified as held for sale during the year ended 31 December 2017.

In May 2018, the Group ceased the relocation plan and further transferred building infrastructure amounting to RMB11,300,000, machinery amounting to RMB134,754,000, motor vehicles amounting to RMB848,000, office equipment amounting to RMB554,000 and prepaid land lease payment amounting to RMB8,734,000 to assets classified as held for sale. As at 31 December 2018, the Group provided an impairment loss amounting to RMB95,837,000 (2017: RMB166,584,000) in view of the residual value of related assets.

34. TRADE AND BILLS PAYABLE

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**4,306,595**	6,847,564
Bills payables	**1,923,463**	1,033,844
	6,230,058	7,881,408

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**6,211,306**	7,812,787
1 to 2 years	**8,948**	30,830
2 to 3 years	**1,441**	5,823
Over 3 years	**8,363**	31,968
	6,230,058	7,881,408

The trade payables are non-interest-bearing and are normally settled on terms of 60 days.

Trade payables due to related parties included in trade and bills payables are disclosed in note 49.

35. OTHER PAYABLES AND ACCRUALS

	2018	2017
	RMB'000	*RMB'000*
Payroll and welfare	**917,950**	904,127
Current portion of employee benefit liabilities *(note 41)*	**29,291**	24,311
Interest payable	**239,792**	165,775
Other tax payables	**454,308**	408,519
Other payables	**2,148,541**	1,762,570
Advance from customers *(a)*	**–**	1,543,606
Contract liabilities *(a)*	**3,311,246**	–
Financial guarantee contracts *(b)*	**25,492**	27,000
Other long-term payables due within one year *(note 42)*	**67,348**	64,630
	7,193,968	4,900,538

(a) Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

	31 December 2018	1 January 2018
	RMB'000	*RMB'000*
Short-term advances received from customers Sale of goods	**3,311,246**	1,543,606
Total contract liabilities	**3,311,246**	1,543,606

Contract liabilities include short-term advances received to deliver industrial products and render installation, construction and management services.

(b) As at 31 December 2018, the Group has issued financial guarantees to banks in respect of bank facilities granted to non-controlling interests of a subsidiary to the extent of approximately RMB1,036,392,000 (2017: RMB1,238,083,000), and provided a financial guarantee contract liability of RMB25,492,000 (2017: RMB27,000,000) accordingly.

Other payables and accruals are non-interest-bearing and have no significant balance aged more than one year.

Other payables and accruals due to related parties included above are disclosed in note 49 to the financial statements.

36. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

	2018	2017
	RMB'000	*RMB'000*
Deposits from a holding company and fellow subsidiaries	**1,937,903**	3,083,404

As at 31 December 2018, the deposits from a holding company and fellow subsidiaries represented the deposits placed in Finance Company, a subsidiary of the Company. The deposits carry interest at rates ranging from 0.35% to 2.75% per annum (2017: 0.05% to 2.75% per annum) and will be repaid upon demand of the holding company and fellow subsidiaries.

37. DEFERRED REVENUE

	Government grants	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at 1 January 2017	640,079	–	640,079
Additions	23,239	10,413	33,652
Recognised in profit or loss	(53,477)	(434)	(53,911)
As at 31 December 2017	609,841	9,979	619,820
Less: Current portion included in current liabilities	50,915	–	50,915
Non-current portion as at 31 December 2017	558,926	9,979	568,905

37. DEFERRED REVENUE (CONTINUED)

	Government grants *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2018	**609,841**	**9,979**	**619,820**
Additions	**6,056**	**–**	**6,056**
Recognised in profit or loss	**(52,798)**	**(9,979)**	**(62,777)**
As at 31 December 2018	**563,099**	**–**	**563,099**
Less: Current portion included in current liabilities	**39,301**	**–**	**39,301**
Non-current portion	**523,798**	**–**	**523,798**

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the statement of profit or loss over the expected useful lives of the facilities by equal annual instalments.

38. INTEREST-BEARING BANK BORROWINGS

	2018 *RMB'000*	2017 *RMB'000*
Bank borrowings – secured	**8,446,501**	8,697,305
Bank borrowings – unsecured	**24,736,954**	19,811,671
	33,183,455	28,508,976
On demand or within one year	**29,901,455**	28,500,226
More than one year, but not exceeding two years	**2,982,000**	1,750
More than two years, but not exceeding five years	**300,000**	1,750
More than five years	**–**	5,250
	33,183,455	28,508,976
Current	**29,901,455**	28,500,226
Non-current	**3,282,000**	8,750

38. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

The bank borrowings carry interest at rates ranging from 1.12% to 6.40% (2017: 0.32% to 4.04%) per annum.

Certain of the Group's bank loans are secured by:

(a) Mortgaged borrowings amounting to RMB6,598,450,000 (2017: RMB8,465,705,000) which were secured by deposits with a carrying value of RMB4,820,168,000 (2017: RMB2,211,948,000), cash in the bank with a carrying value of RMB3,900,000 (2017: RMB27,780,000), bills receivables with a carrying value of RMB737,796,000 (2017: RMB1,191,123,000), trade receivables with a carrying value of RMB100,000,000 (2017: Nil), and investments in financial products with a carrying value of nil (2017: RMB278,440,000);

(b) Pledged borrowing amounting to RMB211,982,000 (2017: RMB231,600,000) which was secured by inventories with a carrying value of RMB250,000,000 (2017: RMB144,446,000), buildings with a carrying value of RMB225,150,000 (2017: Nil), machineries with a carrying value of RMB372,616,000 (2017: RMB436,609,000) the land lease right with a carrying value of RMB339,000,000 (2017: RMB252,071,000); and

(c) Guaranteed borrowing amounting to RMB1,636,069,000 (2017: Nil) which was guaranteed by a non-controlling interest of a Group's subsidiary.

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

39. CORPORATE BONDS

Pursuant to the approval of the China Securities Regulatory Commission (No. [2016] 2745), the Company issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 20 September 2017. The bonds have a life of five years from the date of issuance and bear interest at a rate of 4.74% per annum which is payable in arrears on 21 September of each year, and with principal repaid on maturity.

The Company has an option to adjust the interest rate and the investors are entitled to request the Company to repurchase the Corporate Bonds after the end of the third year from the date of the issuance. The Corporate Bonds are listed on the Shanghai Stock Exchange. The options of the Corporate Bonds entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

40. PROVISION FOR REHABILITATION

	2018	2017
	RMB'000	*RMB'000*
Balance at 1 January	**182,485**	173,509
Unwinding of discount	**8,944**	8,976
Balance at 31 December	**191,429**	182,485

The Group makes provision for rehabilitation costs expected to arise on closure of mines. The provision is based on assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure, and vegetation zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

41. EMPLOYEE BENEFIT LIABILITIES

	2018	2017
	RMB'000	*RMB'000*
Employee benefit liabilities	**63,880**	88,191
Less: amount due within one year included in other payables and accruals	**29,291**	24,311
Non-current portion	**34,589**	63,880

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liabilities is payable from 2019 to 2020 and is indexed to the rate of growth of the Group's net assets.

42. OTHER LONG-TERM PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Financing lease payable *(a)*	**116,292**	177,164
Payable to JCC *(b)*	**11,198**	12,114
	127,490	189,278
The amounts are repayable as follows:		
On demand or within one year	**67,348**	64,630
More than one year, but not exceeding two years	**53,148**	66,606
More than two years, but not exceeding five years	**2,010**	55,976
More than five years	**4,984**	2,066
	127,490	189,278
Current included in other payables and accruals	**67,348**	64,630
Non-current portion	**60,142**	124,648

42. OTHER LONG-TERM PAYABLES (CONTINUED)

(a) The balance amounting to RMB116,292,000 (2017: RMB177,164,000) is due to a financing lease company resulting from sale and leaseback in terms of a group of assets held by the Group with a 12-quarter instalment starting from 15 October 2017.

(b) The amount represents the balance due to JCC as the consideration for the transfer of mining rights from JCC to the Company. The amount is repayable in 30 annual instalments of RMB2,010,000 each and subject to payment of interest at a rate equal to the State lending rate for a one-year fixed term loan up to a maximum of 15% on each annual instalment starting from 1 January 1998. The interest paid during the year amounted to approximately RMB140,000 (2017: RMB140,000). The effective interest rate for the year ended 31 December 2018 was 4.35% (2017: 4.35%).

The directors have estimated that there was no significant difference between the carrying amounts of other long-term payables and their fair values, based on the amounts due after one year discounted with the market average yield.

43. SHARE CAPITAL

	2018 ***RMB'000***	2017 *RMB'000*
Balance at 31 December 2018 and 2017		
– H shares	**1,387,482**	1,387,482
– A shares	**2,075,247**	2,075,247
	3,462,729	3,462,729

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

44. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2018 and 2017 are presented in the consolidated statement of changes in equity on pages 146 to 147 of the financial statements.

45. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Acquisition of Jiangxi Copper Shenghua

On 30 June 2018, the Group acquired a 51% interest in Jiangtong Shenghua, an unlisted company that specialises in the manufacture of cable. The consideration is RMB71,153,000 which is satisfied by the Group's trade receivable due from the seller. Details of the transaction are included in note 4 to the financial statements.

(b) Changes in liabilities arising from financing activities

	Corporate bonds	Interest-bearing bank borrowings	Dividend	Interest payable	Sale and Leaseback	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	17,923,996	64,000	102,155	–	18,090,151
Financing cash flows	500,000	11,673,676	(595,664)	(776,670)	181,178	10,982,520
Non-cash changes:						
Fair value changes	–	(120,947)	–	–	–	(120,947)
Interests on borrowings	–	–	–	840,290	6,399	846,689
Dividend declared	–	–	531,664	–	–	531,664
Foreign exchange translation	–	(537,231)	–	–	–	(537,231)
Net settlement of bills receivables	–	(448,750)	–	–	–	(448,750)
At 31 December 2017	500,000	28,490,744	–	165,775	187,577	29,344,096
Financing cash flows	**–**	**4,565,870**	**(726,166)**	**(1,311,268)**	**–**	**2,528,436**
Non-cash changes:	**–**	**–**	**–**	**–**	**–**	**–**
Interests on borrowings	**–**	**–**	**–**	**1,385,285**	**–**	**1,385,285**
Dividend declared	**–**	**–**	**726,166**	**–**	**–**	**726,166**
Foreign exchange translation	**–**	**126,841**	**–**	**–**	**–**	**126,841**
At 31 December 2018	**500,000**	**33,183,455**	**–**	**239,792**	**187,577**	**34,110,824**

46. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and overdrafts, and for a bank loan granted to a major supplier are included in notes 17,19,27, 28,32 and 38, respectively, to the financial statements.

47. OPERATING LEASE ARRANGEMENTS

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**179,302**	165,697
In the second to fifth years, inclusive	**166,343**	330,796
	345,645	496,493

48. COMMITMENTS

In addition to the operating lease commitments detailed in note 47 above, the Group had the following capital commitments at the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
Contracted, but not provided for		
Acquisition of property, plant and equipment and exploration and evaluation rights	**539,104**	1,084,877
Investments in associates *(i.ii)*	**1,847,206**	1,855,883
	2,386,310	2,940,760

48. COMMITMENTS (CONTINUED)

i. The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL Aynak Minerals Company Limited ("MCC-JCL"), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholdings of the Company and CMCC in MCC-JCL were 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by capital injection from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

ii. Jiangxi Copper (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of the Group, and CCB International Asset Management Limited ("CCB") established Valuestone Global Resources Fund I ("Fund I"), in August 2016. Fund I was registered in Cayman Islands. Prior to the introduction of other independent investors, the initial proportion of voting power held by the Group in Fund I is 40%. The principal business of Fund I is to invest in natural resources.

Fund I shall initially raise USD150,000,000 of which the Group has undertaken to contribute USD100,000,000. The Group shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

49. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) Related party transactions with JCC and its affiliates:

	2018	2017
	RMB'000	*RMB'000*
Sales to JCC:		
Sales of auxiliary industrial products	**4,101**	539
Sales to JCC's affiliates:		
Sales of copper rods	**636,059**	664,270
Sales of copper cathodes	**514,700**	528,926
Sales of property, plant and equipment	**85,243**	–
Sales of auxiliary industrial products	**63,581**	52,176
Sales of zinc concentrate	**50,273**	68,279
Sales of lead material	**40,727**	78,987
Sales of auxiliary materials	**17,143**	15,865
Sales of sulphuric acid	**1,369**	2,193
	1,409,095	1,410,696
Purchases from JCC's affiliates:		
Purchases of auxiliary industrial products	**113,132**	107,413
Purchases of copper concentrate	**42,799**	14,263
Purchases of sulfuric and sulfuric concentrate	**1,681**	12,871
	157,612	134,547
Service fees charged to JCC:		
Construction services	**9,136**	2,782
Supply of electricity	**3,091**	3,093
Repair and maintenance services	**326**	610
Supply of water	**248**	278
Vehicle transportation services	**144**	96
Other management income	**5,038**	885
	17,983	7,744

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2018 RMB'000	2017 RMB'000
Service fees charged to JCC's affiliates:		
Construction services	**115,258**	120,180
Supply of electricity	**29,653**	29,863
Rentals for public facilities and other services	**3,239**	11,190
Repair and maintenance services	**1,697**	6,469
Vehicle transportation services	**222**	9,693
Supply of water	**123**	117
Other management income	**6,591**	6,626
	156,783	184,138
Service fees charged by JCC:		
Land lease expense	**165,398**	166,665
Labour service	**12,007**	7,518
Welfare and health care services	**2,624**	5,070
Sanitation and greening service	**341**	174
Rental fee for public facilities	**191**	180
	180,561	179,607
Service fees charged by JCC's affiliates:		
Repair and maintenance services	**78,816**	114,485
Brokerage agency services for commodity derivative contracts	**20,727**	18,398
Construction services	**15,241**	16,926
Labour service	**3,941**	45,625
Sanitation and greening service	**2,950**	807
Vehicle transportation fee	**–**	773
Processing services	**–**	188
Social welfare and support services	**–**	31
Supply of water	**–**	16
	121,675	197,249

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2018	2017
	RMB'000	*RMB'000*
Loans provided to JCC's affiliates:	**1,370,000**	1,080,000
Financial services provided to JCC's affiliates:		
Interest received from loans provided	**45,313**	35,021
Financial services received from JCC's affiliates:		
Interest paid for deposits made	**7,378**	15,474
Financial services received from JCC:		
Interest paid for deposits made	**10,647**	10,492

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

The daily credit balance offered by the Finance Company, a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions with Company's jointly controlled entities:

	2018	2017
	RMB'000	*RMB'000*
Sales to Jiang Tong Bioteq:		
Sales of auxiliary industrial products	**11,569**	11,497
Purchases from Jiang Tong Bioteq:		
Purchases of copper concentrate	**60,097**	–
Service fees charged to Jiang Tong Bioteq:		
Supply of electricity	**5,511**	1,480
Labour service	**–**	53,388
Construction services	**–**	268
Vehicle transportation services	**–**	43
Other management fee	**268**	291
	5,779	55,470

(c) Related party transactions with Company's associate:

	2018	2017
	RMB'000	*RMB'000*
Sales to a related party:		
Sales of sulphuric acid	**–**	833

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Related party transactions with Company's non-controlling interest holders and its subsidiaries:

	2018 *RMB'000*	2017 *RMB'000*
Sales to a related party:		
Sales of copper cathodes	**2,920,528**	3,057,946
Sales of copper concentrates	**113,253**	–
Sales of auxiliary industrial products	**449,656**	1,112,362
Sales of copper rods	**–**	1,222,617
	3,483,437	5,392,925
Purchases from a related party:		
Purchases of copper cathodes	**906,934**	1,903,315
Purchases of blister copper	**228,525**	132,500
Purchases of copper concentrate	**274,862**	4,002,210
Purchases of auxiliary industrial products	**18,413**	35,368
	1,428,734	6,073,393

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding balances with related parties:

At the end of the reporting period, the Group had the following balances with related parties:

	2018 RMB'000	2017 RMB'000
Bills receivables:		
JCC's affiliates	**32,685**	193,553
Trade receivables:		
JCC	**3,230**	1,360
JCC's affiliates	**452,824**	446,811
Non-controlling interest holder and its subsidiary	**213,061**	–
Jiang Tong Bioteq	**–**	2,515
Fengye	**–**	711
	669,115	451,397
Prepayments:		
JCC	**4,000**	–
JCC's affiliates	**35,408**	4,000
Non-controlling interest holder and its subsidiary	**1,373**	2,065
	40,781	6,065
Other receivables:		
JCC	**115**	74
JCC's affiliates	**690,633**	1,023,364
Jiang Tong Bioteq	**1,912**	105
	692,660	1,023,543

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding balances with related parties: (Continued)

	2018	2017
	RMB'000	*RMB'000*
Interest receivables:		
JCC's affiliates	**12,403**	1,185
Loans to – short-term loans:		
JCC's affiliates	**1,182,088**	1,014,165
Trade payable:		
JCC	**829**	2,137
JCC's affiliates	**56,887**	64,749
Non-controlling interest holder and its subsidiary	**330,800**	412,232
	388,516	479,118
Contract liabilities/advances:		
JCC	**86**	–
JCC's affiliates	**24,611**	1,573
Non-controlling interest holder and its subsidiary	**–**	383,058
	24,697	384,631
Other payables:		
JCC	**264,265**	329,602
JCC's affiliates	**37,471**	29,153
	301,736	358,755

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding balances with related parties: (Continued)

	2018	2017
	RMB'000	*RMB'000*
Interest payable:		
JCC	**225**	434
JCC's affiliates	**6,274**	5,531
	6,499	5,965
Deposits from customers:		
JCC	**1,174,439**	1,685,966
JCC's affiliates	**763,464**	1,397,438
	1,937,903	3,083,404
Other long-term payable:		
JCC	**11,198**	12,114

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Compensation of key management personnel of the Group:

	2018	2017
	RMB'000	*RMB'000*
Short-term employee benefits	**12,064**	10,403
Post-employment benefits	**425**	724
Performance related bonus	**50**	50
	12,539	11,177

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances were unsecured, interest-free and had no fixed repayment terms except for loans, deposits from customers, and other long-term payable, the terms of which have not changed from that disclosed in last year's annual financial statements.

The related party transactions except for transactions with associates, joint ventures and non-controlling interests and its subsidiaries above constitute connected transactions or continuing connected transactions as defined on Chapter 14A of the Listing Rules.

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed, and it has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

(g) The Group itself is part of a larger group of companies under the State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products.

50. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2018

Financial assets

	Financial assets at fair value through profit and loss		Financial assets at fair value through other comprehensive income		
	Designated as such upon initial recognition	Held for trading	Debt investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial instruments other than derivatives	2,435,935	9,577,514	50,047	–	12,063,496
Derivative financial instruments	–	263,905	–	–	263,905
Trade and bills receivables	–	–	3,215,502	5,727,720	8,943,222
Factoring receivables	–	–	–	2,082,024	2,082,024
Loans to fellow subsidiaries	–	–	–	1,182,088	1,182,088
Financial assets included in prepayments, other receivables and other assets	–	–	–	3,828,494	3,828,494
Restricted bank deposits	–	–	–	12,125,857	12,125,857
Cash and cash equivalents	–	–	–	10,647,443	10,647,443
	2,435,935	9,841,419	3,265,549	35,593,626	51,136,529

50. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial assets at fair value through profit and loss Held for trading *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills payables	–	6,230,058	6,230,058
Financial liabilities included in other payables and accruals	–	2,481,173	2,481,173
Derivative financial instruments	94,258	–	94,258
Deposits from holding company and fellow subsidiaries	–	1,937,903	1,937,903
Interest-bearing bank borrowings	–	33,183,455	33,183,455
Corporate bonds	–	500,000	500,000
Other long-term payables	–	60,142	60,142
	94,258	44,392,731	44,486,989

50. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2017

Financial assets

	Financial assets at fair value through profit or loss Held for trading *RMB'000*	Derivative financial instruments qualified for hedging *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial instruments other than derivatives	209,735	–	70,375	4,336,660	4,616,770
Trade and bills receivables	–	–	12,804,620	–	12,804,620
Factoring receivables	–	–	2,227,710	–	2,227,710
Financial assets included in prepayments, other receivables and other assets	–	–	5,119,617	–	5,119,617
Loans to fellow subsidiaries	–	–	1,014,165	–	1,014,165
Derivative financial instruments	101,117	90,653	–	–	191,770
Restricted bank deposits	–	–	8,639,835	–	8,639,835
Cash and cash equivalents	–	–	10,363,203	–	10,363,203
	310,852	90,653	40,239,525	4,336,660	44,977,690

50. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit or loss *RMB'000*	Derivatives designated as hedge instruments in hedge relationship *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills payables	–	–	7,881,408	7,881,408
Financial liabilities included in other payables and accruals	–	–	2,019,975	2,019,975
Derivative financial instruments	525,520	198,628	–	724,148
Deposits from holding company and fellow subsidiaries			3,083,404	3,083,404
Interest-bearing bank borrowings	–	–	28,508,976	28,508,976
Corporate bonds	–	–	500,000	500,000
Other long-term payables	–	–	124,648	124,648
	525,520	198,628	42,118,411	42,842,559

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	31 December 2018		31 December 2017	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount *RMB'000*	Fair value *RMB'000*
Financial assets:				
Financial instruments other than derivatives (non-current)	**2,272,121**	**2,272,121**	1,665,484	1,665,484
Financial instruments other than derivatives (current)	**9,791,375**	**9,791,375**	2,951,286	2,951,286
Derivative financial instruments	**263,905**	**263,905**	191,770	191,770
Financial liabilities:				
Derivative financial instruments	**94,258**	**94,258**	724,148	724,148

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivable, trade payables, financial assets included in prepayments, other receivables and other assets, loans to fellow subsidiaries, financial liabilities included in other payables and accruals, interest-bearing bank and deposits from holding company and fellow subsidiaries approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of deposits, interest-bearing bank borrowings, corporate bonds and other long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts. The Group's own non-performance risk for interest-bearing bank borrowings and corporate bonds as at 31 December 2018 was assessed to be insignificant.

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, Management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed debentures and listed equity securities are based on quoted market prices.

The fair values of investment in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of bonds investment has been estimated based on its expected cash flows discounted by quoted annual return rate of similar bonds investment. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of unlisted equity investments and income right attached to a target equity interest have been estimated based on the comparable companies analysis in terms of a series key ratios. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values as at 31 December 2018.

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with good credit ratings. Derivatives financial instruments includes commodity derivative contracts, provisional price arrangements, forward currency contracts, foreign currency swaps and interest rate swaps:

– The fair value of the commodity derivative contracts represents the difference between the quoted market price of commodity derivative contracts at year end and the quoted price at inception of the contracts;

– The fair value of the provisional price arrangement is estimated by reference to the quoted market price at year end of commodity derivative contracts with similar maturity as the provisional price arrangement compared to the quoted market prices of commodity derivative contracts on the dates of delivery of the purchased material;

– The fair values of forward currency contracts, foreign currency swaps and interest rate swaps are measured using valuation techniques similar to the discounted cash flow model and the Black-Scholes option pricing model. The models incorporate various market observable inputs including foreign exchange spot, forward rates, risk-free interest rate curves and implied volatility of the foreign exchange rate. The carrying amounts of forward currency contracts, foreign currency swaps and interest rate swaps are the same as their fair values.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2018:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets:				
Listed debentures	109,287	–	–	109,287
Listed equity securities	993,050	–	–	993,050
Investments in financial products	–	–	9,468,227	9,468,227
Bonds investments	–	50,047	–	50,047
Unlisted equity investments	–	–	907,187	907,187
Income right attached to a target equity interest	–	–	535,698	535,698
Derivative financial instruments:				
– Commodity derivative contracts	87,749	–	–	87,749
– Provisional price arrangements	94,236	–	–	94,236
– Foreign currency forward contracts and interest rate swaps	–	81,920	–	81,920
Bills receivables	–	3,215,502	–	3,215,502
Inventories includes hedged items	2,883,906	–	–	2,883,906
	4,168,228	3,347,469	10,911,112	18,426,809
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts	43,550	3,945	–	47,495
– Commodity option contracts	–	20,966	–	20,966
– Foreign currency forward contracts and interest rate swaps	–	25,797	–	25,797
	43,550	50,708	–	94,258

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

31 December 2017:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets:				
Listed debentures	152,874	–	–	152,874
Listed equity securities	56,861	–	–	56,861
Investments in financial products	–	–	2,927,137	2,927,137
Bond investments	–	54,664	–	54,664
Income right attached to a target equity interest	–	–	514,670	514,670
Derivative financial instruments:				
– Commodity derivative contracts	89,162	10,248	–	99,410
– Foreign currency forward contracts, foreign currency swaps and interest rate swaps	–	92,360	–	92,360
Inventories includes hedged items	3,233,834	–	–	3,233,834
	3,532,731	157,272	3,441,807	7,131,810
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts	290,789	143,203	–	433,992
– Provisional price arrangements	–	193,352	–	193,352
– Foreign currency forward, foreign currency swaps contracts and interest rate swaps	–	96,804	–	96,804
	290,789	433,359	–	724,148

51. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2018 *RMB'000*	2017 *RMB'000*
At 1 January	**3,441,807**	3,850,577
Purchase	**16,067,986**	3,440,786
Total gains recognised in the statement of profit or loss	**143,310**	260,239
Disposals	**(8,741,991)**	(4,109,795)
At 31 December	**10,911,112**	3,441,807

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2017: Nil).

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, corporate bonds and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables, and financial liabilities in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to financial instruments are set out in note 2.4 to the financial statements.

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances and bank borrowings with floating interest rates. Management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. Management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest bearing bank borrowings at the end of Reporting Period assuming the stipulated changes taking place at the beginning of the Reporting Period and held constant throughout the Reporting Period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**(Decrease)/increase in profit before tax**	
		2018	2017
		RMB'000	*RMB'000*
If interest rate increases	100	**(32,820)**	(32,981)
If interest rate decreases	(100)	**32,820**	32,981

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings and derivative financial instruments, at the end of the reporting period are as follows:

	Fluctuation in foreign exchange rate	(Decrease)/increase in profit before tax	
		2018	2017
	%	***RMB'000***	*RMB'000*
If RMB strengthens against USD	5	**(129,183)**	53,576
If RMB weakens against USD	(5)	**129,183**	(53,576)
If RMB strengthens against CHF	5	**25,010**	27,130
If RMB weakens against CHF	(5)	**(25,010)**	(27,130)
If RMB strengthens against AUD	5	**(18,294)**	(14,676)
If RMB weakens against AUD	(5)	**18,294**	14,676

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	5,727,720	5,727,720
Factoring receivables	729,624	1,352,400	–	–	2,082,024
Financial assets included in prepayments, other receivables and other assets	2,789,282	2,089	1,037,123	–	3,828,494
Loans to fellow subsidiaries	1,182,088	–	–	–	1,182,088
Restrict bank deposits					
– Not yet past due	12,125,857	–	–	–	12,125,857
Cash and cash equivalents					
– Not yet past due	10,647,443	–	–	–	10,647,443
	27,474,294	1,354,489	1,037,123	5,727,720	35,593,626

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual basis and collective basis is disclosed in note 28 to the financial statements.

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Credit risk (Continued)

Maximum exposure as at 31 December 2017

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restrict bank deposits, loans to fellow subsidiaries, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 28 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institutions and borrowing loans from banks.

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2018			
	On demand and less than 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds	23,700	571,100	–	594,800
Interest-bearing bank borrowings	30,384,744	3,379,032	–	33,763,776
Trade and bills payables	6,230,058	–	–	6,230,058
Financial liabilities in other payables and accruals	2,480,286	–	–	2,480,286
Deposits from a holding company and fellow subsidiaries	1,937,903	–	–	1,937,903
Derivative financial instruments	94,258	–	–	94,258
Other long-term payables	–	59,452	965	60,417
	41,150,949	4,009,584	965	45,161,498

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Liquidity risk (Continued)

	31 December 2017			
	On demand and less than 12 months *RMB'000*	1 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*
Corporate bonds	23,700	594,800	–	618,500
Interest-bearing bank borrowings	28,719,196	10,348	–	28,729,544
Trade and bills payables	7,881,408	–	–	7,881,408
Financial liabilities in other payables and accruals	2,025,081	–	–	2,025,081
Deposits from a holding company and fellow subsidiaries	3,083,404	–	–	3,083,404
Derivative financial instruments	724,148	–	–	724,148
Other long-term payables	–	130,618	2,975	133,593
	42,456,937	735,766	2,975	43,195,678

Bank borrowings with a repayment on demand clause is included in the "on demand and within 1 year" time band in the above maturity analysis. As at 31 December 2018, the aggregate undiscounted principal amounts of this bank borrowing was nil (2017: RMB1,991,620). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid two years after the end of the Reporting Period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, there is no aggregate principal and interest cash outflows (2017: RMB2,010,803).

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change is in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in prevailing market price of copper cathodes, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of commodity derivative contracts and the provisional price arrangements) after the impact of hedge accounting.

	(Decrease)/increase in profit before tax	
	2018	2017
	RMB'000	*RMB'000*
If market price increases 5% in copper	**(166,780)**	(300,525)
If market price decreases 5% in copper	**166,780**	300,525

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it has sufficient capital in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or obtain additional capital from shareholders. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain the gearing ratio between 10% and 50%. Net debt includes interest-bearing bank borrowings, trade and bills payables, financial liabilities included in the other payables and accruals and corporate bonds less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the Company less the hedging reserves. The gearing ratios as at the end of the reporting periods were as follows:

52. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Capital management (Continued)

	2018	2017
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Interest-bearing bank borrowings	**33,183,455**	28,508,976
Trade and bills payables	**6,230,058**	7,881,408
Financial liabilities included in other payables and accruals	**2,481,173**	2,019,975
Corporate bonds	**500,000**	500,000
Less: Cash and cash equivalents	**10,647,443**	10,363,203
Net debt	**31,747,243**	28,547,156
Equity attributable to owners of the Company	**49,766,311**	47,550,881
Less: Hedging reserves	**3,401**	6,352
Adjusted capital	**49,762,910**	47,544,529
Adjusted capital and net debt	**81,510,153**	76,091,685
Gearing ratio	**39%**	38%

53. EVENTS AFTER THE REPORTING PERIOD

(a) On 3 January 2019, the Company entered into an equity transfer agreement with Guofeng Company in relation to the purchase of 65% equity interest in Yantai Guoxing Copper Co Ltd. ("Yantai Guoxing") at a consideration of RMB325 million. The Company, Guofeng Company and the Yantai Guoxing also entered into an investment agreement on 3 January 2019, pursuant to which, among others, upon completion of the equity interest purchase, Guofeng Company and the Company shall make capital contributions to Yantai Guoxing in proportion to their then respective shareholdings in Yantai Guoxing (i.e. 65% and 35%), and increase the registered capital of the Yantai Guoxing from RMB500 million to RMB1,000 million.

(b) On 4 March 2019, the Company entered into a share purchase agreement with Yantai Humon Group Company Limited and four individuals in relation to the purchase of an approximate 29.99% equity interest in Shandong Humon Smelting Company ("Humon Smelting") at a total consideration of RMB2,976 million (tax inclusive). Humon Smelting is mainly engaged in gold exploration, mining, smelting and chemical production. Upon completion of the equity interest purchase, the Company will become the shareholder controlling Humon Smelting.

The transaction is subject to : i) the centralized review by the operators of the Statement Administration of Markets being approved; and ii) the transaction having been approved by the competent authority of state assets.

54. COMPARATIVE AMOUNTS

As further explained in note 2.2 and note 4 to the financial statements, due to the adoption of the new and revised IFRSs and business combination under common control during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 RMB'000	2017 RMB'000 (Restated)
Non-current assets		
Property, plant and equipment	**14,276,225**	14,268,837
Investment properties	**168,239**	171,896
Prepaid land lease payments	**501,465**	474,662
Intangible assets	**1,188,063**	789,251
Exploration and evaluation assets	**582,958**	559,271
Investments in subsidiaries	**13,718,386**	11,255,545
Investments in joint ventures	**24,578**	25,370
Investments in associates	**2,930,069**	2,579,875
Financial instruments other than derivatives	**935,553**	495,880
Deferred tax assets	**199,995**	285,042
Other non-current assets	**897,387**	522,801
Total non-current assets	**35,422,918**	31,428,430
Current assets		
Inventories	**10,779,519**	11,997,383
Trade and bills receivables	**6,345,195**	9,466,895
Prepayments, other receivables and other assets	**1,616,047**	2,473,269
Restricted bank deposits	**–**	23,670
Cash and cash equivalents	**12,351,004**	8,503,908
Other current assets	**4,651,081**	14,449
Total current assets	**35,742,846**	32,479,574
Total assets	**71,165,764**	63,908,004

55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Current liabilities		
Trade and bills payables	**1,842,707**	1,988,444
Other payables and accruals	**2,101,051**	2,128,515
Derivative financial instruments	**20,966**	464,082
Interest-bearing bank borrowings	**9,855,723**	8,061,211
Other current liabilities	**578,264**	660,908
Total current liabilities	**14,398,711**	13,303,160
Net current assets	**21,344,135**	19,176,414
Total assets less current liabilities	**56,767,053**	50,604,844
Non-current liabilities		
Interest-bearing bank borrowings	**3,000,000**	–
Corporate bonds	**500,000**	500,000
Provision for rehabilitation	**172,470**	164,429
Employee benefit liabilities	**14,607**	36,248
Deferred revenue	**301,482**	329,495
Other long-term payables	**9,188**	10,104
Total non-current liabilities	**3,997,747**	1,040,276
Net assets	**52,769,306**	49,564,568
Equity		
Equity attributable to owners of the parent		
Capital and reserves		
Share capital	**3,462,729**	3,462,729
Reserves	**49,306,577**	46,101,839
Total equity	**52,769,306**	49,564,568

55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Other reserve	Statutory surplus reserve	Discretionary surplus reserve	Fund surplus reserve	Proposed dividends	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016	12,870,564	4,699,984	9,644,881	263,155	519,409	15,325,086	43,323,079
Total comprehensive (expense)/ income for the year	–	–	–	–	–	3,298,169	3,298,169
Dividend declared	–	–	–	–	(519,409)	–	(519,409)
Dividend proposed	–	–	–	–	692,546	(692,546)	–
Transfer between categories	–	250,409	–	30,089	–	(280,498)	–
At 31 December 2017	12,870,564	4,950,393	9,644,881	293,244	692,546	17,650,211	46,101,839
Effect of the new adoptions	**–**	**–**	**–**	**–**	**–**	**260,353**	**260,353**
As at 1 January 2018	**12,870,564**	**4,950,393**	**9,644,881**	**293,244**	**692,546**	**17,910,564**	**46,362,192**
Total comprehensive (expense)/ income for the year	**–**	**–**	**–**	**–**	**–**	**3,636,931**	**3,636,931**
Dividend declared	**–**	**–**	**–**	**–**	**(692,546)**	**–**	**(692,546)**
Transfer between categories	**–**	**347,970**	**–**	**(27,844)**	**–**	**(320,126)**	**–**
At 31 December 2018	**12,870,564**	**5,298,363**	**9,644,881**	**265,400**	**–**	**21,227,369**	**49,306,577**

56. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2019.

Financial Summary

	2018 *RMB'000*	2017 *RMB'000* (Restated)	2016 *RMB'000* (Restated)	2015 *RMB'000* (Restated)	2014 *RMB'000* (Restated)
REVENUE	**214,395,309**	204,241,187	201,735,193	185,235,796	198,274,775
Cost of sales	**-207,552,232**	-195,642,937	-195,167,806	-181,457,348	-192,548,352
Gross profit	**6,843,077**	8,598,250	6,567,387	3,778,448	5,726,423
Other income, Other gains and losses	**1,658,711**	-2,422,198	-926,726	1,108,412	1,639,709
Selling and distribution costs	**-569,029**	-533,434	-569,017	-515,356	-547,007
Administrative expenses	**-1,787,275**	-1,851,515	-1,686,835	-2,043,194	-1,878,728
Impairment losses on financial assets			-1,369,111	0	0
Finance costs	**-1,409,007**	-917,961	-1,253,858	-828,143	-1,049,147
Share of profits and losses of:					
Joint ventures	**-30,243**	-36,963	-42,259	-39,266	-22,248
Associates	**-74,998**	70,056	-8,557	-243,012	46,195
PROFIT BEFORE TAX	**3,262,125**	2,906,235	2,080,135	1,217,889	3,915,197
Income tax	**-839,539**	-1,146,051	-1,089,093	-478,283	-1,013,815
PROFIT FOR THE YEAR	**2,422,586**	1,760,184	991,042	739,606	2,901,382
Attributable to:					
Owners of the Company	**2,415,017**	1,651,113	839,033	690,762	2,901,209
Non-controlling interests	**7,569**	109,071	152,009	48,844	173
	2,422,586	1,760,184	991,042	739,606	2,901,382
Total assets	**102,865,824**	97,469,819	87,482,454	89,853,829	95,317,834
Total liabilities	**-50,839,134**	-47,468,135	-38,287,755	-41,907,857	-48,283,953
Non-controlling interests	**-2,260,379**	-2,450,803	-2,343,553	-1,961,493	-1,292,214
Equity attributable to owners of the parent	**-49,766,311**	-47,550,881	-46,851,146	-45,984,479	-45,741,667

As the result of the business combination under common control in 2018, accordingly, the comparative figures have been restated to conform to the current year's presentation.

Jiangxi Copper Company Limited