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)

2019 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. Dong Jiahui, a Director, who did not attend the meeting due to business engagement and appointed Mr. Long Ziping, the Chairman, 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 2019.

III. The consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (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 RMB0.10 per share (inclusive of tax) for 2019. 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.

CONTENTS

Definitions

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

Definitions to the frequently-used terms:

Audit Committee	means	the independent audit committee of the Company
Board	means	the board of Directors
Company or Jiangxi Copper	means	Jiangxi Copper Company Limited
copper concentrate	means	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	means	the amount of copper in copper concentrate
CSRC	means	China Securities Regulatory Commission
Director(s)	means	the director(s) of the Company
Group	means	the Company and its subsidiaries
Humon Smelting	means	Shandong Humon Smelting Co., Ltd.
IFRSs	means	International Financial Reporting Standards
JCC	means	Jiangxi Copper Corporation Limited (formerly known as Jiangxi Copper Corporation) and its subsidiaries, but excluding the Group
Listing Rules	means	the Rules Governing the Listing of Securities on the Stock Exchange
LME	means	London Metal Exchange

Definitions

Ministry of Finance	means	The Ministry of Finance of the People's Republic of China
PRC	means	The People's Republic of China
PRC GAAP	means	the PRC Accounting Standards
Reporting Period	means	the year ended 31 December 2019
SSE	means	Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
Supervisor(s)	means	the supervisor(s) of the Company
Supervisory Committee	means	the supervisory committee of the Company

In this annual report, the English names of certain PRC entities are translations of their Chinese versions, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese versions shall prevail.

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

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	358

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 2019

Summary of Accounting Data and Financial Indicators

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

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

Unit: Yuan Currency: RMB

Major accounting data	**2019**	2018	Increase/ decrease for the period over the same period last year *(%)*	2017 After adjustment	2017 Before adjustment
Revenue	**240,360,335,134**	215,289,866,760	11.64	205,054,238,934	205,046,854,771
Net profit attributable to shareholders of the Company	**2,466,407,085**	2,447,475,745	0.77	1,605,632,641	1,604,107,754
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	**2,228,726,884**	1,388,677,009	60.49	2,387,132,559	2,385,607,672
Net cash flows from operating activities	**8,252,296,414**	8,182,118,246	0.86	3,284,013,341	3,259,243,125

	End of 2019	End of 2018	Increase/ decrease at the end of the period over the end of the same period last year *(%)*	End of 2017 After adjustment	End of 2017 Before adjustment
Net assets attributable to shareholders of the Company	**52,745,619,575**	49,766,311,772	5.99	47,550,877,147	47,532,426,878
Total assets	**134,913,915,434**	102,865,826,951	31.16	97,469,815,440	97,468,655,222

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

Currency: RMB

Major financial indicator	**2019**	2018	Increase/ decrease for the period over the same period last year *(%)*	2017 After adjustment	2017 Before adjustment
Basic earnings per share *(RMB/share)*	**0.71**	0.71	0	0.46	0.46
Diluted earnings per share *(RMB/share)*	**Not applicable**	Not applicable	Not applicable	Not applicable	Not applicable
Basic earnings per share after non-recurring profit and loss items *(RMB/share)*	**0.64**	0.40	60.00	0.69	0.69
Rate of return on net assets (weighted average) *(%)*	**4.81**	5.03	Decreased by 0.22 percentage point	3.39	3.39
Rate of return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**4.35**	2.85	Increased by 1.50 percentage points	5.05	5.05

II. DIFFERENCES IN ACCOUNTING DATA BETWEEN IFRSs AND PRC GAAP

Differences in net profit and net assets attributable to shareholders of the Company in the financial report 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	**2,466,407,085**	2,447,475,745	**52,745,619,575**	49,766,311,772
Adjustments to items and amounts under IFRSs:				
Unused safety production fees provided under the PRC GAAP during the period	**-28,418,709**	-32,458,794		
Under IFRSs	**2,437,988,376**	2,415,016,951	**52,745,619,575**	49,766,311,772

Note: The "Net profit" above is the net profit attributable to the parent company.

Description of the differences between domestic and overseas accounting standards:

The Group is required to extract safety fees in accordance with CaiQi [2012] No. 16 "Administrative Measures on the Extraction and Usage of Production Safety Fees of Enterprises" issued by the Ministry of Finance and the State Administration of Work Safety. The safety fees are designated for enhancement and improvement of enterprise production safety conditions. The extracted safety fees are included in related products' costs or profit or loss for the current period, and are reflected separately in the "special reserve" under shareholders' equity. In using the extracted production safety fees, the cost of expenditure is directly offset against the special reserve. When the use of extracted production safety fees forms fixed assets, the expenditures which occur through the accumulation of ongoing construction items will be confirmed to become fixed assets when the safety projects reach their intended usable conditions after completion. Meanwhile, the costs of forming fixed assets are then offset against the special reserve while the same amount is recognised in accumulated depreciation. Such fixed assets are not depreciated in subsequent periods. Under the IFRSs, the production safety fee is individually reflected in the restricted reserve of shareholders' equity in the form of profit distribution when it is extracted. When costs of expenditure within the prescribed scope of usage are incurred, such expenses are recorded in the current income statement as incurred. When capital expenditures are incurred, the amount is transferred to property, plant and equipment when the project is finished and is depreciated in accordance with the depreciation policy of the Company. Meanwhile, the actual usage amounts of, among other things, production safety fees of the current period, are carried over internally in shareholders' equity, and are offset against restricted reserve and increase the undistributed profit, to the limit that restricted reserve is offset to zero.

III. MAJOR QUARTERLY FINANCIAL DATA IN 2019 (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	48,859,365,421	56,183,567,705	66,196,991,868	69,120,410,140
Net profit attributable to shareholders of the Company	742,346,402	557,930,938	764,978,996	401,150,749
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	844,368,696	278,034,723	1,096,415,946	9,907,519
Net cash flows from operating activities	743,933,356	4,768,563,960	3,268,798,887	-528,999,789

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	**2019 amount**	2018 amount	2017 amount
Profit and loss from disposal of non-current asset	**-104,926,775**	-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	**147,496,290**	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	**0**	-49,943	-5,246,320
Profit and loss from changes in the fair value of financial assets held-for-trading, financial liabilities held-for-trading, and investment gains from disposal of financial assets held-for-trading, financial liabilities held-for-trading, and available-for-sale financial assets except for effective hedging businesses related to normal operation of the Company	**/**	–	-744,055,340
Profit and loss from changes in the fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities, and investment gains from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investments except for effective hedging businesses related to normal operation of the Company	**197,663,840**	1,335,306,682	/
Reversion of provision for impairment of the receivables and contract assets under independent impairment test	**17,420,056**	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	**0**	-24,881	-163,881,961
Other non-operating income and expenses other than the above	**75,044,677**	28,052,070	-29,251,066
Impact from interests of non-controlling shareholders	**-457,983**	-209,840,513	26,149,604
Impact from income tax	**-94,559,904**	-351,867,710	103,043,220
Total	**237,680,201**	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**	Changes during the period	Impact on profit of the current period
1. Investment in held-for-trading equity instruments				
Equity investments	163,814,459	**94,839,884**	-68,974,575	8,883,243
2. Investment in held-for-trading debt instruments				
Bond investment	109,286,621	**115,697,198**	6,410,577	29,920,296
Investment in debt instruments	9,468,226,583	**10,451,652,321**	983,425,738	640,727,021
3. Held-for-trading financial liabilities	–	**-588,278,540**	-588,278,540	-27,151,000
4. Other non-current financial assets	2,272,120,712	**1,872,173,634**	-399,947,078	-297,511,094
5. Other equity instruments	–	**8,774,154,936**	8,774,154,936	412,844
6. Other debt instruments	50,047,000	**–**	-50,047,000	3,750,000
7. Derivatives not designated as a hedging relationship				
Forward foreign exchange contracts	56,557,584	**-47,970,008**	-104,527,592	-98,603,111
Interest rate swaps contracts	-434,273	**-360,866**	73,407	73,406
Commodity option contracts	-20,965,613	**–**	20,965,613	32,774,982
Commodity futures contracts	36,852,524	**94,739,897**	57,887,373	-74,440,851
Exchange rate swaps contracts	–	**–**	–	–
8. Hedging instruments				
(1) Non-effective hedging derivative instruments	–		–	
Commodity futures contract	–		–	
Provisional price arrangement	–		–	
(2) Effective hedging derivative instruments	–		–	
9. Commodity futures contract	3,400,716	**-1,392,887**	-4,793,603	–
10. Items measured at fair value included in inventory	2,883,906,210	**3,078,699,095**	194,792,885	194,792,885
11. Provisional price arrangement	94,236,067	**-117,478,025**	-211,714,092	-211,714,092
12. Financing of accounts receivable	3,215,501,984	**2,593,968,796**	-621,533,188	
Total	18,332,550,574	**26,320,445,435**	7,987,894,861	201,914,529

Business Overview of the Company

I. PRINCIPAL BUSINESS, OPERATION MODE OF THE COMPANY AND INDUSTRY SITUATION DURING THE REPORTING PERIOD

(I) Principal business and operation mode of the Company

The principal business of the Group covers copper and gold mining and dressing, smelting and processing, extraction and processing of scattered metal, sulphuric chemistry as well as finance and trade 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 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.	A listed company:	Humon Smelting is a company listed on the Shenzhen Stock Exchange (stock code: 002237). The Company is the controlling shareholder of Humon Smelting, holding 29.99% of its total share capital. Humon Smelting is mainly engaged in the exploration, mining, dressing, smelting and chemical production of gold. It is a national key gold smelting enterprise with the annual production capacity of 50 tonnes of gold and 700 tonnes of silver, and with production capacity of 0.25 million tonnes of electrolytic copper and 1.3 million tonnes of sulphuric acid as by-products.
2.	Three smelters:	Guixi Smelter, Jiangxi Copper (Qingyuan) Company Limited and Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.. Among which Guixi Smelter is the blister and copper concentrate smelter and refiner in the PRC with the largest scale, most advanced technologies and best environmental protection.

3. Six 100% owned mines under 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.

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

1. Applications of main products of the Company are as follows:

Product	Use
Copper cathode	It is a basic raw material for industries such as electrical, electronics, light industry, machinery manufacturing, construction, transportation, and national defense
Copper rods and wires	For the production of copper cables and enameled wires
Gold	It is a hard currency, which can also be used as raw material for electrical appliances, machinery, military industry and decorative crafts
Sliver	It is a raw material for silver solder, electroplating, silver contacts, and decorative crafts
Sulfuric acid	It is a raw material for chemical and fertilizer, and can be used in industries such as metallurgy, food, medicine, fertilizer and rubber

Business Overview of the Company

2. Business model

(1) Procurement model

The Company's situation of procurement of the main raw materials, copper concentrate, and production equipment for production is as follows:

Product	Procurement channel	Procurement method	Pricing method
Copper concentrate	Domestic and foreign procurement	Purchased uniformly by the trading business department of the Company	Refer to the copper price of the LME and Shanghai Metal Exchange
Thick copper, coarse copper	Domestic and foreign procurement	Purchased uniformly by the trading business department of the Company	Refer to the copper price of the LME and Shanghai Metal Exchange
Production equipment	Domestic and foreign procurement	Purchased uniformly by the material and equipment department of the Company	Compare to the market price

(2) Sales model

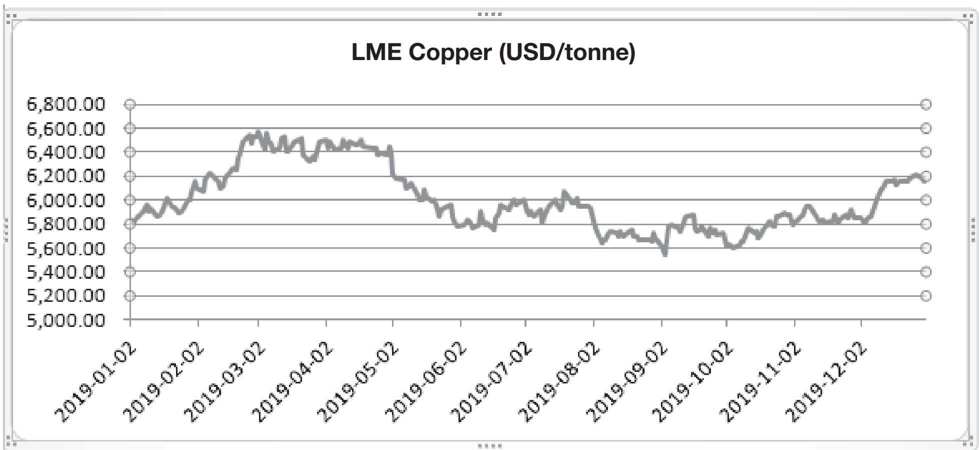
Product	Method of sales	Major sales market
Copper cathode	The main consumer groups are users such as copper processing enterprises, including spot and futures trading, of which: direct sales are used for spot, and futures are traded through the centralized quotation system of Shanghai Metal Exchange	Mainly for Eastern China and Southern China, some products are exported to South Korea, Japan and Southeast Asia
Copper rods and wires	Enter into long-term contracts with relatively stable major customers	Mainly in Eastern China, Southern China, Northern China and Southwest China
Gold	National unified acquisition or direct trading on the Shanghai Gold Exchange	
Sliver	Export and domestic sales, domestic sales are mainly sold to domestic industrial enterprises of electronics, electroplating, electrical alloys, silver nitrate, machinery, military, jewelleries and other industries by direct sales	Exports are mainly to Hong Kong and to Eastern and Southern China domestically
Sulfuric acid	Enter into long-term contracts with relatively stable major customers, and then supply and sell in installments	Mainly in Eastern China, Central China, Southern China, Southwest China and other regions

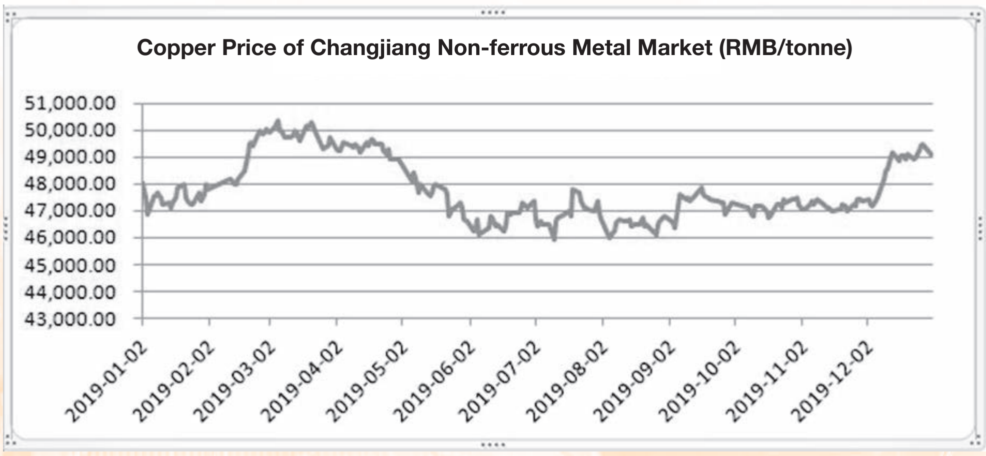
Business Overview of the Company

(II) Explanation of the industry

The price of copper in 2019 has shown a narrow range of oscillation in general. In the first half of the year, the world's major economies were sluggish and the manufacturing industry was weakened across the board. With the increasing risk aversion, the copper price in the first half of the year showed a rise and then a fall. In the second half of the year, the U.S Federal Reserve cut interest rates twice in July and September respectively, and more than 20 countries and regions followed. China continued to expand its opening-up and its infrastructure, and support its brick-and-motars etc. to further stabilise its employment, finance, foreign trade, foreign capital, investment and expectations. In December 2019, China and the United States reached phase one of the trade agreement, risk aversion reduced, and the copper price ended the oscillation at low points and rebounded. The annual average three-month copper price of LME in 2019 was USD6,021.61 per tonne, representing a year-on-year decrease of 7.96%.

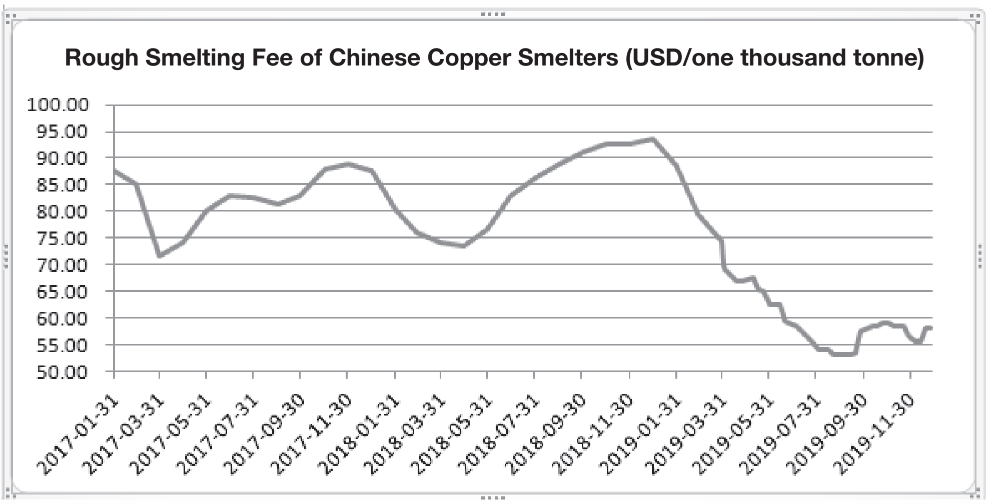
2019 was USD6,021.61 per tonne, representing a year-on-year decrease of 7.96%.





Source: Wind Information Co., Ltd.

In 2019, due to the cumulative effects of strikes, extreme weather and other events, copper production in global mines has been affected to a certain extent. The refined copper smelting capacity in the PRC entered into a peak production period, the supply of concentrate was relatively tight compared to smelting capacity and the smelting processing fees have declined continuously since 2018. The global refined copper production in 2019 announced by the Word Bureau of Metal Statistics (WBMS) was 23.72 million tonnes, while copper consumption amounted 23.82 million tonnes, the supply of copper was in slight shortage.



Source: Wind Information Co., Ltd.

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 is the largest production base of copper, associated gold and silver and an important base of sulphuric chemistry in the PRC:

1. The Group owns the copper mine of the largest size currently in the PRC, namely Dexing Copper Mine and a number of copper mines under production. As at 31 December 2019, the Group had 100% ownership in the proven resource reserves of approximately 9,154,000 tonnes of copper metal, 281.5 tonnes of gold, 8,347.7 tonnes of sliver, and 198,000 tonnes of molybdenum. 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. Humon Smelting, a controlled subsidiary of the Company, has mining rights of 16 gold mines, and approximately 112.01 tonnes of proven gold reserves;

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. In particular, after the Group acquired Humon Smelting in 2019 and became its controlling shareholder, it has established its industry chain with core businesses such as mining, ore dressing, smelting and processing of gold and 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 of the Company is over 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. Humon Smelting, a controlled subsidiary of the Company, has an annual production capacity of 50 tonnes of gold and 700 tonnes of silver and has production capacity of 0.25 million tonnes of electrolytic copper and 1.3 million tonnes of sulphuric acid as by-products.

(III) Advantages of industry-leading professional technologies

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 satellite positioning system for truck dispatching. Humon Smelting has strong smelting technology and is the first professional factory to process high lead complex gold concentrate by using oxygen bottom blowing smelting-reduction furnace pulverized coal bottom blowing direct reduction technology. It ranks first among the “PRC’s Top Ten Gold Smelting Enterprises”.

(IV) Management and talent advantage

The management team of the Company has extensive experience, with an average practice in the copper industry of more than 30 years. The team has participated actively in corporate governance for a long time and has a professional and leading management level in the industry. In addition, the Company also reserves a large number of mining and smelting talents, with the expansion ability and advantages to replicate and operate same types of mining or smelting enterprise.

(V) Advantage of competitive cost

The Dexing Copper Mine owned by the Group is the largest copper open-pit mine in the PRC. 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 smoothen 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.

(VI) 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

In 2019, in the face of a complicated and severe external situation, the Group has overcome many difficulties, and completed the production and operation target.

(I) Achieved new record high in terms of the production of major products:

Products	**Production in 2019**	Production in 2018	Year-on-year increase *(%)*
Copper cathode *(ten thousand tonne)*	**155.63**	146.46	6.26
Gold *(tonne)*	**50.16**	25.58	96.09
Sliver *(tonne)*	**646.82**	394.53	63.95
Sulphuric acid *(ten thousand tonne)*	**462.88**	401.82	15.20
Copper processed products *(ten thousand tonne)*	**119.72**	111.91	6.98
Copper contained in self-produced copper concentrate *(ten thousand tonne)*	**20.92**	20.83	0.43
Standard sulphuric concentrate *(ten thousand tonne)*	**275.13**	246.85	11.46

Note: The above statistical data range of copper cathode, gold, silver and sulfuric acid products includes the production data of Humon Smelting, a subsidiary of the Company from July to December 2019.

(II) Breakthroughs in investment, mergers and acquisitions, and improved industrial layout

Domestically, with the acquisition of 29.99% equity interest in Humon Smelting, the Company has since entered a "dual listing platform era"; the Company also acquired 65% equity interest in JCC Guoxing (Yantai) Copper Company Limited ("**Yantai Guoxing**") and invested to construct copper cathode capacity of 180,000 tonne per year. Internationally, the Company acquired 18.015% of equity interests in First Quantum Minerals Ltd. ("**FQM**") in Canada and became its largest shareholder, and achieved a milestone breakthrough in overseas investment. The Company completed the acquisition of the Kazakhstan tungsten mine project. After the project goes into operation, it will become the tungsten mine with the largest production capacity in the world.

(III) Smooth acceleration of key projects, and the stamina for development has steadily increased

Phase II of the newly built 350,000 tonne/year copper rod project of Jiangxi Copper (Guangzhou) Copper Products Company Limited has been successfully put into operation. The JCC (Shenzhen) International Investment Holdings Limited has become the largest copper product manufacturer and supplier in Southern China. The construction of 220,000 tonne/year copper rod production line project of Jiangxi Copper North China (Tianjin) Copper Co., Ltd has started, and the industrial layout of the Company in the Bohai Rim region has further improved. The construction of the phase III 15,000 tonne/year lithium-electric copper foil production line of the Jiangxi JCC Yates Copper Foil Company Limited has initiated, and the Company has taken a new step in the high-end copper processing products field. The Dexing Copper Mine 5 # tailings pond project has overcome difficulties, fully completed the construction of the main project (phase 1) and was put into operation smoothly. The construction of 8,000 tonne/day deep underground tapping production expansion project of JCC Yinshan Mining Company Limited was progressing in an orderly manner. The joint exploration of Shiwu Gold Mine of Jiangxi Gold Company Limited has entered a substantial phase.

(IV) Increasing investment in science and technology, continuing enhancement and strengthening technological innovation capabilities

The Group continued to increase investment in science and technology, strengthened the guarantee of scientific research funds, conducted dynamic checklist management of projects for key scientific research results transformation projects and key focused projects, advanced at a high level, and adjusted regularly. The Company focused on the introduction of high-end scientific research talents, established and improved the publication mechanism of scientific research problems, and effectively strengthened the collaboration and coordination of production, learning and research. In the past year, the Company has applied a total of 113 patents and obtained 75 authorized patents, including 18 invention patents.

(V) Establishing a significant risk management system and strengthening risk management capabilities

In accordance with the principle of "covering all functional departments and entities of all levels, and full participation", the construction of a "significant risk management system" has fully launched. The Company newly established an operation management department, a legal risk management department and an audit department. The organizational structure and management control model have been further optimized, and the risk management organization system has been further improved. The role of the two supervisors in risk control has been further strengthened, the responsibilities of the three defense lines have been further clarified, and a full staff, whole-process risk management system has been initially established.

II. MAJOR BUSINESS OPERATIONS DURING THE REPORTING PERIOD

According to the audited 2019 consolidated financial statement prepared in accordance with the PRC GAAP, the consolidated operating income of the Group is RMB240,360,335,134 (2018: RMB215,289,866,760), representing an increase of RMB25,070,468,374 (or 11.64%) as compared with last year; achieving net profit attributable to shareholders of the Company of RMB2,466,407,085 (2018: RMB2,447,475,745), representing an increase of RMB18,931,340 (or 0.77%) as compared with last year; basic earning per share is RMB0.71 (2018: RMB0.71).

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

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

Unit: Yuan Currency: RMB

Items	**For the period**	For the same period last year	Changes *(%)*
Operating revenue	**240,360,335,134**	215,289,866,760	11.64
Operating cost	**231,167,687,946**	207,471,870,099	11.42
Selling and distribution expenses	**683,411,771**	569,029,106	20.10
Administrative expenses	**1,796,559,189**	1,558,616,980	15.27
Expenses on research and development	**585,688,950**	206,932,138	183.03
Finance costs	**924,898,841**	812,936,465	13.77
Net cash flow from operating activities	**8,252,296,414**	8,182,118,246	0.86
Net cash flow from investing activities	**-11,943,948,968**	-9,178,398,035	30.13
Net cash flow from financing activities	**11,572,714,955**	1,108,604,280	943.90
Expenditure on research and development	**3,596,681,000**	2,900,522,000	24.00
Impairment losses on assets	**89,624,657**	481,423,550	-81.38
Credit impairment loss	**1,475,160,931**	1,369,110,212	7.75
Other income	**147,496,290**	154,467,076	-4.51
Investment income	**706,950,535**	591,100,790	19.60
Changes in fair value	**-526,207,902**	662,941,683	-179.37
Non-operating income	**91,241,390**	43,352,012	110.47
Non-operating expenses	**128,286,045**	15,299,942	738.47

Explanation on changes in operating revenue: It was mainly due to the acquisition of Humon Smelting and its inclusion into the scope of consolidated statement as well as change in sales of main products;

Explanation on changes in operating cost: It was mainly due to the acquisition of Humon Smelting and its inclusion into the scope of consolidated statement as well as change in sales of main products;

Explanation on changes in selling and distribution expenses: It was mainly due to the acquisition of Humon Smelting and its inclusion into the scope of consolidated statement as well as change in sales of main products;

Explanation on changes in administrative expenses: It was mainly due to the acquisition of Humon Smelting and its inclusion into the scope of consolidated statement;

Explanation on changes in expenses on research and development: It was mainly due to the increased investment of the Company in scientific research;

Explanation on changes in finance costs: It was mainly due to the acquisition of Humon Smelting and its inclusion into the scope of consolidated statement and increase in capital demand from new investment;

Explanation on changes in net cash flow from investing activities: It was mainly due to the increase in investment in mergers and acquisitions;

Explanation on changes in net cash flow from financing activities: It was mainly due to the increase in scale of investment and operation financing;

Explanation on changes in impairment losses on assets: It was mainly due to the decrease in the year-on-year provision for impairment on assets of subsidiaries;

Explanation on changes in investment income: It was mainly due to the increase in investment earnings of financial products bought;

Explanation on changes in changes in fair value: It was mainly due to the decrease in the fair value of non-current financial assets and held-for-trading financing assets held by the Company;

Explanation on changes in non-operating income: It was mainly due to the increase in breach penalty income;

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

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 *(%)*
Industry and other non-trading revenue	122,203,903,923	113,503,922,547	7.12	18.79	22.79	Decreased by 3.03 percentage points
Trading revenue	117,382,865,193	116,915,687,168	0.40	4.85	1.99	Increased by 2.79 percentage points
Others	773,566,018	748,078,231	3.29	67.41	85.09	Decreased by 9.24 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	136,603,019,533	130,500,845,411	4.47	11.29	11.56	Decreased by 0.23 percentage point
Copper rods and wires	45,115,728,840	44,089,830,003	2.27	-4.65	-4.43	Decreased by 0.22 percentage point
Other copper processed products	4,614,555,998	4,314,898,550	6.49	-10.16	-10.90	Increased by 0.78 percentage point
Gold	16,213,789,404	15,031,629,498	7.29	123.33	112.31	Increased by 4.81 percentage points
Silver	6,086,103,618	5,700,014,095	6.34	195.87	181.19	Increased by 4.89 percentage points
Chemical products (sulfuric acid and sulfur concentrate)	1,259,961,119	1,506,426,450	-19.56	4.92	13.51	Decreased by 9.05 percentage points
Rare metals and other non-ferrous metals	9,185,557,806	8,907,055,428	3.03	75.28	74.45	Increased by 0.46 percentage point
Copper concentrate, coarse copper and anode plates	14,304,590,207	14,196,378,414	0.76	-25.93	-25.50	Decreased by 0.58 percentage point
Other principal business	6,203,462,591	6,172,531,866	0.50	35.96	36.63	Decreased by 0.49 percentage point
Other business income	773,566,018	748,078,231	3.29	67.41	85.09	Decreased by 9.24 percentage points

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	205,006,108,527	195,262,695,619	4.75	9.20	8.54	Increased by 0.58 percentage point
Hong Kong	16,226,444,249	16,735,585,739	-3.14	29.15	77.81	Decreased by 28.23 percentage points
Other region	19,127,782,358	19,169,406,588	-0.22	27.59	5.54	Increased by 20.94 percentage points
Total	240,360,335,134	231,167,687,946	3.82	11.64	11.42	Increased by 0.19 percentage point

Note: The scope of statistics of the "Principal businesses by product" stated above includes trading.

(2) Analysis table for production and sales

Major products	Unit	Production	Sales	Stock	Increase/ decrease in production as compared with last year *(%)*	Increase/ decrease in sales as compared with last year *(%)*	Increase/ decrease in stock as compared with last year *(%)*
Copper cathode	Ten thousand tonnes	155.63	131.79	28.04	6.32	9.58	567.53
Gold	Tonne	51.30	50.82	0.71	100.54	79.27	207.36
Silver	Tonne	824.84	872.53	20.11	109.07	115.15	-70.34
Sulphuric acid	Ten thousand tonnes	476.17	474.12	6.75	18.50	24.48	43.62
Copper processing products	Ten thousand tonnes	119.72	112.91	8.60	2.27	28.25	380.30

Note: The scope of statistics of the above "Analysis table for output and sales" is the self-produced products of the Group.

(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 (%)	Explanation
Copper products (self-produced copper cathode, copper rod wire and other copper processed products)	Raw materials	**89,017,081,676**	**38.63**	75,002,455,552	36.22	18.69	
	Energy power	**1,966,079,878**	**0.85**	2,110,175,734	1.02	-6.83	
	Labour	**1,305,106,203**	**0.57**	1,219,115,994	0.59	7.05	
	Overheads	**3,976,011,652**	**1.73**	3,990,827,228	1.93	-0.37	
	Sub-total	**96,264,279,409**	**41.78**	82,322,574,508	39.76	16.94	
By-products of precious metals (self-produced gold and silver)	Raw materials	**14,252,083,038**	**6.19**	7,837,197,516	3.78	81.85	
	Energy power	**262,774,966**	**0.11**	190,627,170	0.09	37.85	
	Labour	**183,126,323**	**0.08**	140,153,701	0.07	30.66	
	Overheads	**570,568,418**	**0.25**	446,079,874	0.22	27.91	
	Sub-total	**15,268,552,745**	**6.63**	8,614,058,261	4.16	77.25	
Chemical products (self-produced sulfuric acid and sulfur concentrate)	Raw materials	**310,130,059**	**0.13**	265,671,059	0.13	16.73	
	Energy power	**428,938,871**	**0.19**	342,186,354	0.17	25.35	
	Labour	**220,268,414**	**0.10**	194,398,605	0.09	13.31	
	Overheads	**547,089,106**	**0.24**	441,694,788	0.21	23.86	
	Sub-total	**1,506,426,450**	**0.65**	1,243,950,806	0.60	21.10	

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 (%)	Explanation
Rare metals	Raw materials	**145,820,776**	**0.06**	86,470,987	0.04	68.64	
	Energy power	**96,466,436**	**0.04**	53,480,909	0.03	80.38	
	Labour	**59,886,720**	**0.03**	24,260,454	0.01	146.85	
	Overheads	**162,490,011**	**0.07**	89,397,894	0.04	81.76	
	Sub-total	**464,663,943**	**0.20**	253,610,244	0.12	83.22	
Trading and others		**116,915,687,168**	**50.74**	114,633,508,142	55.36	1.99	
	Total	**230,419,609,715**	**100.00**	207,067,701,961	100.00	11.28	

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** *(%)*	**Explanation**
Industry and other non-trading cost	Raw materials	**103,725,115,549**	**45.02**	83,191,795,114	40.18	24.68	
	Energy power	**2,754,260,151**	**1.20**	2,696,470,167	1.30	2.14	
	Labour	**1,768,387,660**	**0.77**	1,577,928,754	0.76	12.07	
	Overheads	**5,256,159,187**	**2.28**	4,967,999,784	2.40	5.80	
	Sub-total	**113,503,922,547**	**49.26**	92,434,193,819	44.64	22.79	
Cost of trading		**116,915,687,168**	**50.74**	114,633,508,142	55.36	1.99	
	Total	**230,419,609,715**	**100.00**	207,067,701,961	100.00	11.28	

Other explanation on analysis on cost

Nil

(4) *Major customers and major suppliers*

Sales amount of the top five customers was RMB37,597.34 million, making up 15.64% 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 annual sales amount.

Procurement amount of the top five suppliers was RMB26,926.76 million, making up 10.42% 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 annual procurement amount.

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 *(%)*
Selling and distribution expenses	**683,411,771**	569,029,106	20.10
Administrative expenses	**1,796,559,189**	1,558,616,980	15.27
Finance costs	**924,898,841**	812,936,465	13.77

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

(1) R&D contribution table

Unit: '000 Yuan Currency: RMB

Expenditure R&D contribution in current period	3,360,934
Capitalization R&D contribution in current period	235,747
Sum of R&D contribution	3,596,681
Percentage *(%)* of sum of R&D contribution in operating income	1.5
Number of R&D personnel in the company	4,609
Percentage *(%)* of number of R&D personnel in total amount of company staff	19.86
Proportion *(%)* of R&D investment capitalization	6.55

(2) Explanation

In 2019, 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 in developing new products and promoting intelligentization, reducing production costs, enhancing safety and environmental protection, and improving comprehensive recycling.

During the Reporting Period, the "Key Technology and Application of High-efficiency Flotation Selection of Sulfide Ore Based on Adjustment and Control Interface Hydration" ("基於界面水化作用調控的硫化礦高效浮選關鍵技術及應用") submitted by the Group won the second prize of Jiangxi Province Science and Technology Progress Award; the "Multi-position Adjustment and Control Technology for Sulphide Ore Flotation Selection" ("硫化礦浮選中礦多位調控技術") won the third prize of Jiangxi Province Science and Technology Progress Award. The Group will continue to implement an innovation-driven strategy, steadily promote the preparation of copper foil for lithium batteries, high-quality single-walled carbon nanotubes, graphite-copper (aluminum), and create new profit growth points. At the same time, the Group will continue to implement the construction of smart factories and smart mines, and promote the mines and smelters of the Company to develop in an 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	**8,252,296,414**	8,182,118,246	0.86	
Net cash flow from investing activities	**-11,943,948,968**	-9,178,398,035	30.13	*Note 1*
Net cash flow from financing activities	**11,572,714,955**	1,108,604,280	943.90	*Note 2*

Note 1: Explanation on changes in net cash flow from investing activities: mainly due to the increase in investments in mergers and acquisitions.

Note 2: Explanation on changes in net cash flow from financing activities: mainly due to the expansion of the scale of investment and operational financing.

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

Unit: Yuan Currency: RMB

Item	For the period	For the same period last year	Changes
Impairment losses on assets	**89,624,657**	481,423,550	-391,798,893
Impairment losses on credit	**1,475,160,931**	1,369,110,212	106,050,719
Gains on changes in fair value	**-526,207,902**	662,941,683	-1,189,149,585
Returns on investment	**706,950,535**	591,100,790	115,849,745

(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	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
Factoring receivables	**1,130,055,974**	**0.84**	2,082,024,102	2.02	-45.72	*Note 1*
Inventories	**26,923,307,427**	**19.96**	17,259,265,461	16.78	55.99	*Note 2*
Assets classified as held for sale	**36,524,622**	**0.03**	83,660,951	0.08	-56.34	*Note 3*
Non-current assets due within one year	**0**	**0.00**	50,047,000	0.05	-100.00	*Note 4*
Other equity investment	**8,774,154,936**	**6.50**	0	0.00	100.00	*Note 5*
Project under construction	**4,969,923,388**	**3.68**	3,619,089,105	3.52	37.33	*Note 6*
Right-to-use assets	**404,445,431**	**0.30**	0	0.00	100.00	*Note 7*
Intangible assets	**4,152,655,144**	**3.08**	2,386,307,919	2.32	74.02	*Note 8*
Goodwill	**1,266,036,306**	**0.94**	0	0.00	100.00	*Note 9*
Short-term borrowings	**42,119,240,078**	**31.22**	30,104,007,982	29.27	39.91	*Note 10*
Held-for-trading financial liabilities	**588,278,540**	**0.44**	0	0.00	100.00	*Note 11*
Derivative financial liabilities	**396,124,785**	**0.29**	94,258,438	0.09	320.25	*Note 12*
Notes payable	**4,176,838,516**	**3.10**	1,923,462,976	1.87	117.15	*Note 13*
Account payable	**8,363,608,696**	**6.20**	4,306,594,754	4.19	94.20	*Note 14*
Other payables	**2,838,684,274**	**2.10**	2,148,543,395	2.09	32.12	*Note 15*
Non-current liabilities due within one year	**3,619,984,095**	**2.68**	143,888,115	0.14	2,415.83	*Note 16*
Long-term borrowings	**5,257,859,073**	**3.90**	3,282,000,000	3.19	60.20	*Note 17*
Lease liabilities	**171,117,131**	**0.13**	0	0.00	100.00	*Note 18*
Long-term payable	**391,390,846**	**0.29**	60,141,729	0.06	550.78	*Note 19*
Long-term payroll payable	**19,158,890**	**0.01**	34,589,330	0.03	-44.61	*Note 20*
Provisions	**252,451,687**	**0.19**	191,428,889	0.19	31.88	*Note 21*
Deferred income tax liabilities	**328,393,473**	**0.24**	109,138,652	0.11	200.90	*Note 22*
Other non-current liabilities	**194,167**	**0.00**	0	0.00	100.00	*Note 23*
Other comprehensive income	**1,350,346,937**	**1.00**	116,481,629	0.11	1,059.28	*Note 24*

Note 1: As at the end of the Reporting Period, the factoring receivables of the Group amounted to RMB1,130.06 million, representing a decrease of RMB951.97 million (or -45.72%) as compared to the end of last year, mainly attributable to the recovery of factoring amount of RMB344 million by subsidiaries of the Group as well as provision for impairment of factoring receivables amounting to RMB608 million;

Note 2: As at the end of the Reporting Period, the inventories of the Group amounted to RMB26,923.31 million, representing an increase of RMB9,664.04 million (or 55.99%) as compared to the end of last year, mainly attributable to the acquisition and inclusion of Humon Smelting into the scope of consolidated statement by the Group, increasing inventories amounting to RMB7,418 million;

Note 3: As at the end of the Reporting Period, the assets classified as held-for-sale of the Group amounted to RMB36.52 million, representing a decrease of RMB47.14 million (or -56.34%) as compared to the end of last year, mainly attributable to the disposal of moveable machineries and equipment of held-for-sale assets as classified by Sichuan Kangxi Copper Company Limited, a subsidiary of the Group, through tender amounting to RMB50.26 million, and the increase in held-for-sale land use rights and housing buildings of Humon Smelting, a subsidiary of the Group, amounting to RMB4.48 million;

Note 4: As at the end of the Reporting Period, the non-current assets of the Group due within one year amounted to RMB0, representing a decrease of RMB50.05 million (or -100%) as compared to the end of last year, mainly attributable to the disposal of mature bonds held by JCC Finance Company Limited, a subsidiary of the Group;

Note 5: As at the end of the Reporting Period, other equity investment of the Group amounted to RMB8,774.15 million, representing an increase of RMB8,774.15 million (or 100%) as compared to the end of last year, mainly attributable to the new equity investment of the Group (FQM, etc.);

Note 6: As at the end of the Reporting Period, the projects under construction of the Group amounted to RMB4,969.92 million, representing an increase of RMB1,350.83 million (or 37.33%) as compared to the end of last year, mainly attributable to the increase in investment in projects under construction by the Group, among which increased of RMB778 million in Dexing No.5 Inventory, Guiye Intelligent Plants and other projects, increase of RMB263 million in Yinshan Jingxia 8,000 tonnes projects, increase of RMB220 million in Guangtong phase II construction and an increase of RMB186 million in Humon Smelting;

Note 7: As at the end of the Reporting Period, the right-of-use assets of the Group amounted to RMB404.45 million, representing an increase of RMB404.45 million (or 100%) as compared to the end of last year, mainly attributable to the implementation of new lease standards of the Group and change of auditing items;

Note 8: As at the end of the Reporting Period, the intangible assets of the Group amounted to RMB4,152.66 million, representing an increase of RMB1,766.35 million (or 74.02%) as compared to the end of last year, mainly attributable to the acquisition of Humon Smelting and Yantai Guoxing by the Group;

Note 9: As at the end of the Reporting Period, the goodwill of the Group amounted to RMB1,266.04 million, representing an increase of RMB1,266.04 million (or 100%) as compared to the end of last year, mainly attributable to the goodwill formed by the acquisition of Humon Smelting by the Group;

Note 10: As at the end of the Reporting Period, the short-term borrowings of the Group amounted to RMB42,119.24 million, representing an increase of RMB12,015.23 million (or 39.91%) as compared to the end of last year, mainly attributable to the increase in the Group's investment in mergers and acquisitions as well as expansion of operational financing scale;

Note 11: As at the end of the Reporting Period, the held-for-trading financial liabilities of the Group amounted to RMB588.28 million as compared to the end of last year, representing an increase of RMB588.28 million (or 100%) as compared to the end of last year, mainly attributable to the development of the gold lease business by Humon Smelting, a subsidiary of the Group;

Note 12: As at the end of the Reporting Period, the derivative financial liabilities of the Group amounted to RMB396.12 million, representing an increase of RMB301.87 million (or 320.25%) as compared to the end of last year, mainly attributable to floating profit and loss of the future business of the Group;

Note 13: As at the end of the Reporting Period, the notes payable of the Group amounted to RMB4,176.84 million, representing an increase of RMB2,253.38 million (or 117.15%) as compared to the end of last year, mainly attributable to the new billings from acquisition of Humon Smelting and subsidiaries of the Group;

Note 14: As at the end of the Reporting Period, the accounts payable of the Group amounted to RMB8,363.61 million, representing an increase of RMB4,057.01 million (or 94.2%) as compared to the end of last year, mainly attributable to the acquisition of Humon Smelting and increase in unsettled purchasing amount of raw materials and trading of commodities;

Note 15: As at the end of the Reporting Period, other accounts payable of the Group amounted to RMB2,838.68 million, representing an increase of RMB690.14 million (or 32.12%) as compared to the end of last year, mainly attributable to the acquisition of Humon Smelting and the increase in construction, equipment and materials payable by the Group;

Note 16: As at the end of the Reporting Period, the non-current liabilities of the Group due within one year amounted to RMB3,619.98 million, representing an increase of RMB3,476.10 million (or 2,415.83%) as compared to the end of last year, mainly attributable to the disclosure of reclassification of a long-term borrowings amounting to RMB3,000 million due within one year to the non-current liabilities of the Group due within one year;

Note 17: As at the end of the Reporting Period, the long-term borrowings of the Group amounted to RMB5,257.86 million, representing an increase of RMB1,975.86 million (or 60.2%) as compared to the end of last year, mainly attributable to the new long-term borrowings and financing amount of RMB4,900 million and the reclassification of long-term borrowings amounting to RMB3,000 million due within one year to the non-current liabilities due within one year of the Group as at the end of the reporting period;

Note 18: As at the end of the Reporting Period, the lease liabilities of the Group amounted to RMB171.12 million, representing an increase of RMB171.12 million (or 100%) as compared to the end of last year, mainly attributable to the implementation of new lease standards of the Group and change of auditing items;

Note 19: As at the end of the Reporting Period, the long-term payable of the Group amounted to RMB391.39 million, representing an increase of RMB331.25 million (or 550.78%) as compared to the end of last year, mainly attributable to the new financing and lease amount of Humon Smelting, a subsidiary of the Group;

Note 20: As at the end of the Reporting Period, the long-term payroll payable of the Group amounted to RMB19.16 million, representing a decrease of RMB15.43 million (or -44.61%) as compared to the end of last year, mainly attributable to the payment of medium- and long-term distribution of incentive fund of the Group;

Note 21: As at the end of the Reporting Period, the provisions of the Group amounted to RMB252.45 million, representing an increase of RMB61.02 million (or 31.88%) as compared to the end of last year, mainly attributable to the increase in the Group's expected expense in reclamation;

Note 22: As at the end of the Reporting Period, the deferred income tax liabilities of the Group amounted to RMB328.39 million, representing an increase of RMB219.25 million (or 200.9%) as compared to the end of last year, mainly attributable to the increase in valuation of the acquisition of Humon Smelting of the Group;

Note 23: As at the end of the Reporting Period, the other non-current liabilities of the Group amounted to RMB190,000, representing an increase of RMB190,000 (or 100%) as compared to the end of last year, mainly attributable to the acquisition of Humon Smelting by the Group;

Note 24: As at the end of the Reporting Period, the other comprehensive income of the Group amounted to RMB1,350.35 million, representing an increase of RMB1,233.87 million (or 1,059.28%) as compared to the end of last year, mainly attributable to change in fair value of other equity investment of the Group and the difference of discount from the foreign currencies of overseas associates and joint ventures incurred from the increase in 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	11,020,051,527	They were the margin deposits for the application of gold leasing, letters of credit, bank guarantees and acceptances issued as well as bank acceptance notes with the banks, the required reserve deposits placed with the People's Bank of China, environment rehabilitation deposits, pledged to secure short term borrowings as well as frozen bank deposits and their interests
Held-for-trading financial assets	5,115,672,565	Held-for-trading financial assets with book values of RMB4,972,138,401 were pledged as margins for notes; Held-for-trading financial assets with book values of RMB143,534,164 were pledged as margins for gold leasing
Accounts receivable financing	–	No bank borrowings using bank's acceptance bills as collateral
Other receivables	1,665,029,077	Futures margin deposits
Inventories	340,707,188	Inventories with book values of RMB331,250,396 were placed as futures margin deposit and pledged to secure short term borrowings; inventories with book values of RMB9,456,792 were preserved forcefully by court due to lawsuit(s)
Investment properties	163,224,255	Preserved forcefully by court due to lawsuit(s)
Fixed assets	686,945,242	Fixed assets with book values of RMB563,778,784 were pledged to secure short-term bank borrowings; fixed assets with book values of RMB8,224,334 were pledged to secure long-term bank borrowings; fixed assets with book values of RMB114,942,124 were preserved forcefully by court due to lawsuit(s)
Intangible assets	105,790,715	They were pledged to secure bank borrowings

(IV) Analysis of industry operational information

Please refer to “Explanation of the industry" section for further details.

Analysis on business information of non-ferrous metal industry

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

Unit: 0,000 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	13,660,302	13,050,085	4.47	11.29	11.56	-0.23
Copper rods and wires	4,511,573	4,408,983	2.27	-4.65	-4.43	-0.22
Gold	1,621,379	1,503,163	7.29	123.33	112.31	4.81
Copper processing products	461,456	431,490	6.49	-10.16	-10.90	0.78
Silver	608,610	570,001	6.34	195.87	181.19	4.89
Rare metals and other non-ferrous metals	918,556	890,706	3.03	75.28	74.45	0.46

2 *Profitability by various geographical locations during the Reporting Period*

Unit: 0,000 Yuan Currency: RMB

Geographical location	Operating revenue	Proportion of operating revenue *(%)*	Increase/ decrease of operating revenue from last year *(%)*
Mainland China	20,500,611	85.29	9.20
Domestic sub-total	20,500,611	85.29	9.20
Hong Kong	1,622,644	6.75	29.15
Others	1,912,778	7.96	27.59
Overseas sub-total	3,535,422	14.71	28.30
Total	24,036,033	100.00	11.64

(V) Analysis of investment

General analysis of external investment in equity

Unit: 0,000 Yuan Currency: RMB

Investment during the Reporting Period	1,443,436
Investment during the same period last year	47,719
Extent of increase/decrease in investment *(%)*	2,924.87

No.	Name of investee	Principal activity	Share of interests in the investee *(%)*	Investment amount *(RMB'0,000)*
1	JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司)	Production, wholesale and retail of non-ferrous metal products; import and export businesses of goods and technologies, etc.	65	32,500
2	Shandong Humon Smelting Co., Ltd. (山東恒邦冶煉股份有限公司)	Smelting of gold and silver; manufacture and sale of non-ferrous metals, rare metals and their products, etc.	29.99	297,602
3	Liangshan Mining Co., Ltd. (涼山礦業股份有限公司)	Mining of copper ore and associated ore; production of sulfuric acid, oxygen, nitrogen, etc.	6.67	21,151
4	Jiangxi JCC 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; after-sale services of products and relevant technical consultation services and businesses, etc.	98.15	50,000
5	Jiangxi Copper North China (Tianjin) Copper Co., Ltd (江銅華北(天津)銅業有限公司)	Manufacture, processing and sale of copper products; processing and sale of non-ferrous metals; cutting, processing and sale of metal materials, etc.	51	6,630
6	JCC Hongyuan Copper Industry Co., Ltd. (江銅宏源銅業有限公司)	Production and sales of electrolytic copper	43	5,375
7	Jiangxi Copper Industry Xinrui Technology Co., Ltd. (江西銅業鑫瑞科技有限公司)	R&D, production and sales of semi-conductor materials and applied products, rare metals and their compounds, copper-based alloys, etc.	100	4,000
8	Minmetals Jiangxi Copper Mining Co., Ltd. (五礦江銅礦業有限公司)	Exploration of copper mines	40	14,400
9	Jiangxi Wantong Environmental Protection Materials Co., Ltd. (江西萬銅環保材料有限公司)	Environmental protection building materials, comprehensive development and utilization of tailings resources, etc.	40	1,600
10	Jiangxi JCC Petrochemical Co., Ltd. (江西江銅石化有限公司)	Sales, storage and transportation of petroleum, petrochemical, chemical fiber and other chemical products	49	542
11	Anhui Qide Cable Co., Ltd. (安徽啟得電纜有限公司)	R&D, manufacture and sales of wires, cables and spare parts, etc.	100	5,815
12	Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd. (江西銅業(深圳)國際投資控股有限公司)	Sales of cathode copper, anode plates and non-ferrous metals, etc.	100	166,200
13	PIM Cupric Holdings Limited	Investment businesses	100	785,042
14	Jiangxi Copper (Hong Kong) Investment Company Limited (Value Stone) (江西銅業(香港)投資有限公司(嘉石基金))	Investment businesses	100	2,880
15	MCC-JCL Aynak Minerals Investment Company Limited (中冶江銅艾娜克礦業投資有限公司)	Exploration of copper mines	25	638
16	Hong Kong Jiaxin International Resources Investment Co., Ltd. (香港佳鑫國際資源投資有限公司)	Exploration of Mining	49	49,061

Note: The above-mentioned statistical caliber is based on the actual amount of capital contributed by the Group during the Reporting Period, which include capital contributions to non-wholly-owned subsidiaries or newly established companies (including contributions by equity, debt, etc.), excluding the capital increase by the Company to wholly-owned subsidiaries established in previous years.

(1) *Significant equity interest investment*

I. On 4 March 2019, the Company entered into the "Share Transfer Agreement of Shandong Humon Smelting Co., Ltd." with Yantai Humon Group Company Limited, Wang Xinen, Wang Jiahao, Zhang Jixue and Gao Zhenglin. 221,653,960 shares of Humon Smelting held by Humon Group, the then controlling shareholder of Humon Smelting, 15,600,000 shares of Humon Smelting held by Wang Xinen, 3,975,000 shares of Humon Smelting held by Wang Jiahao, 15,900,000 shares of Humon Smelting held by Zhang Jixue and 15,900,000 shares of Humon Smelting held by Gao Zhenglin were transferred to the Company, totaling 273,028,960 shares (the "**Target Shares**"), accounting for 29.99% of the total share capital of Humon Smelting. The total consideration for transfer of the Target Shares amounted to RMB2,976,015,664, and the source of fund of the transaction was derived from the internal funds of the Company. On 27 June 2019, the Company received the "Confirmation of Securities Transfer Registration" issued by Shenzhen Branch of China Securities Depository and Clearing Co., Limited. The external investment matters have been completed, and the Company has become the controlling shareholder of Humon Smelting.

For the year ended 31 December 2019, Humon Smelting realized operating income of RMB28,536,077,600; net profit attributable to the owners of the parent company was RMB305,536,000.

The transaction enhanced the Company's business development capabilities and capital strength, strengthened the Company's competitive strength and enhanced the Company's value. At the same time, the share purchase was an important measure to improve the Company's industrial layout, which was in line with the Company's development strategy of "copper-based, strengthening non-ferrous metals, diversified development and global distribution" and was conducive to accelerating the Company's development into a world-class mining company with the copper industry as the leader, the polymetallic mining industry in parallel, the deep integration of industry, finance and trade, and outstanding global competitiveness.

II. On 9 December 2019, Jiangxi Copper (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of the Company, acquired from Pangaea Investment Management Ltd. ("**PIM**") two issued ordinary shares of PIM Cupric Holdings Limited ("**PCH**"), representing 100% equity interest in PCH which was wholly-owned by PIM, a company in which the Company is indirectly interested, at a consideration of USD1.1159 billion. PCH holds 124,198,371 shares of FQM, a company listed on the Toronto Stock Exchange of Canada (accounting for 18.015% of issued shares of FQM). FQM owns nine copper mine development projects in 8 countries including Zambia, Panama and Peru. Among them, FQM owns three world-class mines in production in Zambia and Panama, and two mines in Argentina and Peru to be developed. In addition, FQM has 2 large-scale nickel ore resources in Australia and Zambia.

As at 31 December 2019, the fair value of the above equity investments was equivalent to RMB8,738 million, representing approximately 6.48% of the Group's total assets as at 31 December 2019. The Group has not received any dividend on this investment. For the year ended 31 December 2019, Jiangxi Copper (Hong Kong) Investment Company Limited realized a net profit of RMB-5.326 million.

Through the transaction, the Company became the single largest peer industry investor shareholder of FQM, which has abundant copper reserves under its control and is expected to generate strong cash flow in the future. The Company will enjoy the corresponding interests in FQM's copper resources through its shareholding and the expected future cash dividends, which is in line with the Company's strategy of internationalising resources. In addition, FQM has an excellent management team with extensive experience in mine project construction and operation. The Company can explore asset level cooperation with FQM on expansion and development of copper mine projects in their respective portfolios enhancing project profitability.

(2) Significant non-equity interest investment

Not applicable

(3) *Financial instruments measured at fair value*

Unit: Yuan   Currency: RMB

Item	Opening balance	**Closing balance**	Change during the period	Impact on the profit for the period
Held-for-trading financial assets	9,741,327,663	**10,662,189,403**	920,861,740	679,530,560
Derivative financial assets	263,905,443	**323,662,896**	59,757,453	-211,714,092
Accounts receivable financing	3,215,501,984	**2,593,968,796**	-621,533,188	
Other debt investments	50,047,000	**–**	-50,047,000	3,750,000
Other non-current financial assets	2,272,120,712	**1,872,173,634**	-399,947,078	-297,511,094
Held-for-trading financial liabilities	–	**-588,278,540**	-588,278,540	-27,151,000
Derivative financial liabilities	-94,258,438	**-396,124,785**	-301,866,347	-140,195,574
Fair value change of hedged items	2,883,906,210	**3,078,699,095**	194,792,885	194,792,885
Other equity instruments investments	–	**8,774,154,936**	8,774,154,936	412,844
Total	18,332,550,574	**26,320,445,435**	7,987,894,861	201,914,529

(VI) Material disposal of assets and equity interests

Not applicable

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

(1) Production and operation of our principal controlled subsidiaries as of 31 December 2019

Unit: '000   Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage *(%)*	Total assets	Net assets	Operating revenue	Net profit
Humon Smelting (山東恒邦冶煉股份有限公司)	Exploration, mining, selection and smelting of gold and chemical production	910,400	29.99	16,135,352	4,648,139	16,213,690	119,286
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	16,331,357	3,379,593	444,188	291,698

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Sale of processed copper materials	424,500	100	1,181,970	990,159	252,323	66,403
JCC Copper Products Company Limited (江西銅業集團銅材有限公司)	Processing and sale of hardware electric product	186,391	98.89	769,322	366,064	1,688,944	14,233
JCC Guixi Recycling Resources 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	100	13,981	10,158	114,218	228
Shenzhen Jiangxi Copper Marketing Company Limited (深圳江銅營銷有限公司)	Sale of copper products	2,260,000	100	1,720,444	-367,119	12,985,153	-49,647
Jiangxi Copper Shanghai Trading Company Limited (上海江銅營銷有限公司)	Sale of copper products	200,000	100	2,577,559	-3,317,271	4,145,010	-484,385
Jiangxi Copper Beijing Trading Company Limited (北京江銅營銷有限公司)	Sale of copper products	261,000	100	280,585	-401,054		-88,711
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	2,218,769	993,863	728,155	40,887
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	389,530	-268,458	124,642	-169,433
Jiangxi Copper – Yates Copper Foil Company Limited (江西省江銅– 耶兹銅箔有限公司)	Production and sale of electrolytic copper foil products	1,253,600	98.15	1,338,600	1,257,416	1,036,009	99,655
Jiangxi Copper Longchang Precise Copper 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	1,459,192	601,241	2,579,641	-15,526
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 aftersales repair and consulting services	USD16,800	70	529,606	117,781	1,030,936	3,333

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Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
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	76,958	70,843	24,158	2,416
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	193,290	71,612	430,094	4,791
JCC (Guixi) New Metallurgical and Chemical Technologies 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	61,222	53,834	31,783	5,340
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	222,155	157,799	239,953	4,065
JCC (Dexing) Casting 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	279,639	155,235	332,451	6,654
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	241,884	125,416	326,133	12,549
JCC Geology Exploration Company Limited (江西銅業集團地勘工程有限公司)	Geological investigation and survey and construction, engineering measurement	15,000	100	101,751	47,722	75,498	1,728
Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited (江西省江銅－甕福化工有限責任公司)	Sulphuric acid and its by-products	181,500	70	216,734	196,676	122,104	3,100

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
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	20,296	100	89,871	31,909	108,984	737
JCC (Ruichang) Casting 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	13,455	4,995	37,559	312
JCC (Yanshan) Mineral Processing 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	34,984	28,399	31,593	1,296
Jiangxi Copper Chengdu Trading Company Limited (成都江銅營銷有限公司)	Sale of copper products	60,000	100	7,938	-96,220	34,406	-335
Jiangxi Copper Construction Supervision Consulting Company Limited (江西銅業建設監理諮詢有限公司)	Construction	3,000	100	14,639	11,246	20,590	1,337
Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司)	Production of copper rods and wires and related products	800,000	100	9,852,259	941,919	42,656,352	3,663
Jiangxi Copper International Trade Company Limited (江銅國際貿易有限公司)	Trading of metal products	1,016,091	59.05	7,471,022	-619,470	56,381,978	-1,564,475
Shanghai Jiangtong Investment Holdings Ltd. (上海江銅投資控股有限公司)	Construction	192,542	100	274,622	151,838	12,144	-13,067
Jiangxi Copper Dexing Chemical Company Limited (江西銅業(德興) 化工有限公司)	Sulphuric acid and related by-products	375,821.50	100	503,036	436,358	200,158	5,808

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Copper (Yugan) Casting Company Limited (江西銅業集團(餘干)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	28,000	100	59,017	52,629	46,496	3,018
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 non-ferrous metals	890,000	100	5,836,504	670,187	10,191,143	25,875
Jiangxi Copper Hong Kong Company Limited (江西銅業香港有限公司)	Import-export business trade and settlement, offshore investment and financing, and crossborder RMB settlement	USD14,0000	100	10,514,816	1,219,720	18,959,533	102,077
Jiangxi Copper Recycling Resources Company Limited (江西銅業再生資源有限公司)	Scrap of base metals and their articles	250,000	100	287,172	234,219	575,018	356
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 and dressing	5,000	51	2	-93,903		-13,215
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	USD71,256	100	182,746	175,972		-50,646
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	49,513	45,672	22,553	652
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司)	Production and sale of copper cathodes	1,280,000	40	6,650,322	2,094,954	18,264,872	311,303
Jiangxi Copper North China (Tianjin) Copper Co., Ltd (江銅華北(天津) 銅業有限公司)	Production of copper rods and wires and the related products	640,204	51	1,429,637	712,424	11,796,462	36,102
JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司)	Production of copper sulfate, electrolytic copper and non-ferrous metals	500,000	65	486,550	485,552		-2,790

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
JCC Hongyuan Copper Industry Co., Ltd. (江銅宏源銅業有限公司)	Production and sale of electrolytic copper	250,000	43	123,616	123,153		-918
Jiangxi Copper (Hong Kong) Investment Company Limited (江西銅業(香港)投資有限公司)	Project investment, fund investment, investment management, investment advisory and economic information advisory	USD1,039,427	100	12,099,086	7,475,740		-5,326

(2) Production and operation of our associates and joint ventures as of 31 December 2019

Unit: '000 Yuan Currency: RMB

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)*
I.Joint Venture									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited (江銅百泰環保科技有限公司)	Industrial waste water recycling and product sales	RMB	28,200	50	6,468	1,476	4,992	5,603	1,121
Nesko Metal Sanayi ve Ticaret Anonims Şirketi	Exploration and sales of copper products	TRY	70,758	48	180,163	20,339	159,825	60,992	-18,876
Valuestone GP Ltd.(嘉石普通合夥人有限公司)	Investment company	USD	1,950	51	1,701	14	1,686	–	69
Jiaxin International Resources Investment Co., Ltd. (佳鑫國際資源投資有限公司)	Exploration and sales of tungsten ore and tungsten processing	HKD	10	49	17,395	142,726	-125,331	–	-30,823
II.Associates									

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)*
Minmetals Jiangxi Copper Mining Investment Company Limited(五礦江銅礦業投資有限公司)	Investment company	RMB	5,363,000	40	4,849,993	798,406	4,051,587	12	-49,209
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	2,800	25	403,125	3,126	399,999	–	–
BOCI Securities Co., Ltd. (中銀國際證券股份有限公司)	Securities brokerage and investment advisory	RMB	2,500,000	6.31	48,311,790	35,573,926	12,737,864	1,559,304	800,062
Jiangxi Tongrui Project Management Co., Ltd. (江西銅瑞項目管理有限公司)	Construction management	RMB	10,000	49	1,341	454	887	723	180
Valuestone Global Resources Fund I LP	Fund company	USD	76,284	66.67	58,639	76	58,564	710	3,750
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	4,464	1,105	3,559	27,666	2
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	22,856	1,219	21,637	316,054	2,618
Ningbo Saimo Technology Co., Ltd.(寧波賽墨科技有限公司)	R&D of technology	RMB	11,580	38	17,952	7,051	10,901	–	-679
Jiangxi Wantong Environmental Protection Materials Co., Ltd. (江西萬銅環保材料有限公司)	Environmental protection building materials, comprehensive development and utilization of tailings resources, etc.	RMB	100,000	40	33,712	-418	34,130	828	130
Jiangxi Dongchen Machinery Manufacturing Co., Ltd. (江西東辰機械製造有限公司)	Manufacturing of precision metal products and production of mechanical and electrical products	RMB	30,000	21	49,517	25,543	23,974	26,175	-4,227

III. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Landscape and trend of industry

As the world's largest copper consumer, China's economic growth is declining, the real estate market continues to be under adjustment and control, home appliances demand is being suppressed, and automobile consumption is sluggish. The growth rate of copper consumption is expected to decline. The domestic monetary policy will continue to be "broad money and tight credit" as a whole, and continue to implement proactive fiscal policies to ensure that demand for copper will not slow down. The risk of a global economic downturn has increased, monetary policies in major economies have become more accommodative, and the long-term value preservation function of copper will be prominent, which is beneficial to the price of copper. With the economic development of other emerging market countries outside China, the demand for copper will increase, but the base is too small, and the total amount of growth in the short term is limited, which is insufficient to substantially affect the global copper supply and demand balance. With the development of science and technology and changes in consumption patterns, the applications of copper in new fields is also expanding. Subject to the problems of limited new copper mines, lower copper ore grades, rising costs and other problems, the tight supply of copper concentrates will continue, and the long-term copper price shows an upward trend. The risk of excessive smelting capacity has intensified. The sharp drop in processing fees and sulfuric acid prices have greatly reduced the profits of smelters, and smelting companies have increased their incentives to reduce production. The tight supply pattern has provided certain support for copper prices.

However, the outbreak triggered by the novel coronavirus has spread in many countries around the world, and the uncertainty of the Sino-US trade situation still exists. If the overseas epidemic situation cannot be controlled quickly and effectively, which will trigger the financial crisis and global economic recession, copper consumption will also be greatly affected.

(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", namely, 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 industry development.

(III) Business plan

In 2020, the Group's main production and operation plan is to produce 1.65 million tonnes of copper cathode, 77 tonnes of gold, 1,025 tonnes of sliver, 4.788 million tonnes of sulfuric acid, 207,500 tonnes of copper contained in copper concentrates, 1.63 million tonnes of copper rods and wires and other copper processed products **(the operation plan does not represent the production forecast of the Company in the year of 2020. Whether it can be achieved depends on various factors, such as the macroeconomic environment and market demand conditions, where great uncertainty exists. The Group will adjust its plan in a timely manner based on market changes)**.

Specific business strategies in 2020:

I. Make every effort to improve the level of operating results. The Group will scientifically adjust its business strategy based on domestic and foreign macroeconomic situations and related market trends, and fully leverage the platform and brand advantages of the Group under the premise of stabilizing risk control to strengthen market coordination and information resources sharing, actively seek for market opportunities, and strive to achieve excellent results.

II. Continue to strengthen investment, mergers and acquisitions. The Group will further strengthen the protection and supporting role of investment, mergers and acquisitions, and strive to promote the rapid growth of quantity and the steady improvement of quality. The Company will earnestly strengthen the rolling management of investment projects, specify investment priorities, maintain strategic concentration, and grasp the rhythm of investment to ensure new breakthroughs during the year. The Company will proactively integrate the national strategy of the "Belt and Road" initiative and seek for new investment, mergers and acquisitions projects domestically and abroad through multiple channels and at various levels. The Group will strengthen the management of the entire process of investment projects to ensure that the division of labor is coordinated and efficient in transition before, during, and after the investment. The Group will strictly implement the corporate governance related systems, and constantly improve the corporate governance of companies controlled or invested by the Group.

III. Speed up the construction of key projects. The Group will strive to achieve "rolling continuity and promotion" of projects construction. The Group will actively explore, continuously summarize and improve, extensively accumulate overseas resource development and construction and operation experience of copper smelting projects, and strive to form and promote replicable construction experience and practices for overseas projects.

IV. Promote safe and green development with high quality. In accordance with the new situation and new requirements of ecological environment protection, the Group will thoroughly grasp the regularity and characteristics, firmly establish the red line consciousness and bottom line mindset, solidly perform the main responsibility, refine the daily basic management, focus on the operation and maintenance management of safety and environmental protection facilities, and firmly keep the bottom line of no occurrence of major safety and environmental protection accidents. The Group will strengthen governance at source, implement precise measures, and effectively put security and environmental protection risks prevention and control ahead, and resolutely prevent the occurrence of "what if" with every effort. The Group will continue to accelerate the establishment of green mines (green factories).

V. Promote the acceleration of internal management with high quality. The Group will continue to push forward the fulfillment of and development of benchmarks, highlight the costs of fulfillment of benchmarks, and extend horizontally to fields such as supply and sales, maintenance support and human resources, and shifting the focus downward to the teams in the work section, and carrying out precise and firm management on fulfillment of and development of benchmarks. The Group will deeply promote comprehensive budget management, accelerate the application and transformation of comprehensive budget results, deepen the value of the production and operation management information platform, and strive to achieve full coverage of production units in the province. The Company will continue to deepen the construction of a "big quality" management system, continuously consolidate each basic management to accelerate the transformation of the integrated management system of the Company from compliance to performance improvement. The Group will continue to consolidate the fundamental work of financial management, continuously strengthen the role of capital and capital protection, and steadily promote the construction of financial informatization. The Group will further promote the "Trinity" recruitment model, continue to promote the introduction of talents and graduates from prestigious institutions, focus on the implementation of differentiated remuneration policies, and vigorously explore and nurture outstanding talents within the Company. The Group will insist on co-creation and sharing, so that the development results benefit all employees, and strive to improve the sense of gain and pride of employees.

VI. Speed up the promotion of scientific and technological innovation. The Group will continue to focus on the difficulties and critical points surrounding the practice of production and operation, vigorously implement specific scientific research with focus on breaking key technologies such as copper processing and new materials to form a batch of new products with market competitiveness, and intensify efforts to introduce interdisciplinary compound scientific research talents. The Group will adhere to the "use-oriented" principle, not only vigorously introduce talents, but also pay more attention to the use of talents, and ensure to make the best use of their talents. The Group will earnestly enhance the awareness of intellectual property protection, establish and improve the intellectual property protection system, continuously improve the comprehensive ability of the the Group to apply, protect and utilize independent intellectual property rights, and accelerate the transformation of intellectual property rights into corporate benefits and actual productivity. The Group will conduct in-depth research on national and provincial-level related incentive policies for scientific research and innovation, and timely convert policy dividends into motivation for innovation. The Group will accelerate the implementation of program demonstration, effectively increase the cultivation of national science and technology progress award projects, and the training of academician reserve talents.

VII. Continue to deepen comprehensive prevention and control of risks. The Group will continue to focus on the construction and operation of the significant risk management system to comprehensively and effectively manage and control risks, combining internal and external changes and needs to continue to consolidate and strengthen the three lines of defense for risk control, and continue to improve and enhance the effectiveness of the construction plan of significant risk management system. The Group will strengthen its litigation management, accelerate the disposal of overdue accounts to effectively safeguard the legitimate rights and interests of the Company.

(IV) Potential risks

1. Production safety risks

During mining and dressing of ore and copper smelting, potential safety hazards may occur due to natural or human factors. Failure to detect and eliminate such factors in time will lead to major accidents, causing major property losses and environmental impact.

In response to the risk of production safety, the Group will, as always, formulate and strictly implement a series of preventive measures suitable for the actual situation of the Company in accordance with national laws and regulations on production safety, strengthen production operation procedures and accident emergency rescue plans to avoid or eliminate losses caused to the Company by natural or human factors. At the same time, the main property of the Company has been insured to reduce related risks and losses.

2. Exchange rate fluctuation risks

Imported copper raw materials purchased from international mining companies or sizable trading companies by the Group and overseas investments are generally settled in US dollars. With expansion of overseas business of the Group, the income and expenses of foreign currencies would be even more intense. Therefore, in case of more fluctuations in exchange rate or failure to effectively control the exchange rate fluctuation risks by the Group, it may result in exchange rate losses by the Group, which in turn may bring certain negative impact on the profitability of the Group.

In response to the exchange rate fluctuation risks, the Company will closely monitor the changes in national foreign exchange policies and exchange rate information, enhance its ability to determine changes and trends of the international exchange rate market to make prudent decisions, flexible responses, and scientific grasp on the timing of raw material imports, the choice of the country or region where the products are exported, and the exchange rate hedging, so as to avoid the above-mentioned risks arising from exchange rate fluctuations.

3. 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 LME 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 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. Price fluctuations will affect the revenue and operating stability of the Company.

In order to minimize the impact of product price fluctuations on productions and operations, the Group intends to take the following measures to protect against risk from product price fluctuations: (1) closely monitor the trend of copper and gold prices in the international market, strengthen the analysis and research of various factors affecting the price trend of products, and take timely measures such as hedging to avoid risk from product price fluctuations; (2) the Group will take the world's leading copper mines and smelting companies as the benchmark, and actively adopt new processes and technologies while improving management and operation efficiency, further reducing costs and expenses to resist the risk from product price fluctuations; (3) strengthen financial management level, enhance fund management, and reasonably arrange the raw material procurement and product sales of the Company to reduce the risk of significant tie-up in working capital of the Company due to rising product prices; (4) strengthen the management of inventory and work in progress products, reduce inventory to the greatest extent to keep inventory at a reasonable level and reduce capital occupation.

4. Risk from changes in market environment

The risks to the Company from changes in the market environment come from three aspects: (1) the development and operation of the macro economy directly affects total consumer demand, and the demand for the products of the Company will also alter according to the changes in the macro economic cycle; (2) the demand from downstream market for products may change. For example, the market demand for copper products mainly comes from consumption in the power, electrical, light industry, electronics, machinery manufacturing, transportation and construction industries. The development level and growth rate during different periods are imbalanced, and the demand for copper is also different, which will have a cyclical impact on the future business development of the Company; (3) with the continuous improvement of research and production technology, the types and performance of relevant substitutes in the product application industry of the Company will continue to improve, which will have a direct impact on the product demand of the Company.

In response to the risk from changes in the market environment, the Company will closely grasp the trend of the macro economy, pay attention to changes in related downstream industries, and strengthen industry research in order to further improve product quality and reduce production costs following changes in the market environment and actively develop new products that are more adaptable to market needs, and minimize the adverse impact of changes in the market environment on the operations of the Company to the greatest extent.

5. 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 funding 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. However, if the environmental protection department continues to raise the environmental protection standard in the future, adopt more extensive and strict pollution control measures, the Group's production and operation may be affected, leading to an increase in operating costs such as environmental protection expenses.

6. Risk from uncertainties

Recently, the epidemic triggered by the novel coronavirus has spread globally, raising market concerns about the outbreak of the financial crisis. At the same time, the suspension of production, production cut and delayed resumption of work brought by epidemic prevention and control will increase the risk from global supply chain. The domestic and foreign economies are full of uncertainties in short-term, and the operation of the non-ferrous metal industry will still be under pressure.

The Group will continue to pay close attention to the development of the epidemic and actively respond to its possible impact on the financial position and operating results of the Company.

(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 (111), 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.

Report of the Board

I. PRINCIPAL BUSINESS

The principal business of the Group covers copper and gold mining and dressing, smelting and processing, extraction and processing of 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 and changes in the shareholding 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 6 to 11, Business Overview of the Company on pages 12 to 19 and the Management Discussion and Analysis on pages 20 to 57 of this report.

(II) Environmental policies and performance

The mission of the Company is "to continuously explore the value of resources and pursue the harmonious coexistence of man and nature". The Company pays attention to the impact of the operation and production process on the environment, and contributes effort to lucid waters and lush mountains.

In 2019, the total investment of the Company in the field of environmental protection work was approximately RMB300 million. In terms of environmental technology development, the Company has implemented the following measures: replacing traditional energy with clean energy; actively promoting the transformation of production processes. For example, Guixi Smelter cancelled the smooth electric furnace and achieved significant progress such as direct discharge and replacing coal-fired boilers with natural gas boilers. At the same time, the Company transformed the process of pulverized coal combustion, eliminated some steam boilers, reduced waste water and pollutant emissions, and controlled the actual emissions below 50% of national standards. In addition, the Company introduced foreign emissions treatment technology to reduce the concentration of emissions per unit of product, and introduced new wastewater treatment technology to improve the capacity for purification of harmful substances.

In 2019, through the joint efforts of the whole Company, 10 units were newly selected as provincial green mines (factories) and Wushan Copper Mine and Guixi Smelter were selected as national green mines and green factories. The Company has 14 green mines (factories) at provincial level or above, including 3 national green mines and 3 national green factories. In addition, Dexing Copper Mine won the 2019 National Green Mine Outstanding Contribution Award.

For further information including the environmental policies and social responsibilities of the Company, please refer to the content in "XV. Active Performance of Social Responsibility" under "Significant Events" of this report and the Company's "Environmental, Social and Governance Report" for the year 2019 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 and relevant provisions in 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

Since the establishment of the Company, the product output has continuously increased exponentially, providing suppliers with rich business opportunities and forming strategic partnerships with various well-known domestic and foreign companies. The development of the Company has also promoted the prosperity of related industries. During the Reporting Period, the relationship between the Company and major suppliers was good and stable.

(3) Customers

The Company abided by the business ethics of honesty and harmony, adhered to the business philosophy of "creating value with customers", and pursued customer relationships of mutual trust and mutual understanding, mutual benefit, and win-win cooperation. The Company required all employees to treat customers as themselves, emphasizing product quality and corporate reputation awareness, providing high-quality and qualified products to customers, effectively maintaining good customer relations, and focusing on after-sales services. 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 54 to 57 in the Management Discussion and Analysis of this report.

(VI) Significant matters after the Reporting Period

Humon Smelting proposed to issue non-publicly not more than 273,040,476 A shares to certain subscribers. On 24 February 2020, the Company entered into the subscription agreement with Humon Smelting in relation to the subscription of the 88,949,181 A shares of Humon Smelting at a total consideration of RMB1,032,700,000 in cash. On 20 March 2020, the CSRC has promulgated the Q&A of Regulation on Issuance – Regulatory Requirements on Matters in relation to Introduction of Strategic Investors of Non-public Issuance of Shares of Listed Companies (《發行監管問答－關於上市公司非公開發行股票引入戰略投資者有關事項的監管要求》) and has imposed further requirements on introduction of strategic investors of non-public issue of shares of listed companies. In view of the changes in the regulatory policies, Humon Smelting has adjusted its non-public issuance proposal and proposed to issue no more than 273,120,000 A shares. As such, on 12 April 2020, the Company and Humon Smelting agreed to terminate the subscription agreement dated 24 February 2020 and entered into the new subscription agreement in relation to the subscription of 237,614,400 A shares of Humon Smelting (subject to the approval of CSRC on the final number of shares to be issued under the non-public issuance) at a total subscription price of RMB2,511,584,208 (subject to the finalised number of subscription shares to be issued) in cash. Based on the maximum number of A shares of Humon Smelting to be issued pursuant to the non-public issuance i.e. 273,120,000 A shares, it is expected that, subject to the fulfillment of conditions of the new subscription agreement, the Company will own approximately 43.15% of the total issued shares of Humon Smelting upon completion and Humon Smelting will remain as a subsidiary of the Company.

(VII) Future development

Future development of the business of the Group is set out on pages 51 to 57 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	117,486
Total number of ordinary shareholders at the end of the previous month before the disclosure of the annual report	126,620
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	11,932,000	1,450,839,110	41.90	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (“**HKSCC**”)	-11,692,660	1,137,073,442	32.84	0	Unknown		Unknown
China Securities Finance Corporation Limited	0	103,719,909	3.00	0	Nil	0	Unknown
Hong Kong Securities Clearing Company Limited	20,169,176	32,072,175	0.93	0	Nil	0	Unknown
Central Huijin Asset Management Limited	0	31,843,800	0.92	0	Nil	0	State-owned legal person
National Social Security Fund 403	8,200,606	8,200,606	0.24	0	Nil	0	Unknown
Industrial and Commercial Bank of China Limited–Hua’an Media & Internet Mixed Securities Investment Fund	7,580,400	7,580,400	0.22	0	Nil	0	Unknown
Industrial and Commercial Bank of China Limited – Central European Pioneer Equity Initiative Securities Investment Fund	7,512,500	7,512,500	0.22	0	Nil	0	Unknown
Beijing Fengshan Investment Ltd.	0	6,784,000	0.20	0	Nil	0	Unknown
Wutongshu Investment Platform Co., Ltd.	0	5,993,953	0.17	0	Nil	0	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	1,450,839,110	Ordinary shares denominated in RMB (A Shares)	1,205,479,110
		Overseas listed foreign shares (H Shares)	245,360,000
HKSCC	1,137,073,442	Overseas listed foreign shares (H Shares)	1,137,073,442
China Securities Finance Corporation Limited	103,719,909	Ordinary shares denominated in RMB (A Shares)	103,719,909
Hong Kong Securities Clearing Company Limited	32,072,175	Ordinary shares denominated in RMB (A Shares)	32,072,175
Central Huijin Asset Management Limited	31,843,800	Ordinary shares denominated in RMB (A Shares)	31,843,800
National Social Security Fund 403	8,200,606	Ordinary shares denominated in RMB (A Shares)	8,200,606
Industrial and Commercial Bank of China Limited–Hua'an Media & Internet Mixed Securities Investment Fund	7,580,400	Ordinary shares denominated in RMB (A Shares)	7,580,400
Industrial and Commercial Bank of China Limited – Central European Pioneer Equity Initiative Securities Investment Fund	7,512,500	Ordinary shares denominated in RMB (A Shares)	7,512,500
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

Notes:

1. HKSCC is a member of the Central Clearing and Settlement System, providing registration and custodial services for customers. HKSCC held a total of 1,137,073,442 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 32.84% of the total issued share capital of the Company.

2. The 245,360,000 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 1,382,433,442 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 11,932,000 H shares in the secondary market of Hong Kong, accounting for 0.34% of the total share capital of the Company. As at 31 December 2019, shareholding ratio of JCC increased from 41.55% before the increase in shareholding to 41.90%.

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 2019, 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	245,360,000(L)	17.68(L)	7.09(L)
Citigroup Inc.	H shares	*(Note 3)*	84,304,574(L)	6.07(L)	2.43(L)
			7,619,462(S)	0.54(S)	0.22(S)
			67,673,646(P)	4.87(P)	1.95(P)
BlackRock, Inc. *(Note 4)*	H shares	Interests in a controlled corporation	83,263,422(L)	6.00(L)	2.40(L)
JP Morgan Chase & Co.	H shares	*(Note 5)*	69,503,351(L)	5.00(L)	2.00(L)
			15,579,586(S)	1.12(S)	0.45(S)
			43,988,722(P)	3.17(P)	1.27(P)

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 245,360,000 H shares held by JCC were registered with HKSCC.

Note 3: According to the corporate substantial shareholder notice filed by Citigroup Inc. on 2 January 2020, its interests and short position in H Shares are held under the following capacities:

Capacity	Number of H Shares
Interests in a controlled corporation	7,748,928(L)
	7,619,462(S)
Approved lending agents	67,673,646(L)
Persons having a security interest in shares	8,882,000(L)

According to the notice, long position in 237,000 H shares and short position in 500,000 H shares are physically settled listed derivatives; long position in 6,388,994 H shares and short position in 6,156,738 H shares are physically settled unlisted derivatives; and short position in 139,000 H shares are cash settled unlisted derivatives.

Note 4: According to the corporate substantial shareholder notice issued by BlackRock, Inc. on 3 January 2020, long position in 238,000 H shares are cash settled unlisted derivatives.

Note 5: According to the corporate substantial shareholder notice filed by JP Morgan Chase & Co. on 27 December 2019, its holdings of H Shares are held under the following capacities:

Capacity	Number of H Shares
Interests in a controlled corporation	23,923,033(L) 15,579,586(S)
Approved lending agents	43,988,722(L)
Persons having a security interest in shares	1,313,596(L)
Investment manager	278,000(L)

According to the notice, long position in 309,000 H shares and short position in 187,000 H shares are physically settled listed derivatives; short position in 82,900 H shares are cash settled listed derivatives; long position in 4,860,520 H shares and short position in 426,802 H shares are physically settled unlisted derivatives; and long position in 1,485,000 H shares and short position in 13,108,017 H shares are cash settled unlisted derivatives.

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 2019.

VI. PARTICULARS OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

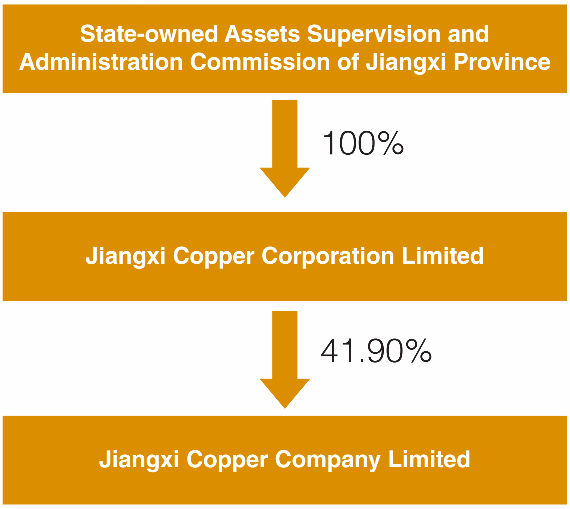
(I) Particulars of controlling shareholder

Name	Jiangxi Copper Corporation Limited
Person in charge or legal representative	Long Ziping
Establishment date	1 July 1979
Principal operations and businesses	Non-ferrous mines, non-metallic mines 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. Indirectly holds 4,507,786 A shares of Guotai Junan (stock code: 601211), accounting for 0.0005% of its total share capital; 2. Indirectly holds 550,000 A shares of Zhuye Group (stock code: 600961), accounting for 0.104% of its total share capital; 3. Indirectly holds 2.47 million H shares of HTSC (stock code: HK06886), accounting for 0.03% of its total share capital.

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



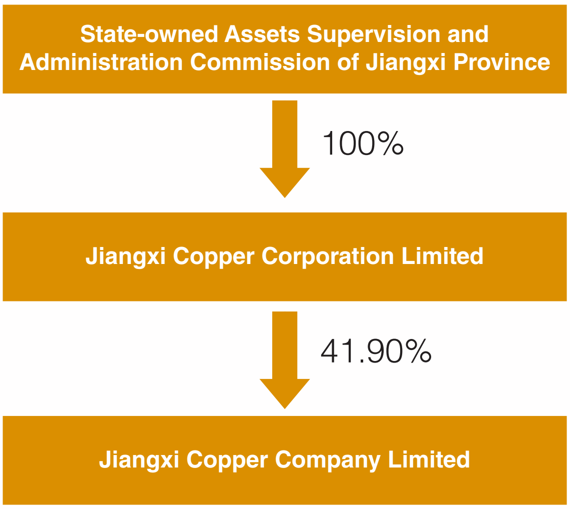
(II) Particulars of the de factor controller

Name	State-owned Assets Supervision and Administration Commission of Jiangxi Province
Person in charge or legal representative	Chen Deqin

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 Listing Rules.

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 remuneration

(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 connected parties of the Company
Long Ziping	Chairman	Male	60	11 September 2017		0	0	/	/	89.00	No
Zheng Gaoqing	General Manager	Male	54	18 January 2019		0	0	/	/	74.17	No
Zheng Gaoqing	Executive Director			22 March 2019							
Wang Bo	Executive Director	Male	56	18 July 2016		0	0	/	/	89.00	No
Dong Jiahui	Executive Director	Male	57	12 June 2018		0	0	/	/	89.00	No
Yu Tong	Chief financial officer	Male	48	28 August 2018		0	0	/	/	89.00	No
Yu Tong	Executive Director			15 January 2019							
Wu Yuneng	Executive Director	Male	58	18 July 2016	15 January 2019	0	0	/	/	0	No
Wu Jinxing	Executive Director	Male	57	18 July 2016	15 January 2019	0	0	/	/	0	No
Gao Jianmin	Executive Director	Male	60	24 January 1997		0	0	/	/	20.00	No
Liang Qing	Executive Director	Male	66	12 June 2002		0	0	/	/	20.00	No
Zhou Donghua	Independent non-executive Director	Male	37	7 June 2017	15 January 2019	0	0	/	/	0	No
Liu Erh Fei	Independent non-executive Director	Male	61	18 July 2016		0	0	/	/	10.00	No
Tu Shutian	Independent non-executive Director	Male	57	12 January 2015		0	0	/	/	10.00	No
Liu Xike	Independent non-executive Director	Male	46	12 June 2018		0	0	/	/	10.00	No
Zhu Xingwen	Independent non-executive Director	Male	58	15 January 2019		0	0	/	/	10.00	No
Hu Qingwen	Chairman of the Supervisory Committee	Male	56	14 June 2013		0	0	/	/	63.90	No
Zeng Min	Supervisor	Male	55	21 March 2016		0	0	/	/	63.90	No
Liao Shengsen	Supervisor	Male	59	18 July 2016		0	0	/	/	63.90	No
Zhang Jianhua	Supervisor	Male	55	18 July 2016		0	0	/	/	63.90	No
Zhang Kui	Supervisor	Male	57	29 March 2017		0	0	/	/	63.90	No

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 connected parties of the Company
Liao Xingeng	Deputy General Manager	Male	54	18 July 2018		0	0	/	/	68.08	No
Huang Mingjin	Deputy General Manager	Male	57	3 October 2012	13 November 2019	0	0	/	/	62.41	No
Jiang Chunlin	Deputy General Manager	Male	50	25 August 2010	4 January 2020	0	0	/	/	68.08	No
Chen Yunian	Deputy General Manager	Male	55	23 October 2017		0	0	/	/	68.08	No
Zhou Shaobing	Deputy General Manager	Male	49	23 October 2017		0	0	/	/	68.08	No
Lin Jinliang	Legal Director	Male	55	30 August 2010		0	0	/	/	68.08	No
Liu Jianghao	Chief Engineer	Male	59	23 October 2017	13 November 2019	0	0	/	/	62.41	No
Liu Fangyun	Deputy General Manager	Male	54	13 November 2019				/	/	11.35	No
Tung Tat Chiu	Company Secretary	Male	57	24 January 1997		0	0	/	/	5.00	No
Total	/	/	/	/		0	0	/	/	1,311.24	/

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.

Name	Major work experience
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 the 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); General Manager of Great Wall Enterprise Group* (長城企業集團) deputy magistrate of the Poyang County Government of Jiangxi Province; 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 and an executive Director of the Company, Senior Political Engineer with postgraduate educational level and extensive experience in administration management.
Dong Jiahui	Mr Dong, a current executive Director 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.

Name	Major work experience
Yu Tong	Mr. Yu, a current Party Committee member, 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.
Gao Jianmin	Mr. Gao graduated from Tsinghua University. He has been a Director of the Company since its incorporation. Mr. Gao has also been 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 Holdings Group Ltd. (formerly known as 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 was a director and general manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.
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.

Name	Major work experience
Tu Shutian	Mr. Tu is a professor and a master's 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 Litigation 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 majoring in investment, and is studying at Cheung Kong Graduate School of Business. He had 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. He especially acquired research outcome of a self-developed system in the aspect of accounting legal norms, accounting standards theory and accounting and auditing issues under the corporate governance framework.
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 the 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.

Name	Major work experience
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 the secretary of the Party Committee of JCC Copper Materials Company Limited (江銅銅材公司).
Liao Shengsen	Mr. Liao is currently a senior specialist of the Company and a senior accountant. He was the chief accountant of Guixi Smelter of the Company.
Zhang Jianhua	Mr. Zhang is currently the general manager of the Risk Control and Internal Audit Legal Department of the Company and was the deputy director of the Enterprise Management Department of JCC and the vice general manager of the Planning 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 JCC.
Liao Xingeng	Mr. Liao is currently a member of the Party Committee, the deputy general manager and the 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 the chairman of Jiangxi Rare Earth Metal Tungsten Industry Group Import and Export Co., Ltd. and an assistant to the general manager and the deputy general manager of Jiangxi Rare Metal Tungsten Holding Group Co., Ltd.; the deputy general manager of Jiangxi Tungsten Holding Group Co., Ltd., with rich experience in administrative management..

Name	Major work experience
Chen Yunian	Mr. Chen is a current member of the Party Committee, the deputy general manager, and a senior engineer of the Company. 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 the deputy director of the electrolysis workshop, director of smelting workshop of Guixi Smelter, deputy director of Guixi Smelter, assistant to the 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 the chief engineer of Dexing Copper Mine and the deputy head and head of Chengmenshan Copper Mine of the Company.
Lin Jinliang	Mr. Lin is currently a legal director of the Company, concurrently serves as the chairman of Jiangxi Province Enterprises Legal Counsel Association, and obtained a first-class legal consultant qualification of state-owned enterprises and a senior economist, Mr. Lin graduated from Central South University of Technology, and is a Master of Wuhan University. 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. He served as the deputy general counsel of JCC, supervisor, general manager of Enterprise Management Department, Legal Department of the Company. Mr. Lin has extensive experience in corporate management and legal practice.
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	
	Jinrui Futures Shareholding Company	Supervisor	3 September 2018	25 October 2019
Dong Jiahui	JCC	Director	12 June 2018	
Wu Jinxing	JCC	Director	10 July 2018	
Huang Mingjin	JCC	Director	26 September 2019	14 February 2020
Yu Tong	Jinrui Futures Shareholding Company	Chairman	3 August 2018	
	Shenzhen Finance Leasing Company Limited	Legal representative, Chairman	16 October 2018	
Liu Jianghao	Jiangxi Copper Engineering Magazine Co., Ltd.	Legal representative, Director	2 June 2015	16 January 2020
Zhou Shaobing	Jiangxi Copper Engineering Magazine Co., Ltd.	Legal representative, Director	16 January 2020	
Liao Shengsen	Jinrui Futures Shareholding Company	Director	3 September 2018	
	Jiangxi Tianyi Mining Co., Ltd.	Director	22 May 2018	
	Shenzhen Finance Leasing Company Limited	Director	16 October 2018	
	Jiangxi Copper (Beijing) International Investment Co., Ltd.	Director	22 May 2018	
	Jiangxi Runpeng Mining Development Co., Ltd.	Director	3 September 2018	
	JCC (Nanchang) Property Management Co., Ltd.	Supervisor	22 May 2018	
	JCC Copper Strip Company Limited	Supervisor	22 May 2018	

(2) Positions held in other entities

Name	Name of other entities	Position held at other entities	Appointment date	End of term
Zheng Gaoqing	Jiangxi Copper Hong Kong Company Limited	Chairman	25 October 2019	
Yu Tong	JCC Finance Company Limited	Legal representative, Chairman	3 September 2018	
	Jiangxi Copper Hong Kong Company Limited	Director	3 September 2018	
Lin Jinliang	Jiangxi Copper Hong Kong Company Limited	Director	3 September 2018	
	JCC Finance Company Limited	Director	17 October 2016	
Dong Jiahui	Jiangxi Province Minbao Investment Co., Ltd	Chairman	26 September 2019	
Huang Mingjin	JCC Guoxing (Yantai) Copper Company Limited	Legal representative, Chairman	2 February 2019	8 November 2019
	China Nerin Engineering Co., Ltd.	Director	9 April 2018	25 October 2019
Liu Jianghao	Thermonamic Electronics (Jiangxi) Company Limited	Legal representative, Chairman	7 December 2016	16 January 2020
	Jiangxi Rare Earth Functional Materials Technology Co., Ltd.	Vice chairman	20 December 2017	16 January 2020
Zhou Shaobing	Thermonamic Electronics (Jiangxi) Company Limited	Legal representative, Chairman	16 January 2020	
	Jiangxi Rare Earth Functional Materials Technology Co., Ltd.	Vice chairman	16 January 2020	
Chen Yunian	Jiangxi Copper Hong Kong Company Limited	Director	3 September 2018	
Gao Jianmin	Silver Grant International Holdings Group Ltd. (formerly known as Silver Grant International Industries Limited)	Director, General manager	22 June 1993	2 September 2019
		Non-executive Director	2 September 2019	1 January 2020
	Qingling Motors Co. Ltd	Executive Director	28 April 1994	24 March 2017

Name	Name of other entities	Position held at other entities	Appointment date	End of term
Liang Qing	Silver Grant International Holdings Group Limited (formerly known as Silver Grant International Industries Limited)	Independent non-executive director	28 February 2014	
	Sinotruk (Hong Kong) Limited	Independent non-executive director	1 September 2016	
Liu Erh Fei	Xintai Asset Management Co., Ltd.	Joint Founder		
	Fortunet E-commerce Group Limited	Independent non-executive director	25 March 2015	1 April 2017
	Frontage Holdings Corporation	Independent non-executive director	17 April 2018	
	Qingling Motors Co. Ltd	Independent non-executive director	28 May 2015	
	21 Vianet Group, Inc. (世紀互聯集團有限公司)	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.	Preparation team leader, Director, President		
Liao Shengsen	China Ordnance Material Group Co., Ltd.	Director	22 May 2018	
	Jiangxi United Mining Co., Ltd.	Director	22 May 2018	
	China Nonferrous Metals International Mining Co., Ltd.	Director	22 May 2018	
	China Southern Rare Earth Group (中國南方稀土集團有限公司)	Director	22 May 2018	
	Jiangxi Gold Company Limited	Director	22 May 2018	
	Shangri La Bisidaji Mining Company Limited	Director	22 May 2018	
	BOC International China Co., Ltd.	Director	23 March 2018	
	Jiangxi Copper Huabei (Tianjin) Company Limited	Director	1 February 2019	
	Zhejiang Jiangtong Huadong Copper Material Co., Ltd.	Director	8 May 2019	
	Yantai Guoxing Copper Co., Ltd.	Supervisor	1 February 2019	
	China Nerin Engineering Co., Ltd.	Supervisor	9 April 2018	
	Jiangxi International Mining Co., Ltd.	Supervisor	22 May 2018	
	Jiangxi Copper Chengdu Trading Company Limited	Supervisor	22 May 2018	
	Jiangxi Copper International Trade Company Limited	Chairman of the Supervisory Committee	22 May 2018	

Name	Name of other entities	Position held at other entities	Appointment date	End of term
	JCC Finance Company Limited	Chairman of the Supervisory Committee	17 October 2016	
	JCC Copper Products Company Limited	Supervisor	1 April 2019	
	JCC (Guixi) Recycling Company Limited	Supervisor	22 May 2018	
	Jiangxi Jiangtong Taiyi Special Electrical Materials Co., Ltd.	Supervisor	22 May 2018	
	Jiangxi Copper Technical Institution Co., Ltd.	Supervisor	20 May 2014	
	Minmetals Jiangxi Copper Mining Investment Company Limited	Chairman of the Supervisory Committee	23 August 2016	
	Jiangxi Tongrui Project Management Co., Ltd.	Supervisor	14 December 2017	
	Jiangxi Xintong Land Co., Ltd.	Supervisor	16 October 2018	
	Jiangxi Huagan Environmental Group Co., Ltd.	Supervisor	16 October 2018	
Zhang Jianhua	Shandong Humon Smelting Co., Ltd.	Director	13 August 2019	
Zhu Xingwen	Contemporary Financial Magazine of Jiangxi University of Finance and Economics	Editor/Reporter		
	Jiangxi Xinyu Guoke Technology Co., Ltd.	Independent Director		

(III) Remuneration of Directors, Supervisors and senior management

Determination procedures for remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Company formulates proposals on remuneration of Directors, Supervisors and senior management to be submitted to the Board for consideration and approval.
Determination basis for remuneration of Directors, Supervisors and senior management	Remuneration 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 the basic salaries to be received by the Directors, Supervisors and senior management according to the assessment of their annual operating results. Remuneration for the independent Directors are determined according to the annual subsidies.
Particulars of remuneration payable to Directors, Supervisors and senior management	During the Reporting Period, remuneration of Directors, Supervisors and senior management were RMB13.1124 million.
Actual total payment of remuneration 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 RMB13.1124 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	
Yu Tong	Executive Director	Election	
Zhou Donghua	Independent Director	Resigned	Work reasons
Zhu Xingwen	Independent Director	Election	
Liu Fangyun	Deputy General Manager	Appointment	
Wu Yuneng	Executive Director	Resigned	Other work engagement
Wu Jinxing	Executive Director	Resigned	Other work engagement
Huang Mingjin	Deputy General Manager	Resigned	Other work engagement
Jiang Chunlin	Deputy General Manager	Resigned	Other work engagement
Liu Jianghao	Chief Engineer	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 2019, 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 2019 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	10,615
Number of in-service employees in major subsidiaries	12,598
Total number of in-service employees	23,213
Number of employees retired for whom the parent and major subsidiaries shall be liable to expenses	0

Specialty composition

Category	Headcount
Production	17,121
Sales	495
Technician	2,046
Financial	384
Administration	3,167
Total	23,213

Education level

Category	Headcount
Post-secondary and above	8,667
Technical secondary and senior secondary	8,304
Junior secondary and below	6,242
Total	23,213

Note: The statistical scope of the above data includes Humon Smelting.

(II) Remuneration policies

In 2019, 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 remuneration mainly including position salaries, performance salaries and other welfare, were released based on assessment with reference to the operating performance of the Company and management obligation, etc.

(III) Training plan

In 2019, the Company continued to followed a series of rules and regulations, such as the 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 senior level talents of the Company, provided 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 enhanced the ability to support talents for strategic development. In 2019, the Company accumulatively trained 6,857 person-time.

(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 approvals 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 shareholders 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.

The Board has recommended distribution of a final dividend for 2019 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 RMB0.10 per share (tax inclusive) for the year ended 31 December 2019 (2018: RMB0.20 per share) to all Shareholders based on the total issued share capital of 3,462,729,405 Shares as at 31 December 2019, amounting to approximately RMB346,272,940.50. The remaining undistributed profits are carried down to the next year;

(3) the A shares 2019 final dividend will be declared and paid in Renminbi, and the H shares 2019 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 *(%)*
2019	0	1.0	0	346,272,941	2,466,407,085	14.04
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

(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

Explanation on final profit distribution ratio being less than 30% for the year

During the Reporting Period, the net profit attributable to the listed Company amounted to RMB2,466,407,085. The accumulated undistributed profit of the parent company amounted to RMB20,599,739,437. The total cash dividend proposed to be distributed by the Company amounted to RMB346,272,940.5, accounting for 14.04% of the net profit attributable to the shareholders of listed Company for the year 2019, which is lower than 30%. Specific reasons are separately explained as follows:

I. Self-development strategy and demand for funds of the Company

In 2019, the Company carried out large-scale strategic investment. In 2020, the Company will continue to strengthen the investment in mergers and acquisition, and explore new domestic and overseas investment and merger and acquisition projects through multiple channels at various levels. As such, the demand for capital increases.

II. Characteristics of the industry in which the Company operates

The Company is principally engaged in the production, smelting, processing and sales of gold and copper. The industry has the characteristics of long research and development cycle, large-scale investment, long investment return period and high requirements of environmental protection level. In order to improve the ability to resist risks and to continue the operation, and to enhance the ability to continuously return to our shareholders, the Company adheres to the concept of green, high-quality and efficient development. In recent years, the Company has continued to invest substantial amount of capital in environmental protection governance, scientific research and development and technological transformation.

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税法》)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税有關問題的通知》) 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) (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[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 2019 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 2019 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 22 June 2020, 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 22 June 2020. 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

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.

Report of the Supervisory Committee

2019 WORK REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee exercised its powers in accordance with the provisions of the Company Law of the PRC and the Articles of Association, inspected and supervised the financial management of the Company, internal control system, implementation of resolutions of general meetings, business decisions, decisions of the Board and management, and business activities during the Reporting Period, and expressed independent opinions on the following matters:

1. Compliance operation of the Company: During the Reporting Period, in accordance with the relevant provisions of the Company Law of the PRC and the Articles of Association, the Company supervised the convening of general meetings and Board meetings of the year, resolutions, the implementation of the resolutions of the general meetings by the Board, and the integrity and diligence of Directors and senior management of the Company. The Supervisory Committee is of the view that the decision-making procedures of the Company are legal and operate in strict accordance with the internal control system, and no connected parties abnormally occupy the funds of the Company. As at the end of 2019, Heding Copper, a subsidiary of the Company, provided a guarantee of RMB1.403 billion for Fuye Group, and Fuye Group also provided a counter guarantee for Heding Copper. The guarantee balance of Humon Smelting, a wholly-owned subsidiary of the Company, to its wholly-owned subsidiary amounted to RMB41.3805 million. The Company did not provide any guarantees to its major shareholders and subsidiaries of the major shareholders. At the same time, there was no non-operating capital occupation between the Company, its major shareholder and subsidiaries of the major shareholders. When performing official duties, Directors and senior management earnestly fulfilled their obligations of honesty and diligence, without violating laws, administrative regulations, the Articles of Association, or damaging the interests of the Company.

2. Financial inspection of the Company: Through the inspection and review of the financial position and financial structure of the Company, the Supervisory Committee concluded that the financial position of the Company is performing well and there are no major risks. The Supervisory Committee is of the view that the audited 2019 financial report of the Company prepared in accordance with PRC GAAP and IFRSs reflects the financial situation and operating results in an objective, fair and true manner.

3. Asset acquisition of the Company: On 4 March 2019, the Supervisory Committee reviewed and approved the resolution on the acquisition of 29.99% shares in Humon Smelting. The Supervisory Committee is of the view that: the resolution on the acquisition of 29.99% shares in Humon Smelting and the Share Transfer Agreement of Shandong Humon Smelting Company Limited and other relevant documents are in line with the development strategy of the Company, further promote the development of the Company and strengthen the competitiveness of the Company in the non-ferrous industry. The trading conditions are fair and reasonable, and no damage to the interests of listed companies is found. The transaction complies with the relevant laws and regulations of the Company Law of the PRC Securities Law of the PRC and the Articles of Association, and the voting procedure of the Board complies with relevant regulations.

4. During the Reporting Period, the procedures for entering into connected transactions complied with the requirements of the Listing Rules. The disclosure of connected transactions was timely and sufficient. The implementation of connected transaction contracts reflected the principle of justice and fairness, and there was no behavior that harmed the interests of shareholders or the Company.

5. During the Reporting Period, the use and deposit of the raised proceeds of the Company conformed to the Articles of Association and Regulations on the Administration of Raised Proceeds of Listed Companies of the Shanghai Stock Exchange (《上海證券交易所上市公司募集資金管理規定》) and the internal review procedures of the Company, which was in line with the development strategy of the Company and interests of shareholders.

6. During the Reporting Period, information disclosure was in compliance with the regulatory requirements of domestic and overseas listing locations where the shares of the Company are listed, and the information disclosure management system and business processes of the Company were able to operate effectively.

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 domestically and overseas including the PRC Company Law, the PRC Securities Law, Code of Corporate Governance for Listed Companies, and Listing Rules of SSE and the Listing Rules. 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 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 (including reviewing and monitoring the training and continuous professional development of the Directors and senior management personnel and formulating, reviewing and monitoring the code of conduct and compliance manual of employees and Directors) and overseeing the operations of the Company. 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 of the Company 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 2019 to 14 January 2019, the Board comprised 11 Directors, including 7 executive Directors and 4 independent non-executive Directors. From 15 January 2019 to 21 March 2019, the Board comprised 10 Directors, including 6 executive Directors and 4 independent non-executive Directors. From 22 March 2019 to 31 December 2019, 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. Zhu Xingwen, an independent non-executive Director, is a senior accountant, holds a bachelor's degree in economics from the Department of Finance and Accounting of Jiangxi University of Finance and Economics, majoring in commercial accounting, and a doctoral degree in Management (Accounting) from Tianjin University of Finance and Economics. Mr. Zhu currently working as a professor and a tutor for doctoral and postgraduate students at the School of Accounting of Jiangxi University of Finance and Economics. Due to his educational background and experience, the Board considers that, Mr. Zhu 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 2019 to 14 January 2019, the eighth session of 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. 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 on 18 January 2019. From 15 January 2019, the Independent Audit Committee comprised 4 independent non-executive Directors, namely, Mr. Zhu Xingwen, Mr. Tu Shutian, Mr. Liu Erh Fei and Mr. Liu Xike. The Secretary to the Board is also the secretary to the Independent Audit Committee.

The establishment status, main particulars and performance of the relevant duties of the Independent Audit Committee (the Audit Committee):

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 three meetings in 2019. All members of the Independent Audit Committee attended the meeting. We elected Mr. Zhu Xingwen as the chairman of the Independent Audit Committee. We reviewed and confirmed the 2018 annual report audited by Ernst & Young Hua Ming LLP and issued written opinions on the connected transactions, fund appropriation and external guarantees of the Company and made recommendations for the appointment of auditors, reviewed and confirmed the 2019 interim report audited by Ernst & Young Hua Ming LLP and be briefed on the report on 2019 annual audit work arrangements by the auditors,

2. We have reviewed the annual financial statements for 2019 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 issuance of initial audit opinions by the auditors, we reviewed such financial statements prepared by the Company again 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 2019, operating results and cash flow in 2019 in relevant material aspects.

5. We submitted to the Board the summary report of 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 2019 and its operating results for 2019 and were in line with the actual situation of the Company.

6. We recommended to continue to appoint Ernst & Young Hua Ming LLP and Ernst & Young to be the domestic and overseas auditors of the Company for the year 2020.

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

30 March 2020

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 2019 to 14 January 2019, the eighth session of 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. Mr. Zhu Xingwen was appointed as an independent non-executive Director on 15 January 2019 in replacement of Mr. Zhou Donghua. From 15 January 2019, the Remuneration Committee comprised 4 independent non-executive Directors, namely, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Tu Shutian is the chairman of the Remuneration Committee. The Secretary to the Board is also the secretary to the Remuneration Committee.

Performance of duties of the Remuneration Committee of the Board:

On 22 March 2019, the Company held the first meeting of the eighth Remuneration Committee, and all members thereof attended the meeting, at which the resolution on the Proposal of Remuneration and Traveling Expenses of Directors, Supervisors and Senior Management for the Year 2018《2018年董事、監事、高管人員的薪酬、車馬費預案》) proposed by the human resources department of the Company was considered 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

27 March 2020

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 2019 to 14 January 2019, the eighth session of 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. Mr. Zhu Xingwen was appointed as an independent non-executive Director on 15 January 2019 in replacement of Mr. Zhou Donghua. From 15 January 2019, the Nomination Committee comprised chairman Mr. Long Ziping and 4 independent non-executive Directors, namely, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Long Ziping is the chairman of the Nomination Committee. The Secretary to the Board is also the secretary to the Nomination Committee.

Performance of duties of the Nomination Committee of the Board:

On 11 November 2019, all members of the Nomination Committee approved the resolution to nominate Mr. Liu Fangyun as deputy general manager of the Company by written resolution, and made recommendations to the Board on the above matter.

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

(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.

(8) Policy for Nomination of Directors

The procedures of appointment, re-election and removal of the Directors are set out in the Articles of Association. The Nomination Committee carefully considers a number of aspects including the qualifications and biography of director candidates and then recommends them to the Board. After the Board passes the nomination resolution in relation to the candidate, the resolution will be proposed to the general meeting of the Company for consideration and approval. The Nomination Committee and the Board will consider a number of factors in making nominations, including but not limited to skill, expertise, industrial experience, integrity, independence (regarding the independent non-executive Directors) and the diversity of 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
2019 First Extraordinary General Meeting	15 January 2019	SSE www.sse.com.cn (No. of announcement: Lin 2019-002)	16 January 2019
2019 Second Extraordinary General Meeting	22 March 2019	SSE www.sse.com.cn (No. of announcement: Lin 2019-012)	23 March 2019
2018 Annual General Meeting, 2019 First A Shares Class Meeting and 2019 First H Shares Class Meeting	25 June 2019	SSE www.sse.com.cn (No. of announcement: Lin 2019-034)	26 June 2019

Explanation on Shareholders' Meeting

In 2019, all resolutions submitted to the extraordinary general meeting, annual general meeting and class meeting convened by 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	11	10	0	1	0	No	5
Zheng Gaoqing	No	8	8	0	0	0	No	3
Dong Jiahui	No	11	11	0	0	0	No	5
Wangbo	No	11	11	0	0	0	No	5
Yu Tong	No	11	11	0	0	0	No	5
Gao Jianmin	No	11	9	2	0	0	No	0
Liang Qing	No	11	9	2	0	0	No	0
Tu Shutian	Yes	11	10	1	0	0	No	1
Liu Xike	Yes	11	10	1	0	0	No	0
Liu Erh Fei	Yes	11	9	2	0	0	No	0
Zhu Xingwen	Yes	11	9	2	0	0	No	4

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

Not applicable

Board meetings convened during the year	11
Of which: On-site meetings	2
By telecommunication	0
Meetings held on site and by telecommunications	9

(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 namely Mr. Long Ziping, Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Dong Jiahui, Mr. Yu Tong, Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Zhu Xingwen 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

According to the authorization by the general meeting, the Board has considered and approved the Proposal of Remuneration of Senior Management of the Company for the year 2019.

X. AUDITORS’ REMUNERATION

For the auditors’ remuneration in 2019, please refer to the content of “Appointment and removal of accounting firms” under the section headed “Significant Events” in this report.

XI. COMPANY SECRETARY

For the year ended 31 December 2019, 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, (i) at the extraordinary general meeting of the Company convened on 15 January 2019, the shareholders of the Company have approved the Company to amend the Articles of Association reflecting the Decision on the Standing Committee of the National People's Congress on Amending the Company Law of the People's Republic of China adopted by the Standing Committee of the 13th National People's Congress of the sixth meeting held on 26 October 2018 and the Opinion on Supporting Repurchase of Shares by Listed Companies jointly issued by the 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, combined with the actual situation of the Company; (ii) in order to expand the types of transactions, the Company has amended the Articles of Association to expand its scope of operation. Such amendments were considered and approved by the shareholders of the Company at the annual general meeting on 25 June 2019; and (iii) the Company proposed to make amendments to the Articles of Association to reflect the "Reply of the State Council on Adjustment of the Notice Period for General Meeting and Other Matters Applicable to Overseas Listed Company" (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆) (Guo Han [2019] No. 97), the requirements on, among others, the notice period and convening procedures for general meeting of joint stock companies incorporated in the PRC and listed overseas shall be governed by the relevant provisions under the Company Law of the PRC, and combined with the actual situation of the Company. The amendments shall be subject to approval of Shareholders by way of special resolution at the annual general meeting and the class meetings of holders of A shares and H shares.

XIV. RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee of the Company regularly (twice a year) reviews the risk management system for the year 2019 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. The Company has a Risk Control Internal Audit and Law Department, one of whose functions is internal control, which provides analysis and independent assessment of the Company's risk management and internal control system. During the Reporting Period, the Board has conducted an evaluation for the Group's internal control. Please refer to the "Internal Control" section as set out in this report and the 2019 Assessment Report on Internal Control disclosed on 31 March 2020 at the website of the SSE for details.

XV. INSIDE INFORMATION POLICY

The Company has formulated the Registration Filing System of Inside Information Sources of Jiangxi Copper Company Limited to provide guidelines for sources of inside information, including but not limited to Directors, Supervisors and senior management of the Company, to regulate inside information management, strengthen the confidentiality work of inside information and uphold the principle of fairness in respect of disclosure of information.

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 the achievement of the above objectives. In addition, changes in circumstances may lead to 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 the 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 the requirements of the 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 the internal control evaluation report, material deficiency of internal control in non-financial reporting did not exist.

There was no factor affecting the conclusion of the evaluation of efficiency of internal control from the basis date of the 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 the risk-oriented principle.

1. Major units being incorporated in the evaluation scope comprise of:

Jiangxi Copper, Jiangxi Copper International Trading Co., Ltd., Shanghai Jiangxi Copper Trading Company Limited, JCC Finance Company Limited, Shenzhen Jiangxi Copper Marketing Company Limited, Jiangxi Copper Products Company Limited, JCC Copper Products Company Limited, Jiangxi Jiangtong Taiyi Special Electrical Materials Co., Ltd., Jiangxi Copper Longchang Precise Copper Pipe Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited, JCC Yinshan Mining Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited, Jiangxi Copper (Qingyuan) Company Limited, Jiangxi JCC Yates Copper Foil Company Limited, Thermonamic Electronics (Jiangxi) Company Limited, JCC (Guixi) Metallurgical and Chemical Engineering Company Limited, JCC (Guixi) Logistics Company Limited, JCC Geology Exploration Company Limited, Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited, Jiangxi Copper North China (Tianjin) Copper Co., Ltd.

2. Percentage of the units being incorporated in the evaluation scope:

Indicator	Percentage *(%)*
Percentage of total asset of the units being incorporated in the evaluation scope to the total asset in the consolidated financial statements of the Company	80%
Percentage of total operating income to the operating income in the consolidated financial statements of the Company	86%

3. **Principal business and items being incorporated in the evaluation scope comprise of:**

   Internal environment, risk assessment, information and communication, internal supervision, financial report management, capital management, research and development management, engineering management, procurement management, asset management, sales management, production and inventory management, contract management, comprehensive budget management, investment management, finance and derivatives management, information system management.

4. **High-risk areas of focus include:**

   Credit sale and prepayment risk, hedging risk, investment management, capital management, inventory management, asset 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.

On 27 June 2019, the Company received the "Confirmation of Securities Transfer Registration" issued by Shenzhen Branch of China Securities Depository and Clearing Co., Limited. JCC holds 273,028,960 shares in Humon Smelting, accounting for 29.99% of total share capital of Humon Smelting, and is the controlling shareholder of Humon Smelting. According to the "Answers to Issues on the Implementation of Internal Control Standards for Listed Companies" issued by the CSRC (2011 Volume 1, total volume 1), Humon Smelting were not included in the 2019 internal control evaluation of the Company.

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

The Company organised internal control evaluation in accordance with the Basic Standards for Enterprise Internal Control (企業內部控制基本規範), Guidelines for Enterprise Internal Control Evaluation (企業內部控制評價指引), as well as the Risk Management and Internal Control Management Measures of Jiangxi Copper Company Limited (江西銅業股份有限公司風險管理與內部控制管理辦法), the Internal Control Manual of Jiangxi Copper Company Limited (江西銅業股份有限公司內控手冊) and the Internal Control Evaluation Implementation Scheme for the Year 2019 of Jiangxi Copper Company Limited (江西銅業股份有限公司2019年度內部控制評價實施方案). The internal control defect identification standards are based on the Internal Control Defect Evaluation Standard Form stipulated in the Risk Management and Internal Control Management Measures of Jiangxi Copper Company Limited, which include the defect identification standards related to financial reporting internal control and non-financial reporting internal control.

The internal control defect identification standard in the financial report identified by the Company is as follows:

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

Quantitative standard for identification of internal control defects in the financial report of the Company is as follows:

Material defects:	Loss caused by internal control defects is greater than 10% of the audited net profit of the Company for the last accounting period.
Major defects:	Loss caused by internal control defects is greater than 6% and smaller than 10% of the audited net profit of the Company for the last accounting period.
General defects:	Loss caused by internal control defects 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 defects in the financial report of the Company is as follows:

Material defects:	One of the following signs usually indicates that there are material defects in the internal control of financial reporting: (1) the Directors, Supervisors and senior management are found to have fraudulent 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:	One of the following signs usually indicates that there are major defects in the internal control of financial reporting: (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:	Other internal control defects that do not constitute material defects or major defects

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

Quantitative criteria for identifying defects in internal control over non-financial reporting of the Company is as follows:

Name of indicators	Quantitative criteria for material defects	Quantitative criteria for major defects	Quantitative criteria for general defects
Loss of business ability, degree of achievement of business objectives	1. 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 2. 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	Between major defects and 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)
Loss of assets	Greater than or equal to over 8% of the audited net profit in the recent accounting year	Between major defects and 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
Compliance with laws and regulations	Significant commercial disputes, civil litigations or arbitration; target amount reached 8% of the audited net assets in the recent accounting year of the Company	Between major defects and general defects	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
Impact on safety	One incident resulting in more than three deaths	Between major defects and general defects	One incident resulting in 3 persons below suffering from serious injuries (including acute industrial poisoning)
Impact of employee attitudes, abilities and numbers	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)	Between major defects and general defects	The loss of less than 1% of the key technical staff and management

Qualitative standard for identification of internal control defects over non-financial report of the Company is as follows:

Material defects:	1. General business/discontinuous operation of departments/units reached 3 days or above influenced by risks due to factors such as equipment, personnel, system and natural disasters, or 2. 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; or the enterprise needs more than 1 year to restore its reputation, or 3. Serious breach of laws and regulations, resulting in investigation by the central government or regulatory institutions and causing punishment, or 4. Irreparable environmental damage(s) that can be catastrophic or the environmental events as defined in the Emergency Countermeasures for Environmental Incidents of the PRC (《國家突發環境事件應急預案》); or the situation is reported by the national administrative department on environmental protection and is requested to suspend production for rectification, or 5. Serious impairment of the interest of employees and influence their overall working enthusiasm; or individual or collective appeal of the staff, which has bad influences.
Major defects:	Between material defects and general defects.

General defects:

1. General business/discontinuous operation from departments/units for four hours or below or may recover promptly influenced by risks due to factors such as equipment, personnel, system and natural disasters, or
2. Negative information which has little or no damage to the corporate reputation or does not attract the attention of the media; or the corporate can rapidly defuse the impact caused by the negative information, or
3. 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, or
4. Has certain or temporary impact on the environment or society, but no damage to the ecosystem; or 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, or
5. Influences the working enthusiasm of the staff to some extent and lower their working efficiency; or individual or collective appeal of the staff to the parent company, which has adverse impact on the corporate culture, corporate cohesion to certain extent.

II. EXPLANATIONS ON RELEVANT MATTERS OF INTERNAL CONTROL AUDIT REPORT

The Company disclosed a standard unqualified Internal Control Audit Report for 2019 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	Issue 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 23 September 2019, 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.

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

Not applicable

IV. INFORMATION ON CREDIT RATING INSTITUTION OF CORPORATE BONDS

On 27 May 2019, 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 (2019) Publicly Issued to Qualified Investors by Jiangxi Copper Company Limited, published on the website of the SSE (www.sse.com.cn) on 28 May 2019.

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	**2019**	2018	Increase/ decrease from last year *(%)*	Reason for Change
EBITDA	**7,355,433,357**	6,372,191,610	15.43	
Liquidity ratio	**1.23**	1.51	-18.61	
Quick ratio	**0.84**	1.13	-26.08	
Asset-liability ratio *(%)*	**56.24**	49.42	6.82	
EBITDA total debt ratio	**10.32**	7.98	29.28	
Interest cover ratio	**2.68**	3.34	-19.82	
Cash interest coverage ratio	**5.20**	6.91	-24.74	
EBITDA interest coverage ratio	**3.90**	4.52	-13.62	
Loan repayment rate *(%)*	**100**	100	0.00	
Interest coverage *(%)*	**100**	100	0.00	

IX. INTEREST PAYMENT FOR OTHER BONDS AND DEBT FINANCING INSTRUMENTS

Not Applicable

X. BANKING FACILITIES DURING THE REPORTING PERIOD

As at 31 December 2019, the Company (the headquarters of parent company) was granted with total credit of RMB60.89 billion, RMB12.579 billion of which had been used and the balance was RMB48.311 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.

XIII. OTHER EXPLANATIONS

On 16 November 2018, the Company held the fifth meeting of the eighth session of the Board, and considered and approved the Proposal on Change in Use of Proceeds (《關於變更募集資金用途的議案》), agreed to change the remaining proceeds from the exercise of warrants of the publicly issued detachable bonds with warrants as at 31 October 2018 to permanent working capital replenishment. On 15 January 2019, the Company held the 2019 first extraordinary general meeting, and considered and approved the Proposal on Change in Use of Proceeds (《變更募集資金用途的議案》). On 23 January 2019 and 22 February 2019, the Company transferred the balance of the special account for the proceeds raised of RMB1,041,810,000 (including the balance of interest income of RMB115,140,000 generated from the proceeds raised after deducting the service charges) to the Company accounts for working capital replenishment.

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								

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.

Note 3: As at 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

For details, please refer to the relevant announcement of the Company dated 30 August 2019 disclosed on the website of the Stock Exchange and the SSE (www.sse.com.cn) (No. of announcement: Lin 2019-038) .

(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: Yuan Currency: RMB

	Current auditors
Name of domestic auditor	Ernst & Young Hua Ming LLP
Remuneration for domestic auditor	5,500,000
Years of audit services provided by the domestic auditor	1 year
Name of overseas auditor	Ernst & Young
Remuneration for overseas auditor	6,000,000
Years of audit services provided by the overseas auditor	1 year

	Name	Remuneration
Auditor for internal control	Ernst & Young Hua Ming LLP	1,020,000

The remunerations of the Company's auditor for the year 2019 are set out as follows:

	2019 *(RMB'000)*
Audit fees*(Note 1)*	**12,520**
Non-audit service fees*(Note 2)*	**550**
	13,085

Notes:

1: Including the fees rendered for the audit of internal control over financial reporting as required by C-SOX.

2: Including the fees for tax compliance and advisory services and preparation of the environmental, social and governance report of the Company for the year 2019.

Appointment and removal of accounting firms

Not applicable

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

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu (overseas auditor) as the domestic and external accounting firms of the Company for 2017 and Ernst & Young Hua Ming LLP and Ernst & Young as the domestic and external accounting firms of the Company respectively for 2018 and 2019.

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

Brief description and type of litigation and arbitration	Reference for inspection
Litigation filed by Bangdi Auto Technology Company Limited (幫的汽車科技有限公司) against Shenzhen Jiangxi Copper Marketing Company Limited (深圳江銅營銷有限公司), a wholly-owned subsidiary of the Company (case of contract disputes)	The announcements of the Company dated 30 April 2019 and 12 June 2019
Litigation filed by Jiangxi Copper International Trading Co., Ltd. (江銅國際貿易有限公司), a subsidiary held as to 59.05% by the Company, against Shanghai Eagle Investment Group Co., Ltd. (上海鷹悦投資集團有限公司) and its guarantors (case of contract disputes)	The announcements of the Company each dated 21 June 2019
Litigation filed by Shanghai Jiangxi Copper Trading Company Limited (上海江銅營銷有限公司), a wholly-owned subsidiary of the Company, against Shandong Xinhui Copper Materials Co., Ltd. (山東鑫匯銅材有限公司) and its guarantor (case of contract disputes)	The announcement of the Company dated 30 July 2019

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

Significant Events

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

Brief Description	Reference for Inspection
Acceptance of financial assistance from the controlling shareholder JCC by the Company	The announcement of the Company dated 11 December 2019
JCC Finance Company Limited, a subsidiary of the Company into the Financial Assistance Agreement with JCC, the controlling shareholder of the Company	The announcement of the Company dated 30 December 2019
The Company entered into the Finance Lease Framework Agreement with Shenzhen Finance Leasing Company Limited	The announcement of the Company dated 30 December 2019

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	Controlling shareholder	Sales of commodities	Copper Rods	Market price	43,345.33	509,580,211	1.13	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Copper cathodes	Market price	41,489.33	503,215,137	0.37	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Ancillary industrial products	Market price		86,255,816	1.87	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Lead materials	Market price		92,012,974	100	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Ancillary material	Market price		9,906,886	0.16	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Sulphuric acid and steel ball	Market price		2,869,549	100	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Zinc concentrates	Market price		57,060,059	100	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Blister copper	Market price		10,145,232	5.88	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of products	Ancillary industrial products	Market price		16,849,404	0.39	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of products	Copper concentrates	Market price		22,938,704	0.10	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of products	Sulphuric acid and steel ball	Market price		10,288,993	0.68	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of products	Blister copper	Market price		29,526,548	19.61	Payment upon acceptance		
JCC	Controlling shareholder	Acceptance of labour services	Construction service	Industry standards		121,731,820	39.95	Settlement according to project progress		

Significant Events

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	Controlling shareholder	Acceptance of labour services	logistics services	Standard passenger and cargo rates of Jiangxi Province		25,093,671	11.06	Monthly payment		
JCC	Controlling shareholder	Acceptance of labour services	Repair and maintenance service	Industry standards		1,021,373	0.56	Monthly payment		
JCC	Controlling shareholder	Cost of public utilities such as water, electricity and gas (Purchase)	Electricity service	Cost plus tax		33,310,080	100	Monthly payment		
JCC	Controlling shareholder	Rent and lease	Rental from public utilities	Shared on a cost basis in accordance with the proportion of staff		10,820,821	47.05	Monthly payment		
JCC	Controlling shareholder	Cost of public utilities such as water, electricity and gas (Purchase)	Water service	Cost plus tax		360,292	100	Monthly payment		
JCC	Controlling shareholder	Borrowings	Cumulative provision of loans	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		1,138,000,000	100	Payment on terms set out in the loan agreement		

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	Controlling shareholder	Borrowings	Interest received from loans provided	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		44,295,529	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Loans	Interest paid for deposits made	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		17,497,189	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Loans	Acceptance of sale and leaseback	Industry standards		330,662,037	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Loans	Acceptance of finance leasing	Industry standards		166,174,000	100	Monthly or quarterly payment		

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	Controlling shareholder	Loans	Acceptance of short-term borrowing	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		3,099,500,000	7.36	Monthly or quarterly payment		
JCC	Controlling shareholder	Loans	Acceptance of long-term borrowing	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		2,800,000,000	54.44	Monthly or quarterly payment		

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	Controlling shareholder	Loans	Interest paid for acceptance of borrowing	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		46,651,972	50.44	Monthly or quarterly payment		
JCC	Controlling shareholder	Acceptance of labour services	Labour service	Market price		37,047,016	100	Monthly payment		
JCC	Controlling shareholder	Acceptance of agency services	Welfare and health care services	Based on the actual amount payable to Social Security Fund department		1,831,414	100	Monthly payment		
JCC	Controlling shareholder	Rent and lease	Land lease expense	Market price		159,894,000	100	Monthly payment		
JCC	Controlling shareholder	Acceptance of labour services	Acceptance of sanitation and greening service	Market price		1,236,356	100	Monthly payment		
JCC	Controlling shareholder	Acceptance of agency services	Brokerage agency services for commodity derivative contracts	Market price		7,442,651	43.87	Payment upon completion of transaction		
JCC	Controlling shareholder	Acceptance of labour services	Repair and maintenance service	Industry standards		108,701,161	59.80	Monthly payment		

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	Controlling shareholder	Acceptance of labour services	Welfare and medical services	Industry standards		7,212,402	42.51	Monthly payment		
JCC	Controlling shareholder	Purchase of products	Procurement of spare parts and processed parts	Market price		69,259,314	9.26	Payment upon acceptance		
JCC	Controlling shareholder	Acceptance of labour services	Construction service	Industry standards		33,206,296	10.90	Settlement according to project progress		
Total				/	/	9,611,598,907		/	/	/

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 RMB9,612 million, including purchase transactions of RMB505 million and selling transactions of RMB1,463 million and finance lease of RMB497 million. Inventory transaction of finance companies amounted to RMB1,200 million and borrowing of funds amounted to RMB5,946 million.

Agreement Details of Connected Transaction and Continuing Connected Transaction

(1) According to the requirements of Sichuan Liangshan State Committee, the Liangshan state government and the Xichang City development plan, Kangxi Copper Company Limited ("**Kangxi Copper**"), a 57.14% non-wholly owned subsidiary of the Company, ceased operation in 2017. In order to mitigate the losses arising from the aforesaid cessation of business and to recover the capital as soon as possible, on 14 March 2019, Kangxi Copper, as seller, entered into an equity transfer agreement with Sichuan JCC Rare Earths Co., Ltd.* (四川江銅稀土有限責任公司), a 51% non-wholly owned subsidiary of JCC, as purchaser, in relation to the transfer of RMB50,000,000 equity interest in Liangshan Mining & Smelting Investment Holding Company Limited* (涼山州礦冶投資控股有限責任公司) at a total consideration of RMB75,111,200.

(2) **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 RMB502,100,000, 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.

(3) Land Leasing Agreement

Due to historic reasons, 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 is valid from 1 January 2018 to 31 December 2020.

Each of the proposed caps of the Land Leasing Agreement for 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.

(4) 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) with JCC Finance (i.e. 13 February 2017) to 31 December 2017 and the two financial years ended 31 December 2019 would not exceed RMB2,000,000,000 (the "**2017 Financial Assistance Agreement**"). According to the 2017 Financial Assistance Agreement, JCC and its subsidiaries from time to time (excluding the Group) transferred 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 formed actual financial assistance to JCC Finance, supplemented the available financial resources of JCC Finance, enhanced the profitability of JCC Finance and concurrently enhanced the profitability of the Company.

As the 2017 Financial Assistance Agreement and its annual cap expired on 31 December 2019 and the Group intended to continue to carry on the transactions under the 2017 Financial Assistance Agreement, JCC Financial and JCC have entered into the new financial assistance agreement on 30 December 2019 (the "**New Financial Assistance Agreement**"). Pursuant to the New Financial Assistance Agreement, 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 each of the three financial years commencing from 1 January 2020 to 31 December 2022 will not exceed RMB2,000,000,000. According to the New 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)) 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.

(5) 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 "**Original Finance Lease Framework Agreement**"). 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 Original Finance Lease Framework Agreement (i.e. 13 February 2017) to 31 December 2019. The transactions contemplated under the Original Finance Lease Framework Agreement were 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 could effectively increase the mobility of the assets of the Company and optimized its asset structure.

As the 2017 Finance Lease Framework Agreement and its annual cap expired on 31 December 2019 and the Group intends to continue to carry on the transactions under the Original Finance Lease Framework Agreement, the Company and Shenzhen Finance Leasing Company have entered into the new finance lease framework agreement on 30 December 2019 (the "**New Finance Lease Framework Agreement**"). Pursuant to which Shenzhen Finance Group shall, at the request of the Group, provide finance lease services, including (i) direct lease service; (ii) sale and lease-back service; and (iii) entrusted lease 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 1 January 2020 to 31 December 2022. Under IFRS No. 16, finance leases under the New Finance Lease Framework Agreement where the Group is the lessee will be recognised as right-of-use assets. The annual caps of the finance leases under the New Finance Lease Framework Agreement for the three financial years ending 31 December 2022 are RMB1,836,000,000, respectively. The transactions contemplated under the New Finance Lease Framework Agreement are beneficial to the Group 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.

(6) 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**") (which hold 40% of the total issued share capital of Heding Copper, being the substantial shareholder) 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 financing 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 would be for a term ended 31 December 2019; and (iv) Zhejiang Fuhe Zhiye would 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 “**2018 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 2018 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 2019 to 31 December 2019, under the 2018 Mutual Guarantees Agreement.

In order to meet the actual production and operation needs of Heding Copper, lower the finance cost, and with an intention to further increase mutual financing support between Heding Copper and Fuye Group, on 30 December 2019, Heding Copper, Fuye Group and the Counter Guarantors entered into the new mutual guarantees agreement (the "**New Mutual Guarantees Agreement**") and the 2018 Mutual Guarantees Agreement was terminated accordingly. Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is 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 2020 to 31 December 2021 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other pursuant to the 2018 Mutual Guarantees Agreement prior to 1 January 2020 and are valid during the term of the New Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2020 to 31 December 2020 and the term of each loan facility shall not exceed 12 months. 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 2020 to 31 December 2020, under the New Mutual Guarantees Agreement.

Details of guarantees are set out in pages 144 to 146 in the report.

The abovementioned items (2) to (6) 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 and performed on normal commercial terms or on the terms same as (or favorable than) that from independent third parties; and (iii) the transactions were 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 2019: (1) were not approved by the Board; (2) were not carried out in accordance with the pricing policies of the Group 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 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

Not applicable

(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 credits and liabilities

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 Yuan Currency: RMB

		Funds provided to connected parties			Funds offered by connected parties to the Company		
Related party	Relationship	Opening Balance	Amount incurred	**Closing balance**	Opening Balance	Amount incurred	**Closing balance**
JCC	Controlling shareholders	137,847	1,710,539	**121,800**	206,339	4,516,841	**182,029**
Total		137,847	1,710,539	**121,800**	206,339	4,516,841	**182,029**

Reasons for connected claim and debt	On 13 February 2017, JCC Finance Company Limited ("**Finance Company**"), a wholly-owned subsidiary of the Company, and JCC, the largest shareholder of the Company, entered into the 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 Finance Company, 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 Finance Company 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: 0'000 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. (浙江江銅富冶和鼎銅業有限公司)	Controlled subsidiary	Zhejiang Fuye Group Co., Ltd. (浙江富冶集團有限公司)	165,278.81	16 November 2018	16 November 2018	31 December 2019	Joint and several liability guarantee	Yes	No	–	Yes	Yes	Shareholders
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司)	Controlled subsidiary	Zhejiang Fuye Group Co., Ltd. (浙江富冶集團有限公司)	190,387.98	16 November 2018	16 November 2018	31 December 2020	Joint and several liability guarantee	No	No	–	Yes	Yes	Shareholders

Total amount of guarantees incurred during the Reporting Period (excluding those to subsidiaries)	190,387.98
Total balance of guarantee at the end of the Reporting Period (A) (excluding those to subsidiaries)	56,137.66

Guarantees provided by the Company and its subsidiaries to subsidiaries

Total amount of guarantees for subsidiaries incurred during the Reporting Period	4,138.50
Total balance of guarantee for subsidiaries at the end of the Reporting Period (B)	1,241.14

Total amount of guarantees provided by the Company (including those to subsidiaries)

Total amount of guarantees (A+B)	57,378.80
Total amount of guarantees over the net assets of the Company (%)	0.97
Including:	
Amount of guarantees provided to shareholders, de facto controllers and their connected parties (C)	0
Amount of debt guarantees directly or indirectly provided to guaranteed parties with a debt to asset ratio exceeding 70% (D)	0
Amount of total guarantees exceeding 50% of net assets (E)	0
Total amount of the above three amount of guarantees (C+D+E)	
Explanation on possible joint and several liability for liabilities settlement in case of outstanding guarantee	

Explanation on guarantee	1.The above guarantees are all corporate credit guarantees, and do not involve mortgage guarantees, pledge guarantees, etc.; 2.The total guarantee amount of the Company includes the balance of external guarantee of the Company and its subsidiaries at the end of the Reporting Period (excluding the guarantee to the subsidiaries) and the balance of the guarantee of the Company and its subsidiaries to subsidiaries, among which, the balance of guarantee of a subsidiary represents the total external guarantee of that subsidiary multiplied by the proportion of the Company's shareholding in that subsidiary.

1. On 16 November 2018, the fifth meeting of the eighth session of the Board reviewed and approved the external guarantee of Heding Copper, a controlled subsidiary of the Company (40% shareholding). In order to meet the needs of the actual production and operation of Heding Copper and reduce the financing cost, Heding Copper and Fuye Group intended to further increase mutual financing support. With Heding Copper acting as Party A, Fuye Group acting as Party B, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye acting as Party C, the parties entered into the Mutual Guarantee Agreement after negotiation, agreeing that during the period from 1 January 2019 to 31 December 2020, the accumulated balance of mutual guarantee (i.e., the daily balance limit) of Party A and Party B shall not exceed RMB1,600 million. For the avoidance of doubt, the guarantee balance of the guarantee contracts signed by both parties before 1 January 2019 but still valid during the above period are also included in the maximum limit for the year. The time limit for signing each bank loan contract is from 1 January 2019 to 31 December 2019, and the loan period for each loan business shall not exceed 12 months. Party C acted as the counter-guarantor of Fuye Group and undertook counter-guarantee with joint and several liabilities to Heding Copper with all of their own assets.

2. Within the scope of the Mutual Guarantee Agreement, Fuye Group provided credit guarantees of RMB1,600 million for Heding Copper, and an additional credit guarantee in the amount of RMB1,439.29 million. The total credit guarantee amount was RMB3,039.29 million.

3. On 23 August 2018, the tenth meeting of the eighth session of the board of directors of Humon Smelting considered and approved the Proposal on Providing Guarantees for Subsidiary. Due to the development and production needs of Qixia Jinxing Mining Co., Ltd. ("**Jinxing Mining**"), Humon Smelting intended to provide guarantee for Jinxing Mining with a maximum guarantee limit of RMB100 million. The guarantee period is one year from the date of approval by the general meeting. Within one year, Jinxing Mining can reuse the maximum guaranteed amount for loans (i.e. after the previous loan is fully settled, the Company can provide guarantee for its new loan under the maximum guaranteed amount). On 13 September 2018, the second extraordinary general meeting of Humon Smelting considered and approved such proposal.

4. On 26 April 2019, the 11th meeting of the eighth session of the board of directors of Humon Smelting considered and approved the Proposal on Providing Guarantees for Subsidiary. Due to the development and production needs of Hangzhou Jiantong Group Co., Ltd. ("**Hangzhou Jiantong**"), Humon Smelting intended to provide guarantee for Hangzhou Jiantong with a maximum guarantee limit of RMB100 million. The guarantee period is one year from the date of approval by the general meeting. Within one year, Hangzhou Jiantong can reuse the maximum guaranteed amount for loans (i.e. after the previous loan is fully settled, the company can provide guarantee for its new loan under the maximum guaranteed amount). On 17 May 2019, the 2018 annual general meeting of Humon Smelting considered and approved such proposal.

(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 2019 Social Responsibility Report of Jiangxi Copper Company Limited disclosed on the Stock Exchange and the SSE on 31 March 2020 for details. The website of SSE is www.sse.com.cn.

(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		/	7.98 (Dimensionless)	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	1	Yong'an Levee of the Yangtze River
	COD	180	113.072	34.19				
	Ammonia nitrogen		4.219	1.28				
	Total copper	2.87	0.475	0.14				
Dexing Copper Mine	pH			7.27 (Dimensionless)	Standards in the table 2 of the"Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (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	433.50	18.91				
	Ammonia nitrogen	108.11	85.18	3.72				
	Suspended matter		1019.49	44.47				
	Total copper		0.643	0.028				
	Total lead		0.110	0.005				
	Total zinc		0.254	0.0111				
	Total cadmium		0.0368	0.0016				
	Total arsenic		6.53	0.285				
Jiangxi Copper (Dexing) Chemical Company Limited	Sulfur dioxide	446.43	155.576	136.53mg/m^3	Standards in the "Emission Standard of Pollutants for Sulfuric Acid Industry" (GB26132- 2010); B-level standards of the "Emission Standard of Air Pollutants for Industrial Kiln and Furnace" (GB9078-1996); "Integrated Wastewater Discharge Standard" (GB8978-1996)	Organized emissions after meeting standards	7	In the plant area
	Smoke dust	2.54	1.929	25.65mg/m^3				
	COD	1.5	0.385	26.75				

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
Guixi Smelter	COD	600	166.4	24.39	Standards in the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	10	In the plant area
	Ammonia nitrogen	80	15	2.2				
	Arsenic	5	0.53	0.078				
	Lead	5	0.682	0.1				
	Cadmium	1	0.171	0.025				
	Mercury	0.5	0.0025	0.00036				
	Sulfur dioxide	6600	1329.84	111.000mg/m^3				
	Smoke (powder) dust	880	230.5	19.2000mg/m^3				
Jiangxi Copper Yates Copper Foil Company Limited	pH		/	7.44 (Dimensionless)	"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		8.367	120				
	Ammonia nitrogen		0.332	4.5				
	Suspended matter		0.941	12.15				
	Total copper		0.0236	0.3395				
	Total zinc		0.0071	0.102				
	Total chromium	0.094717	0.0011	0.0165				
	Hexavalent chromium		0.0013	0.0185				
	Sulfuric acid mist		18.57	12.293mg/m^3				
	Chromic acid mist		0.0109	0.035mg/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 (Longchang) Precise Pipe Company Limited	pH		/	6.7 (Dimensionless)	Management standards of Qingshan Lake Sewage Treatment Plant (Nanchang city)	Organized emissions after meeting standards	1	In the plant area
	COD		0.6981	57.338				
	Ammonia nitrogen		0.0186	1.531				
	SS		0.2717	22.313				
	BOD_5		0.3075	25.256				
	Animal and vegetable oils		0.0019	0.158				
	Petroleum		0.0015	0.126				
Jiangxi Copper – Wengfu Chemical Company Limited	Sulfur dioxide	752	75.2	67.45mg/m^3	Emission Standard of Pollutants for Sulfuric Acid Industry (GB26132 -2010)	Organized emissions after meeting standards	2	In the plant area
Wushan Copper Mine	pH		/	7.68 (Dimensionless)	Standards in the table 2 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467- 2010); A-level standards in the table 4 of the "Integrated Wastewater Discharge Standard" (GB8978—1996)	Organized emissions after meeting standards	2	In the mining area
	COD	468.5	263	52.74				
	Ammonia nitrogen	24.51	18	3.609				
	Suspended matter		161.298	32.34				
	Total copper	10	0.628	0.126				
	Total zinc		0.413	0.0828				
	Total lead		0.499	0.1				
	Total cadmium		0.249	0.05				
	Total arsenic		0.2666	0.053				
JCC Yinshan Mine Company Limited	pH			7.03 (Dimensionless)	Standards in the table 2 of the"Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	1	In the water outlet of tailings pond
	COD	157.4	62.75	25.51				
	Ammonia nitrogen	9.7	3.81	1.55				
	Suspended matter		60.44	24.57				
	Total copper		0.123	0.05				
	Total lead		0.025	0.01				
	Total zinc		0.467	0.19				
	Total cadmium		0.00246	0.001				
	Total arsenic		0.025	0.01				

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
Dongtong Mining	pH		/	7.18 (Dimensionless)	Standards in the table 2 of the“Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt” (GB25467-2010)	Organized emissions after meeting standards	1	In the mining area
	COD	87.56	35.85	35.69				
	Sulfide		0.005	0.005				
	Suspended matter		14.99	14.925				
	Total copper		0.258	0.257				
	Total lead		0.077	0.077				
	Cadmium		0.039	0.039				
	Total zinc		0.215	0.214				
Jiangxi Copper (Qingyuan) Company Limited	COD	0.528	0.405	11.25	“Emission Standard of Pollutants for Regenerated Copper, Aluminium, Lead and Zinc Industry” (GB 31574-2015) “Emission Standard of Air Pollutants for Boilers” (GB13271-2014)	Organized emissions after meeting standards	5	In the mining area
	Ammonia nitrogen	0.132	0.0727	0.27				
	Sulfur dioxide	65.283	14.728	30.5mg/m^3				
	Smoke (powder) dust		8.208	17mg/m^3				
	Nitrogen oxides		13.715	28.4mg/m^3				
	Arsenic and its compounds	0.4	0.0258	0.0831mg/m^3				
	Lead and its compounds	2	0.1887	0.6088mg/m^3				
	Cadmium and its compounds	0.05	0.0031	0.0098mg/m^3				
	Sulfuric acid mist		0.0527	1.16mg/m^3				
Yongping Copper Mine	pH		/	7.31 (Dimensionless)	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
	COD	325	320.12	20.22				
	Ammonia nitrogen	27.272	5.44	0.5				
	Total copper		0.85	0.05				
	Total lead		1.51	0.13				
	Total zinc		1.02	0.07				
	Total cadmium		0.35	0.03				
	Suspended matter		393.14	29.71				

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
Humon Smelting	Sulfur dioxide		140.44	32mg/m^3	"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB37/2375-2013); "Integral Emission Standard for Regional Air Pollutants in Shandong Province" (DB37/2376-2013)	Organized emissions after meeting standards	9	In the plant area
	Nitrogen oxides		154.03	41mg/m^3			9	
	Dust		50.42	7.55mg/m^3			5	
	Lead		0.96	0.114mg/m^3			10	
	Arsenic		1.122.76	0.088mg/m^3			10	
Weihai Humon	Sulfur dioxide		2.599	54mg/m^3	"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB37/2375-2013), "Emission Standards for Odor Pollutants" (GB14554-1993), "Integral Emission Standard for Regional Air Pollutants in Shandong Province" (DB37/2376-2013)	Organized emissions after meeting standards	4	In the plant area
	Nitrogen oxides		113.767	76mg/m^3			4	
	Particulates		16.861	13mg/m^3			4	
	Fluoride		1.469	4.0mg/m^3			2	
	Ammonia		126.556	34kg/h			3	
	Lead		0.030	0.094mg/m^3			10	
	Arsenic		0.0189	0.186mg/m^3			10	
Qixia Jinxing	Dust		1.341.78	7.8mg/m^3	Standard in the table 2 of the "Comprehensive Emission Standards for Fixed Source Atmospheric Particulate Matters in Shandong Province" (DB 37/(1996-2011); "Comprehensive Discharge Standards for Water Pollutants in Watersheds Part 5: Peninsula Watersheds" (DB37/3416.5-2018)	Organized emissions after meeting standards	2	In the plant area
	COD		1.915.9	12.33			1	
	Ammonia nitrogen		0.120.98	0.526			1	
	Arsenic		0.000131	0.00057mg/m^3			1	
	Lead		0.01311	0.057mg/m^3			1	
	Cadmium		0.001035	0.0045mg/m^3			1	

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
Hangzhou Jiantong	Ammonia nitrogen		1.597	1.105	Water pollutant discharge limits in the table 1 of the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	1	In the plant area
	COD		35.774	24.75			1	
	Suspended matter		7.588	5.25			1	
	Total phosphorus		0.198	0.1375			1	
	Total nitrogen		10.537	7.29			1	
	Total lead		0.00289	0.002			1	
	Total cadmium		0.000289	0.0002			1	
	Total copper		0.0722	<0.05			1	
	Total zinc		0.1156	0.08			1	
	Sulfide		0.01445	0.01			1	
	Fluoride		0.289	0.2			1	
	Petroleum		0.0722	<0.05			1	
	COD	325	320.12	20.22			1	
	Ammonia nitrogen	27.272	5.44	0.5			1	
	Total copper		0.85	0.05			1	
	Total lead		1.51	0.13			1	
	Total zinc		1.02	0.07			1	
	Total cadmium		0.35	0.03			1	
	Suspended matter		393.14	29.71			1	

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*

In 2019, the Company complied with the new situation of ecological and environmental protection and issued the "Administrative Measures on the Ecological Environmental Protection of the Company" (《公司生態環境保護管理辦法》), providing the ecological and environmental protection work with standardized guidelines and fundamental compliance. Over the past year, the Company has focused on key points and achieved remarkable results in circular economy and ecological environmental protection. The water levels of all acid reservoirs and tailings ponds were within the controllable range, environmental protection equipment and facilities were operating normally, and the daily average value of the online monitoring of state-controlled pollution sources was 100% in compliance. There were no major environmental accidents throughout the year.

The work of the Group in reducing pollutant emissions:

I. Strengthening prevention at source. the Company implemented clean energy substitution, using natural gas to replace coal, liquefied petroleum gas, diesel, heavy oil, etc. Carried out production process transformation, eliminating smelting lean electric furnaces, dismantling dry chimneys, dismantling small boilers under 10 tonnes, etc. The Company also took precautionary measures such as ecological reclamation to effectively reduce waste water and exhaust emissions.

II. Strengthening process control. The Company incorporated cleaner production into enterprise management and developed to the whole process control to reduce the possible impact of various sections of production activities on the environment. At present, most of the open pits, waste rock yards and tailings reservoir slope closures of the Company have constructed a clean water and sewage diversion project. Dexing Copper Mine itself was able to reduce sewage production by approximately 6.2 million tonnes per year. The smelting waste gas acid production technology has been continuously improved, adopting two-turn two-absorption acid production technology, organic amine desulfurization technology, wastewater electrochemical treatment technology, MBR membrane biological reaction technology and other technologies, with total sulfur utilization rate above 97%, reaching the world's top level, and the main pollutant emission indicators were below 50% of the national standard.

III. Strengthening end governance. In accordance with the requirements of the Jiangxi Provincial Government and the Jiangxi Provincial State-owned Assets Supervision and Administration Commission, the Company formulated and implemented the "Implementation Plan of "Winning the Eight Significant Battles of Pollution Prevention and Control" (《"打贏污染防治攻堅戰八大標誌性戰役"實施方案》), which mainly includes 14 projects in 5 categories, such as the Upgrading Project for System II Collection and Desulfurization of Smelting Plant of Guixi Smelter, the Tailings Storage Closure Project of Yinshan Mining Company, the establishment of Wantong Environmental Protection Material Co., Ltd* (萬銅環保材料有限公司).

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

Key projects	Environmental impact assessment issued/ acceptance status	Notes
Steam Boiler Technical Renovation Project of Jiangxi Copper (Qingyuan) Company Limited	Passed and approved by the environmental impact assessment	Qingcheng (Shen Pi Huan Biao [2019] No. 24)/under construction
Newly Built Tailings Paste Filling Station Project of Wushan Copper Mine	Passed and approved by the environmental impact assessment	Ruichang Environmental Protection Bureau (Rui Huan Ping Zi [2019] No. 8/under construction
Phase III of 15,000 tonnes Annual Electrolytic Copper Foil Renovation and Expansion Project of Jiangxi Copper Yates Copper Foil Company Limited	Passed and approved by the environmental impact assessment	Nanchang Ecological Environment Bureau (Hong Gao Xin Guan Cheng Huan Shen Pi Zi [2019] No. 2)/under construction
Project for Addition of 5 Foil Production Machines and Renovation of 1 Processing Machine of Jiangxi Copper Yates Copper Foil Company Limited	Passed and approved by the environmental impact assessment	Nanchang Ecological Environment Bureau (Hong Gao Xin Guan Cheng Huan Shen Pi Zi [2019] No. 1)
Project for Addition of 5 Foil Production Machines and Renovation of 1 Processing Machine of Jiangxi Copper Yates Copper Foil Company Limited	Passed acceptance	Nanchang Ecological Environment Bureau (Hong Gao Xin Guan Cheng Huan Shen Pi Zi [2019] No. 1)/self-acceptance, October 2019
Copper Sulphur Tailings Tungsten Resource Recycling Technology Renovation Project of Yongping Copper Mine	Passed and approved by the environmental impact assessment	Shangrao Ecological Environment Bureau (Rao Huan Ping Zi [2019] No. 100)/under construction
Upgrading and Renovation Project of Tilting Furnace Desulfurization Device of Guixi Smelter	Passed and approved by the environmental impact assessment	Guixi Environmental Protection Bureau (Gui Huan Guan Zi [2019] No. 21)/under construction

Significant Events

Key projects	Environmental impact assessment issued/ acceptance status	Notes
Capacity Expansion and Renewal of Oxygen Generator Project of Guixi Smelter	Passed and approved by the environmental impact assessment	Yingtan Ecological Environment Bureau (Ying Huan Han Zi [2019] No. 120)/under construction
1000t/a Smelting By-product Sodium Antimonate Production Line Project of Guixi Smelter of Jiangxi Copper Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Ping Zi [2016] No. 61)/self-acceptance, 2 July 2019
Rare and Complex Metal Strengthening Metallurgical Production Line Project of Guixi Smelter of Jiangxi Copper Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Ping Zi [2016] No. 62)/self-acceptance, 2 July 2019
First Workshop Platinum-Palladium Production Line Project of Guixi Smelter of Jiangxi Copper Company Limited	Passed acceptance	Department of Environmental Protection of Jiangxi Province (Gan Huan Ping Zi [2016] No. 19)/self-acceptance, 2 July 2019
Smelting System II Collection and Flue Gas Desulfurization Renovation Project of Guixi Smelter of Jiangxi Copper Company Limited	Passed acceptance	Guixi Environmental Protection Bureau (Gui Huan Guan Zi [2018] No. 31)/self-acceptance, 19 December 2019
Hydrometallurgy Gold Smelting Residual Harmless Treatment Project of Humon Smelting	Passed acceptance	Yantai Environmental Protection Bureau (Yan Huan Shen [2017] No. 19), Yantai Ecological Environment Bureau (Yan Huan Ping Han [2019] No. 30)
Electrolysis Part of 120,000 t/a Copper Cathode Technology Reconstruction Project (alteration)	Passed acceptance	Department of Environmental Protection of Shandong Province (Lu Huan Shen [2017] No. 2)/Yantai Ecology Environmental Bureau (Yan Huan Ping Han [2019] No. 7)
Rare Metals Resources Comprehensive Recycling Technology Reconstruction Project	Passed acceptance	Yantai Environment Protection Bureau (Yan Huan Shen [2017] No. 40)/Yantai Ecology Environmental Bureau (Yan Huan Ping Han [2019] No. 8)
Hydrometallurgy Gold Smelting Residual Harmless Treatment Project	Passed acceptance	Yantai Environment Protection Bureau (Yan Huan Shen [2017] No. 19)/Yantai Ecology Environmental Bureau (Yan Huan Ping Han [2019] No. 30)
1000kg/a Roasting and Smelting Gold and Ancillary Smelting Flue Gas Recovery, Sulfur-based Compound Fertilizer System Engineering Reform Project	Passed acceptance	Weihai Environmental Protection Bureau (Wei Huan Fa [2006] No. 106)
40,000 t/a Synthetic Ammonia Hydrazine Reconstruction Project	Passed acceptance	Weihai Environmental Protection Bureau (Wei Huan Fa [2008] No. 93)/Weihai Environmental Protection Bureau (Huan Yan Shu [2011] No. 4-1)
Phosphogypsum Comprehensive Utilization and Industrial Upgrading Project	Passed acceptance	Department of Environmental Protection of Shandong Province (Lu Huan Shen [2009] No. 147)/Department of Environmental Protection of Shandong Province (Lu Huan Yan [2011] No. 89)
Zhuangzi Gold Mine No. 1 Belt (Boundary Expansion, Capacity Expansion) Project	Passed acceptance	Huan Ping Shen [2016] No. 93/self-acceptance, 30 June 2019

(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 the environmental protection authorities, in order to effectively prevent, control and eliminate the harm caused by emergency environmental pollution accidents, establish and improve the response mechanism for emergency environmental pollution accidents, improve the ability of the Company in responding to emergency environmental pollution accidents, maximize prevention and minimize emergency environmental pollution accidents and their losses, safeguard public safety, maintain social stability, and promote the comprehensive, coordinated and sustainable development of economy and society.

In response to extreme weather such as flood season, high temperature, rain and snow, the Company issued the "Notice on Exert Efforts in Safety and Environmental Protection Works during the 2019 Flood Season" and "Notice on Exert Efforts in Safety Production Works during High Temperature and Hot Summer" and other documents, each secondary unit also took various preventive measures according to the requirements of the Company, formulated relevant special emergency plans, and carried out emergency drills as required. At the same time, the Company also entered into an early warning service agreement with the local meteorological department to establish an effective prevention mechanism.

(5) *Self-monitoring environmental programs*

Each production unit of the Group has an environmental monitoring institution that regularly monitors the sources of pollution in accordance with national monitoring standards, such as daily monitoring of COD, ammonia nitrogen, heavy metal ions, exhaust gas, sulfur dioxide, and smoke dust in wastewater, establish a relatively complete environmental monitoring record, and various types of environmental monitoring data can be reflected back in time to guide production, so as to discover and handle problems in time to prevent pollution accidents.

In addition, the main production units of the Company have installed online monitoring devices at their outlets, and are connected to the government authorities. The daily average value of the online monitoring of state-controlled pollution sources of the Group is 100% in compliance.

Compliance Statistics of Online Monitoring Data

Unit	Compliance of Online Monitoring (daily average) Monitoring points	Monitoring days	Total number of monitoring	Time of exceed standard	Compliance rate %
Dexing Copper Mine	1	365	365	0	100%
Yongping Copper Mine	1	365	365	0	100%
Wushan Copper Mine	2	365	730	0	100%
Chengmenshan Copper Mine	1	365	365	0	100%
Yinshan Mining Company	1	365	365	0	100%
Dongxiang Copper Mine	1	365	365	0	100%
Guixi Smelter	6	365	2190	0	100%
Jiangxi Copper Yates Copper Foil Company Limited	1	365	365	0	100%

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

Currency: RMB

Company name	Environmental protection construction System establishment	Environmental protection Main measures	Environmental protection (including reclamation) investment *(0'000)*	Reuse rate of industrial water *(%)*
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.	13,015.64	98.58

		Environmental protection construction		
		Environmental protection		
Company name	System establishment	Main measures	Environmental protection (including reclamation) investment *(0'000)*	Reuse rate of industrial water *(%)*
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 recycling 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.	9,373.82	91.97
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.	3,638.435	96.64
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.	616.5	87.43
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.	905.65	95.94
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.	835.01	87.25

		Environmental protection construction		
		Environmental protection		
Company name	System establishment	Main measures	Environmental protection (including reclamation) investment *(0'000)*	Reuse rate of industrial water *(%)*
Dongtong Mining	"Environmental Protection Management System", "Administrative Measures for Environmental Protection Facilities", Environmental Protection Awards and Punishment Measures	Tailings dam surface vegetation	345.81	93.71
Humon Smelting	"Environmental Protection Management System Compilation" includes "Water Treatment and Discharge Management Measures", "Tailing and Solid Waste Control System", "Administrative Measures on Air Pollutant Discharge", "Hazardous Waste Management System", "Environmental Monitoring System" and "Environmental Protection Reward and Punishment System"		26,983.97	98.16

2. Explanation on environmental protection of companies other than major pollutant-emission units

Not applicable

3. Explanation on the reasons for non-disclosure of environmental protection information by the companies other than the key pollutant discharging units

Not applicable

4. Explanation on the subsequent development or changes on the disclosure of environmental protection information during the Reporting Period

Not applicable

5. Others

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

In 2019, 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 (0'000)*	Payment status	Preferential tax policies	Pollutant of tax payable	Standard of tax amount *(each pollutant loading/RMB)*	Tax payable *RMB (0'000)*	Payment status	Preferential tax policies
Dexing Copper Mine	Copper concentrate	6.5	34,095.96	Settled	According to the Notice of Jiangxi Provincial Department of Finance, Jiangxi Provincial Local Taxation Bureau on Implementing Preferential Policies on Resource Tax on Some Mineral Products(Gan Cai Fa 2017 No. 36)	Gas	1.2	24.29	Settled	Nil
						Water	1.4	956.26	Settled	
Yongping Copper Mine	Copper concentrate	6.5	2,709.16	2,513.09	30% tax reduction for open-pit mining resource tax depletion period	Gas	1.2	1	0.85	Nil
						Water	1.4	319	313	
Wushan Copper Mine	Copper concentrate	6.5	2,932.02	Settled	Nil	Water	1.4	58.25	Settled	Nil
Chengmenshan Copper Mine	Copper concentrate	6.5	3,045.16	3662.14	Nil		1.4	28.14	33.57	Nil
Humon Smelting	Gold concentrate	4	1,441.53	Settled	Nil	Water	3	0.62	Settled	Nil
						Water	1.4	0.01	Settled	
						Atmosphere	6	105.39	Settled	
						Atmosphere	1.2	1.59	Settled	

			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 (0'000)*	Payment status	Preferential tax policies	Pollutant of tax payable	Standard of tax amount *(each pollutant loading/RMB)*	Tax payable *RMB (0'000)*	Payment status	Preferential tax policies
Yinshan Mining	Copper concentrate	6.5	1,734.93	Settled	Nil	Water	1.4	196.87	Settled	Nil
	Lead concentrate	3.5	114.79							
	Zinc concentrate	3.5	145.03							
Dongtong Mining	Copper concentrate	6.5	547.9	Settled	Nil	Water	1.4	5.5	Settled	Nil

XVI. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

Not applicable

XVII. CHARGES ON THE GROUP ASSETS

As at 31 December 2019, assets of the Group with net book values of RMB3,040,635,400 were mortgaged and pledged to secure certain bank loans, of which bank time deposits were pledged for RMB2,231,057,000 (31 December 2018: RMB4,820,167,800), bank acceptance bills and letters of credit were pledged for RMB0 (31 December 2018: RMB737,796,500), housing buildings were mortgaged for RMB23,040.25 (31 December 2018: RMB22,515), mechanical equipment were mortgaged for RMB333,376,300 (31 December 2018: RMB372,616,400), land use rights were pledged for RMB10,579.07 (31 December 2018: RMB339,000,000), inventories were pledged for RMB140,008,900 (31 December 2018: RMB250,000,000), the Group did not have RMB receivables as collateral (31 December 2018: RMB10,000).

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 at 31 December 2019, the Group had no contingent liabilities.

Independent Auditor's Report

To the shareholders of Jiangxi Copper Company Limited
(Established 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 172 to 343, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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 ("IASB") 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 and factoring receivables	
As at 31 December 2019, the Group had trade receivables and factoring receivables of approximately RMB10,629.41 million and RMB1,911.88 million, respectively, and an impairment allowance of trade receivables and factoring receivables of approximately RMB5,698.96 million and RMB781.82 million, respectively. Provision was made for lifetime expected credit losses (“ECL”) on trade receivables and for either a 12-month ECL or a lifetime ECL on factoring receivables. Management applied judgement in assessing the ECL. Trade receivables or factoring 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 or factoring 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 ELC rates are determined based on historical credit loss experience and industry data 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 ECL for trade receivables or factoring receivables. Related disclosures are included in note 3 “Significant accounting judgements and estimations”, note 29 “Trade and bills receivables” and note 30 “Factoring receivables”, respectively, to the financial statements.	We performed the following procedures in our audit for the assessment of impairment of trade receivable and factoring receivables: 1. Obtained the understanding of and tested the credit control procedures performed by management, including its procedures on periodic review of aged receivables and assessment on ELC allowance of receivables; 2. Tested on a sample basis, the accuracy of ageing profile of trade receivables by checking to the underlying sales invoices. Tested on a sample basis, the accuracy of ageing profile of factoring receivables by checking to the underlying contracts and bank slips; 3. Assessed the reasonableness of impairment allowance made with reference to credit history of customers and industry data 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. For collaterals with collateral valuation reports issued by the independent professional valuers engaged by the management, 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 2019, inventories and the allowance for inventories of the Group amounted to RMB27,220.11 million and RMB296.80 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 refer 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 28 "Inventories", respectively, to the financial statements.	We performed the following procedures in our audit for the assessment of allowance for inventories: 1. Obtained the understanding of 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.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment	
Included in the consolidated statement of financial position is a goodwill balance of RMB1,266.04 million relating to the gold related products cash generating unit as of 31 December 2019. The Group is required to, at least annually, perform impairment assessments of goodwill. For the purpose of performing impairment assessments, goodwill has been allocated to CGUs. The impairment testing was performed by comparing the recoverable amount of the CGU and the carrying amount of the CGU. The determination of the recoverable amount of the underlying CGUs involved estimates and judgments, including future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied. Related disclosures are included in note 4 "Business combination" and note 20 "Goodwill", respectively, to the financial statements.	We performed the following procedures in our audit for the assessment of goodwill impairment: 1. Obtained an understanding, evaluated the design, and tested the operating effectiveness of management's key controls over the impairment assessment process; 2. Assessed the competency, capability and objectivity of the independent professional valuers engaged by the management; 3. Compared the methodology used (recoverable amount calculations based on future discounted cash flows) by the Group to market and industry guidelines; 4. Assessed the reasonableness of key assumptions used in the calculations, comprising future price of gold and related products, production costs, operating expenses, growth rate and discount rate. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports from a number of sources;

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	**How our audit addressed the key audit matter**
Goodwill impairment (continued)	5. Evaluated management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount of the CGU to exceed the recoverable amount of CGU; 6. Involved EY internal valuation specialists to assist us in assessing the review of goodwill impairment. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group for the year ended 31 December 2019 (the "Annual Report"), but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the correction be made.

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 IASB 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 information 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
30 March 2020

Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
REVENUE	6	**239,585,489**	214,395,309
Cost of sales		**(231,172,158)**	(207,552,232)
Gross profit		**8,413,331**	6,843,077
Other income	7	**1,278,003**	885,416
Other gains and losses	8	**(75,467)**	773,295
Selling and distribution costs		**(683,412)**	(569,029)
Administrative expenses		**(2,417,503)**	(1,787,275)
Impairment losses on financial assets	9	**(1,475,161)**	(1,369,111)
Finance costs	10	**(1,883,826)**	(1,409,007)
Share of profits and losses of:			
Joint ventures	23	**(48,336)**	(30,243)
Associates	24	**27,164**	(74,998)
PROFIT BEFORE TAX	11	**3,134,793**	3,262,125
Income tax	14	**(982,425)**	(839,539)
PROFIT FOR THE YEAR		**2,152,368**	2,422,586
Attributable to:			
Owners of the Company		**2,437,988**	2,415,017
Non-controlling interests		**(285,620)**	7,569
		2,152,368	2,422,586
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
– Basic and diluted	16	**RMB0.70**	RMB0.70

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2019

	2019 ***RMB'000***	2018 *RMB'000*
PROFIT FOR THE YEAR	**2,152,368**	2,422,586
OTHER COMPREHENSIVE INCOME/ (EXPENSES)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**–**	6,554
Reclassification adjustments for losses included in the consolidated statement of profit or loss	**(47)**	–
Income tax effect	**12**	(1,639)
	(35)	4,915
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments during the year	**(1,393)**	3,401
Reclassification adjustments for losses included in the consolidated statement of profit or loss	**(4,534)**	(8,469)
Income tax effect	**1,134**	2,117
	(4,793)	(2,951)
Exchange differences on translation of foreign operations	**237,625**	75,921
Share of other comprehensive (expenses)/income of joint ventures	**(13,392)**	6,623
Share of other comprehensive income of associates	**137,770**	158,608
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	**357,175**	243,116

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2019

	2019 ***RMB'000***	2018 *RMB'000*
Other comprehensive income to that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	**882,457**	–
Income tax effect	**(74)**	–
	882,383	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	**882,383**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,239,558**	243,116
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,391,926**	2,665,702
Attributable to:		
Owners of the Company	**3,671,853**	2,644,908
Non-controlling interests	**(279,927)**	20,794
	3,391,926	2,665,702

Consolidated Statement of Financial Position

31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Non-current assets			
Property, plant and equipment	17	**26,867,591**	21,560,982
Investment properties	18	**473,569**	462,199
Right-of-use assets	19(b)	**2,582,441**	–
Prepaid land lease payments	19(a)	**–**	1,267,624
Goodwill	20	**1,266,036**	–
Other intangible assets	21	**1,974,659**	1,088,845
Exploration and evaluation assets	22	**959,260**	886,847
Investments in joint ventures	23	**693,219**	256,224
Investments in associates	24	**3,799,882**	3,419,605
Financial instruments other than derivatives	25	**10,646,329**	2,272,121
Deferred tax assets	27	**490,116**	676,853
Prepayments, other receivables and other assets	31	**549,850**	818,878
Deposits for prepaid lease payments	31	**565,940**	593,550
Total non-current assets		**50,868,892**	33,303,728
Current assets			
Inventories	28	**26,923,307**	17,259,265
Trade and bills receivables	29	**7,538,866**	8,957,645
Factoring receivables	30	**1,130,056**	2,082,024
Prepayments, other receivables and other assets	31	**6,272,720**	6,908,602
Loans to fellow subsidiaries	32	**1,407,307**	1,229,428
Prepaid land lease payments	19(a)	**–**	29,838
Financial instruments other than derivatives	25	**10,662,189**	9,791,375
Derivative financial instruments	26	**323,663**	263,905
Restricted bank deposits	33	**11,020,052**	12,308,910
Cash and cash equivalents	33	**18,730,338**	10,647,443
		84,008,498	69,478,435
Assets classified as held for sale	34	**36,525**	83,661
Total current assets		**84,045,023**	69,562,096

Consolidated Statement of Financial Position

31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Current liabilities			
Trade and bills payables	35	**12,540,448**	6,230,058
Financial instruments other than derivatives	25	**588,279**	–
Derivative financial instruments	26	**396,125**	94,258
Other payables and accruals	36	**6,880,951**	6,954,176
Deposits from holding company and fellow subsidiaries	37	**1,903,889**	1,937,903
Deferred revenue	38	**59,463**	39,301
Interest-bearing bank borrowings	39	**45,133,623**	30,134,532
Lease liabilities	19(c)	**165,432**	–
Corporate bonds	40	**108,272**	6,715
Tax payable		**606,637**	741,094
Total current liabilities		**68,383,119**	46,138,037
Net current assets		**15,661,904**	23,424,059
Total assets less current liabilities		**66,530,796**	56,727,787
Non-current liabilities			
Interest-bearing bank borrowings	39	**5,257,859**	3,282,000
Lease liabilities	19(c)	**171,117**	–
Corporate bonds	40	**500,000**	500,000
Provision for rehabilitation	41	**252,452**	191,429
Employee benefit liabilities	42	**19,159**	34,589
Deferred revenue	38	**577,630**	523,798
Other long-term payables	43	**391,585**	60,142
Deferred tax liabilities	27	**328,393**	109,139
Total non-current liabilities		**7,498,195**	4,701,097
Net assets		**59,032,601**	52,026,690

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Equity			
Equity attributable to owners of the parent			
Share capital	44	**3,462,729**	3,462,729
Reserves	45	**49,282,889**	46,303,582
		52,745,618	49,766,311
Non-controlling interests		**6,286,983**	2,260,379
Total equity		**59,032,601**	52,026,690

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 2019

For the year ended 31 December 2019

	Attributable to owners of the parent												
	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 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
Profit for the year	-	-	-	-	-	-	-	-	-	2,437,988	2,437,988	(285,620)	2,152,368
Other comprehensive income for the year:	-	-	-	882,418	-	-	-	(4,793)	356,240	-	1,233,865	5,693	1,239,558
Total comprehensive income for the year	-	-	-	882,418	-	-	-	(4,793)	356,240	2,437,988	3,671,853	(279,927)	3,391,926
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	134,477	134,477
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,234,450	4,234,450
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(62,396)	(62,396)
Final 2018 dividend declared	-	-	-	-	-	-	-	-	-	(692,546)	(692,546)	-	(692,546)
Transfer from retained earnings	-	-	-	-	-	-	(28,419)	-	-	28,419	-	-	-
At 31 December 2019	3,462,729	12,647,502	(924,429)	789,948	4,816,743	9,647,574	359,742	(1,392)	469,289	21,477,912	52,745,618	6,286,983	59,032,601

* These reserve accounts comprise the consolidated reserves of RMB49,282,889,000 (2018: RMB46,303,582,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the parent												
	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*
At 1 January 2018	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 subsidiary under common control	–	–	(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 2017dividend 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

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	***RMB'000***	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,134,793**	3,262,125
Adjustments for:			
Finance costs	10	**1,883,826**	1,409,007
Foreign exchange gains, net	8	**9,520**	(54,988)
Share of losses of joint ventures and associates	23,24	**21,172**	105,241
Gains from listed debentures	8	**(3,672)**	(9,376)
Gains from investments in financial products			
– Bank financial products	8	**(611,351)**	(83,633)
– Listed debentures	8	**(3,720)**	(2,830)
– Assets management products	8	**(38,388)**	(52,863)
– Bond investments	8	**(3,750)**	(3,984)
Gains from unlisted equity investment	8	**(25,111)**	–
Dividend income from equity investments	7	**(34,963)**	(13,500)
Net loss on disposal of items of property, plant and equipment	8	**111,488**	72,384
Net gain on disposal of items of assets classified as held for sale		**(6,561)**	–
Fair value (gains)/losses, net:			
– Derivative financial instruments		**140,195**	(303,762)
– Listed equity investments	8	**297,306**	(113,456)
– Unlisted equity investments	8	**65,853**	(72,860)
– Income right attached to a target equity interest	8	**(11,198)**	(21,028)
– Listed debentures	8	**(17,189)**	(123,626)
– Held-for-trading financial liabilities	8	**27,151**	–
Provision for impairment of trade and bills receivables	9	**522,912**	1,390,882
Provision for impairment of factoring receivables	9	**609,189**	95,205
Provision for/(reversal of) impairment of other receivables	9	**268,243**	(116,976)
Provision for impairment of inter-bank loans	9	**48,715**	–
Provision for impairment of prepaid value-added tax	11	**10,633**	–
Provision for impairment of loans to fellow subsidiaries	9	**26,102**	–
Provision for impairment of inventories to net realisable value	11	**(38,471)**	76,911
Provision for impairment of property, plant and equipment	8	**105,449**	5,145

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Provision for impairment of exploration and evaluation assets	8	**12,014**	303,531
Provision for impairment of assets classified as held for sale	8	**–**	95,837
Depreciation of property, plant and equipment	11	**1,968,978**	1,580,105
Depreciation of right-of-use assets	11	**204,441**	–
Depreciation of investment properties	11	**12,713**	11,357
Amortisation of prepaid land lease payments	11	**–**	29,838
Amortisation of other intangible assets	11	**124,663**	48,036
Net loss on disposal of an associate		**–**	157
Unwinding of an interest in rehabilitation provision	41	**8,657**	8,944
Deferred revenue released to the statement of profit or loss	38	**(64,417)**	(52,798)
		8,755,222	7,469,025
(Decrease)/increase in inventories		**(3,941,996)**	2,660,163
Decrease in trade and bills receivables		**523,744**	2,141,562
Decrease in factoring receivables		**342,779**	50,481
(Increase)/decrease in prepayments, other receivables and other assets		**3,968,703**	(1,690,398)
Increase/(decrease) in derivative financial instruments		**25,505**	(259,314)
increase in loans to fellow subsidiaries		**(203,981)**	–
Increase in restricted bank deposits except restricted deposits to secure bank borrowings	33	**(1,260,788)**	(901,683)
Increase/(decrease) in trade and bills payables		**3,828,246**	(1,651,350)
(Decrease)/increase in other payables and accruals		**(2,738,019)**	2,375,005
(Decrease) in deposits from holding company and fellow subsidiaries		**(34,014)**	(1,145,501)
Cash generated from operations		**9,265,401**	9,047,990
Income tax paid		**(1,013,103)**	(865,871)
Net cash flows from operating activities		**8,252,298**	8,182,119

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial investments		**28,275,439**	17,394,980
Dividend received from a joint venture		**5,000**	6,600
Dividend received from an associate		**12,224**	27,005
Proceeds from disposal of property, plant and equipment		**93,851**	154,384
Proceeds from disposal of items of assets classified as held for sale		**58,180**	–
Proceeds from disposal of other intangible assets		**215**	–
Additional investments in joint ventures		**(503,723)**	(12,751)
Additional investments in associates		**(227,567)**	(464,436)
Acquisition of subsidiaries and business combination		**(10,418,994)**	–
Purchases of financial investments		**(25,916,057)**	(23,730,228)
Purchases of property, plant and equipment		**(3,161,441)**	(1,931,486)
Purchases of exploration and evaluation assets	22	**(84,427)**	(97,635)
Additions to right of use assets		**(70,768)**	–
Purchases of prepaid land lease payments	19(a)	**–**	(93,071)
Purchases of other intangible assets	21	**(5,881)**	(431,761)
Net cash used in investing activities		**(11,943,949)**	(9,178,399)

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised		**78,403,845**	59,890,925
Collection of pledged time deposits to secure bank borrowings		**5,075,440**	(2,584,340)
Cash paid on shareholders in relation to business combination under common control		**–**	(18,402)
Repayment of bank and other borrowings		**(66,331,209)**	(53,831,579)
Principal portion of lease payments		**(173,107)**	–
Dividends paid		**(692,546)**	(692,546)
Dividends paid to non-controlling interests		**(62,396)**	(33,620)
Interest paid		**(2,205,747)**	(1,311,268)
Repayment of gold lease contracts		**(2,576,043)**	–
Withdraw of non-controlling interests		**–**	(340,566)
Contribution from non-controlling interests		**134,477**	30,000
Net cash used in financing activities		**11,572,714**	1,108,604
Net increase in cash and cash equivalents		**7,881,063**	112,324
Cash and cash equivalents at beginning of year		**10,647,443**	10,363,203
Effect of foreign exchange rate changes, net		**201,832**	171,916
Cash and cash equivalents at end of year		**18,730,338**	10,647,443

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited ("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. In the opinion of the directors, 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 principal business of the Group covers copper and gold 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 Group include more than 50 varieties, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium, bismuth, 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	RMB1,016,091,000	59.05%	–	Sale of metals, chemicals, mining products, construction materials

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	
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 services
江銅國際(新加坡)有限公司 Jiangtong International (Singapore) PTE. LTD. ("Singapore")	LLC	Singapore	USD35,042,000	–	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 deposits, loans, guarantees and financing consultation services to related parties
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

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	
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
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
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
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
江西銅業香港有限公司 Jiangxi Copper Company Hong Kong Limited	LLC	Hong Kong	HKD1,096,069,000	100%	–	Trading of copper products and non-ferrous metals

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	
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
江銅華北(天津)銅業有限公司 Jiangxi Copper Huabei (Tianjin) Company Limited ("JCHT")	LLC	PRC/Mainland China	RMB640,204,000	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") (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	USD1,039,427,000	100%	–	Providing mining investment
山東恒邦冶煉股份有限公司 Shandong Humon Smelting Co., Ltd ("Shandong Humon") (a)/(d)	LLC	PRC/Mainland China	RMB910,400,000	29.99%	–	Production, processing and sale of precious metals and non-ferrous metals
江銅國興(煙台)銅業有限公司 Jiangtong Guoxing (Yantai) Copper CO., Ltd ("Yantai guoxing") (a)	LLC	PRC/Mainland China	RMB500,000,000	65.00%	–	Manufacture of Copper sulphate, electrolytic copper and non-ferrous metal
成都江銅金號有限公司 Chengdu Jiangtong Jinhao Co., Ltd ("Chengdu Jinhao") (a)	LLC	PRC/Mainland	RMB95,315,899	–	51.00%	Trading of precious metal

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	
江銅宏源銅業有限公司 Jiangxi Copper Hongyuan Copper Co., Ltd ("Hongyuan Copper") (b) (e)	LLC	PRC/Mainland China	RMB250,000,000	43%	–	Manufacturing and sale of electrolytic copper
江西銅業(深圳)國際投資控股有限公司 Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd ("Shenzhen International") (b)	LLC	PRC/Mainland China	RMB1,662,000,000	100%	–	Providing mining investment
PIM CUPRIC HOLDING LTD ("PIM Cupric") (a)	LLC	British Virgin Islands	USD1,136,261,000	–	100%-	Providing mining investment

(a) The subsidiaries were acquired during the year ended 31 December 2019. Among the four acquisitions, the board of directors of the Company considered two are under business combination and another two are under asset deal. Details of business combination are given in Note 4 to the financial statements.

(b) The subsidiary was established during the year ended 31 December 2019.

(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 rights 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.

(d) On 26 June 2019, the Company acquired approximate 29.99% interest in Shandong Humon and became the controlling shareholder of Shandong Humon. Details of are given in Note 3 and Note 4 to the financial statements.

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

(e) On 6 August 2019, the Company entered into an acting-in-concert agreement with another vote holder of Hongyuan Copper, resulting the Company having the majority of the voting rights thereafter. Accordingly, the board of directors of the Company considered that the Company has control over Hongyuan Copper and consolidated it as a subsidiary since 6 August 2019.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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 2019. 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).

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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.

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 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Lease*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 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 account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land use rights, buildings and mining infrastructure and machinery. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities. The right-of-use assets were 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 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and initially measured at cost, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured under cost model applying IAS 40 from that date.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under IAS 17.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 as at 1 January 2019 was as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	1,592,535
Decrease in prepaid land lease payments	(1,297,462)
Increase in total assets	295,073
Liabilities	
Increase in lease liabilities	295,073
Increase in total liabilities	295,073
Decrease in retained earnings	–

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

Financial impact at 1 January 2019 (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	345,645
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(24,866)
	320,779
Weighted average incremental borrowing rate as at 1 January 2019	5.55%
Discounted operating lease commitments as at 1 January 2019	295,073
Add: Finance lease liabilities recognised as at 31 December 2018	–
Lease liabilities as at 1 January 2019	295,073

(b) 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 assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) IFRIC 23 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 Group determined that the interpretation did not have any impact on the financial position or performance of the Group.

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*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[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 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 January 2022
[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.

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

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. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

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

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 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and clarify the situations that are considered settlement of a liability. The amendments are 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

(i) Business combinations under common control (Continued)

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 they are incurred.

(ii) Business combinations not under common control

Business combinations not under common control are accounted for using the acquisition method. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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

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.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

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

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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 period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period 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 period 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.

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;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) (Continued)

(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

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	4 – 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.

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 property held as a right-of-use asset (2018: leasehold property under an operating lease) 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. Subsequent to initial recognition, the Group uses the cost model to measure all of its investment properties.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

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 the statement of 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%

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

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.

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 (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	25 to 50 years
Buildings and mining infrastructure	1 to 10 years
Machinery and vehicles	5 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (continued)

Group as a lessor (continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee, are accounted for as finance leases.

Leases (applicable before 1 January 2019)

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

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" 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

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.

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 through 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)

Derecognition of financial assets

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.

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

The Group recognises an allowance for expected credit losses ("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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

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 the holding company and fellow subsidiaries, derivative financial instruments and interest-bearing bank borrowings, corporate bonds and other long-term payables.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement (Continued)

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

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.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank 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.

Financial guarantee contracts

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement (Continued)

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.

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

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.

Derivative financial instruments and hedge accounting

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 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 (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.

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.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Cash flow hedges (Continued)

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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Fair value hedges (Continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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.

Deferred tax assets are recognised for all deductible temporary differences, and 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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.

When the contract contains a financing component which provides the customer with 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) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(c) Other service income (Continued)

Other service income, including sub-contracting service, is recognised when services are provided.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

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.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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.

Judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group does not include the renewal options for leases as part of the lease term as these are not reasonably certain to be exercised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Consolidation of an entity in which the Group holds less than a majority of voting rights

The Company considers that it controls Shandong Humon even though it owns less than 50% of the voting rights. This is because: i) the Company is able to control over the board of Shandong Humon with the power to make decision in the financial and operating policies; ii) the Company entered into an agreement with another three vote holders holding 17.98% voting right of Shandong Humon and they promised that neither themselves nor together with other vote holders of Shandong Humon will damage or impact the Company's right of control over Shandong Humon; iii) the remaining 52.03% of the equity shares in Shandong Humon are widely held by many other shareholders. Since the date of acquisition, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Company.

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 described below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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 2019 was RMB252,452,000 (2018: RMB191,429,000). More details are given in note 41.

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 2019 was RMB26,867,591,000 (2018: RMB21,560,982,000). More details are given in note 17.

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 RMB26,923,307,000 at 31 December 2019 (2018: RMB17,259,265,000). More details are given in note 28.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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 2019 was RMB1,773,801,000 (2018: RMB1,031,344,000). More details are given in note 21.

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 2019 was RMB959,260,000 (2018: RMB886,847,000). More details are given in note 22.

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 2019 of the Group was RMB490,116,000 (2018: RMB676,853,000). More details are given in note 27.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2019 was RMB1,226,036,000 (2018: nil). Further details are given in note 20.

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. 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 2019, the carrying amount of non-financial assets (other than deferred tax, deposits for prepaid lease payments and deposits for property, plant and equipment) was RMB37,350,621,000 (2018: RMB28,942,326,000).

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 collateral 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 collateral and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances, forecast economic conditions and realizable value of collateral. 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 29 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on factoring receivables and other receivables (Continued)

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 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 30 and note 31 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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 52 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 2019 was RMB1,381,574,000 (2018: RMB1,442,885,000). Further details are included in note 25 to the financial statements.

4. BUSINESS COMBINATION

(i) Acquisition of Chengdu Jinhao

On 31 March 2019, the Group acquired a 51% interest in Chengdu Yutong International Trading Company Limited, later renamed as Chengdu JXCC Jinhao Company Limited ("Chengdu Jinhao"). Chengdu Jinhao is engaged in trading of metal products. The acquisition was made as part of the Group's strategy to expand its market share of metal products in southwest of China. The purchase consideration for the acquisition was RMB22,205,000 in the form of cash.

The fair values of the identifiable assets and liabilities of Chengdu Yutong as at the date of acquisition were:

	31 March 2019 **Fair value** ***RMB'000***
Non-current assets	**36**
Current assets	**2,361,169**
Total assets	**2,361,205**
Current liabilities	**(2,317,666)**
Total identifiable net assets at fair value	**43,539**
Non-controlling interests	**(21,334)**
Identifiable net assets at fair value attributable to the Group	**22,205**
Satisfied by cash	**22,205**

The fair values and the gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB193,271,000 and RMB1,174,763,000, respectively.

The Group incurred transaction costs of RMB445,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

4. BUSINESS COMBINATION (CONTINUED)

(i) Acquisition of Chengdu Jinhao (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	22,205
Cash and bank balances acquired	(8,618)
Net inflow of cash and cash equivalents included in cash flows from investing activities	13,587

Since the acquisition, Chengdu Jinhao contributed RMB1,021,014,000 to the Group's revenue and RMB421,000 to the consolidated profit for the year ended 31 December 2019.

Had the combination taken place at the beginning of the year, the revenue and the profit of Chengdu Jinhao included in the statement of profit or loss of the Group for the year would have been RMB1,021,014,000 and RMB1,076,000, respectively.

(ii) Acquisition of Shandong Humon

On 26 June 2019, the Group acquired approximate a 29.99% interest in Shandong and became the controlling shareholder of Shandong Humon. Shandong Humon is principally engaged in the smelting and integrated recycling of gold and other rare metals, and obtains copper and lead by-products during the process of smelting and recycling. The Group targeted to use Shandong Humon as the development platform of the Group's future gold sector. The purchase consideration for the acquisition was RMB2,976,016,000 in the form of cash.

4. BUSINESS COMBINATION (CONTINUED)

(ii) Acquisition of Shandong Humon (Continued)

The fair values of identifiable assets acquired and liabilities assumed of Shandong Humon as at the date of acquisition were:

	Fair value recognised on acquisition *RMB'000*
Non-current assets	6,727,679
Including: Property, plant and equipment	4,777,634
Right of use assets	765,023
Other intangible assets	1,002,024
Current assets	10,369,797
Including: Inventories	5,487,337
Total assets	17,097,476
Non-current liabilities	(660,055)
Including: Deferred tax liabilities	(295,717)
Current liabilities	(10,705,372)
Total liabilities	(11,365,427)
Total identifiable net assets at fair value	5,732,049
Non-controlling interests	(4,022,069)
Identifiable net assets at fair value attributable to the Group	1,709,980
Goodwill on acquisition	1,266,036
Satisfied by cash	2,976,016

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB217,200,000 and RMB173,890,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB220,968,000 and RMB194,848,000, respectively, for which impairment provision of RMB3,768,000 and RMB20,958,000 were provided, respectively.

4. BUSINESS COMBINATION (CONTINUED)

(ii) Acquisition of Shandong Humon (Continued)

The Group incurred transaction costs of RMB1,427,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

Cash consideration paid	2,976,016
Cash and bank balances acquired	(415,307)
Net outflow of cash and cash equivalents included in cash flows from investing activities	2,560,709

Since the acquisition, Shandong Humon contributed RMB16,186,937,000 to the Group's revenue and RMB57,060,000 to the consolidated profit for the year ended 31 December 2019.

Had the combination taken place at the beginning of the year, the revenue and the profit of Shandong Human included in the statement of profit or loss of the Group for the year would have been RMB28,445,949,000 and RMB171,292,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

5. OPERATING SEGMENT INFORMATION

Since the acquisition of Shandong Humon in 2019, for management purpose, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) production and sale of copper and other related products and services ("Copper related business");

(b) production and sale of gold and other related products and services ("Gold related business").

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax in related periods.

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

Year ended 31 December 2019	**Copper related business** *RMB'000*	**Gold related business** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers	**223,415,520**	**16,169,969**	**239,585,489**
Intersegment sales	**893,460**	**16,968**	**910,428**
	224,308,980	**16,186,937**	**240,495,917**
Reconciliation:			
Elimination of intersegment sales			**(910,428)**
Revenue			**239,585,489**
Segment results	**3,068,380**	**66,413**	**3,134,793**
Reconciliation:			
Elimination of intersegment results			**–**
Profit before tax			**3,134,793**

5. OPERATING SEGMENT INFORMATION (CONTINUED)

During the year ended 31 December 2018, for management purpose, the Group had one reportable operating segment: production and sale of copper and other related products. Management monitored 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 customer is detailed below:

	2019 ***RMB'000***	2018 *RMB'000*
Mainland China	**205,006,109**	187,733,626
Hong Kong	**16,226,444**	12,564,503
Others	**19,127,782**	14,991,737
	240,360,335	215,289,866
Less: Sales related taxes	**774,846**	894,557
	239,585,489	214,395,309

All material non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in Mainland China except for certain investments in Hong Kong, USA, Singapore, Afghanistan, Algeria, Peru, Japan, Zambia and Kazakhstan.

Information about major customers

No customer or a group of customers under common control accounted for 10% or more of the Group's revenue for years ended 31 December 2019 and 2018. The State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

6. REVENUE

Disaggregated revenue information

An analysis of revenue is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Revenue from contracts with customers		
Sale of goods		
– Copper cathodes	**136,603,020**	122,741,975
– Copper rods	**45,115,729**	47,315,355
– Copper processing products	**4,614,556**	5,136,411
– Gold	**16,213,789**	7,259,896
– Silver	**6,086,104**	2,057,013
– Sulphuric and sulphuric concentrate	**1,259,961**	1,200,901
– Copper concentrate, rate and other non-ferrous metals	**23,490,148**	24,553,488
– Others	**6,624,620**	4,850,061
Construction services	**276,435**	174,766
Other services	**75,973**	–
	240,360,335	215,289,866
Less: Sales related taxes	**774,846**	894,557
	239,585,489	214,395,309

6. REVENUE (CONTINUED)

Disaggregated revenue information (continued)

The Group's revenue from contracts with customers, including sales of goods and other service income above, is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Type of goods or service		
– Sale of goods	**240,007,927**	215,115,100
– Construction services	**276,435**	174,766
– Other services	**75,973**	–
	240,360,335	215,289,866
Less: Sales related taxes	**774,846**	894,557
Total revenue from contracts with customers	**239,585,489**	214,395,309
Timing of revenue recognition		
– Goods or services transferred at a point in time	**240,083,900**	215,115,100
– Services transferred over time	**276,435**	174,766
	240,360,335	215,289,866
Less: Sales related taxes	**774,846**	894,557
Total revenue from contracts with customers	**239,585,489**	214,395,309

6. REVENUE (CONTINUED)

Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019 ***RMB'000***	2018 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	**3,311,246**	1,543,606

Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Sales of goods were made in a short period of time and the performance obligation was mostly satisfied in one year or less at the end of each year.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services

The performance obligation is satisfied upon services are provided and payment is generally due within 30 to 90 days from the date of billing.

7. OTHER INCOME

An analysis of other income is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Interest income	**1,004,302**	672,785
Dividend income from equity investments	**34,963**	13,500
Government grants recognised	**147,496**	154,467
Compensation income and others	**91,242**	44,664
	1,278,003	885,416

8. OTHER GAINS AND LOSSES

	2019 ***RMB'000***	2018 *RMB'000*
Fair value (losses)/gains from commodity derivative contracts and commodity option contracts:		
Transactions not qualifying as hedges	**(41,666)**	640,491
Fair value (losses)/gains from foreign currency forward contracts, foreign currency swap and interest rate swaps	**(98,529)**	193,983
Fair value gains/(losses) on other financial assets:		
Listed debentures	**17,189**	123,626
Listed equity instruments	**(297,306)**	113,456
Unlisted equity investments	**(65,853)**	72,860
Income right attached to a target equity interest	**11,198**	21,028
Held-for-trading financial liabilities	**(27,151)**	–
Gains on other financial assets:		
Listed equity instruments	**3,672**	9,376
Listed debentures	**3,720**	2,830
Bank financial products	**611,351**	83,633
Asset management products	**38,388**	52,863
Bond investments	**3,750**	3,984
Unlisted equity investments	**25,111**	–
Impairment losses on:		
Assets classified as held for sale	**–**	(95,837)
Property, plant and equipment	**(105,449)**	(5,145)
Exploration and evaluation assets	**(12,014)**	(303,531)
Losses on disposal of property, plant and equipment	**(111,488)**	(72,384)
Gains on disposal of assets classified as held for sale	**6,561**	–
Foreign exchange gains, net	**(9,520)**	(54,988)
Others	**(27,431)**	(12,950)
	(75,467)	773,295

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2019 ***RMB'000***	2018 *RMB'000*
Provided for/(reversal of) impairment:		
Impairment of trade receivables	**522,912**	1,390,882
Impairment of factoring receivables	**609,189**	95,205
Impairment of loans to fellow subsidiaries	**26,102**	–
Impairment of other receivables	**268,243**	(116,976)
Impairment of inter-bank loans	**48,715**	–
	1,475,161	1,369,111

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Interest on:		
Bank borrowings	**1,478,720**	1,213,458
Discounted notes	**364,578**	161,869
Corporate bonds	**23,936**	23,700
Lease liabilities	**16,592**	–
Financing lease	**–**	9,980
	1,883,826	1,409,007

11. PROFIT BEFORE TAX

In addition to the items detailed elsewhere in these financial statements, the Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Cost of inventories sold and service provided		**224,489,902**	202,554,953
Depreciation of property, plant and equipment	17	**1,968,978**	1,580,105
Depreciation of right-of-use assets	19(b)	**204,441**	–
Depreciation of investment properties	18	**12,713**	11,357
Recognition of prepaid land lease payments	19(a)	**–**	29,838
Amortisation of other intangible assets	21	**124,663**	48,036
Minimum lease payments under operating leases		**–**	167,947
Auditors' remuneration		**12,520**	9,207
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**3,590,013**	3,039,963
– Pension scheme contributions		**597,319**	586,755
Research and development costs		**414,364**	206,932
Provision for impairment of prepaid value-added tax		**10,633**	–
(Reversal of)/allowance for inventories included in cost of sales		**(38,471)**	76,911

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:

	2019 ***RMB’000***	2018 *RMB’000*
Fees	**400**	383
Other emoluments:		
Salaries, allowances and benefits in kind	**7,897**	7,013
Pension scheme contributions	**318**	238
	8,215	7,251
	8,615	7,634

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2019 ***RMB’000***	2018 *RMB’000*
Liu Erh Fei	**100**	100
Liu Xike *(ii)*	**100**	58
Sun Chuanyao *(i)*	**–**	25
Tu Shutian	**100**	100
Zhou Donghua *(iii)*	**–**	100
Zhu Xingwen *(iii)*	**100**	–
	400	383

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors (Continued)

Notes:

i. On 6 March 2018, Mr. Sun Chuanyao resigned from his position as an independent non-executive director of the Company.

ii. On 12 June 2018, Mr. Liu Xike was appointed as an independent non-executive director of the Company.

iii. On 15 January 2019, Mr. Zhou Donghua resigned from his position as an independent non-executive director of the Company and Mr. Zhu Xingwen 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 (2018: Nil).

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors

2019	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:					
Long Ziping *(Chairmen and the chief executive)*	–	890	–	45	935
Dong Jiahui *(i)*	–	890	–	24	914
Gao Jianmin	–	200	–	–	200
Liang Qing	–	200	–	–	200
Wang Bo	–	890	–	36	926
Wu Jinxing *(ii)*	–	–	–	33	33
Wu Yuneng *(ii)*	–	–	–	10	10
Yu Tong *(ii)*	–	890	–	20	910
Zheng Gaoqing *(iii)*	–	742	–	17	759
	–	4,702	–	185	4,887
Supervisors:					
Hu Qingwen	–	639	–	37	676
Liao Shengsen	–	639	–	23	662
Zeng Min	–	639	–	25	664
Zhang Jianhua	–	639	–	23	662
Zhang Kui	–	639	–	25	664
	–	3,195	–	133	3,328

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (continued)

		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

Notes:

i. On 27 April 2018, Mr. Dong Jiahui was appointed as an executive director of the Company.

ii. On 15 January 2019, Mr. Wu Jinxing and Mr. Wu Yuneng resigned from his position as executive directors of the Company, and Mr. Yu Tong was appointed as an executive director of the Company.

iii. On 22 March 2019, Mr. Zheng Gaoqing was appointed as an executive director of the Company.

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 nil directors (2018: 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 five (2018: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Salaries, allowances and benefits in kind	**10,737**	619
Pension scheme contributions	**237**	24
	10,974	643

The number of non-director and non-chief executive highest paid employee whose remuneration fell within the following band is as follows:

	2019 Number of Individual	2018 Number of Individual
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	–
HK$4,000,001 to HK$4,500,000	**1**	–
HK$4,500,001 to HK$5,000,000	**1**	–
	5	1

14. INCOME TAX

The major components of income tax expenses of the Group during the period are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Current income tax	**849,063**	833,975
Deferred income tax *(note 27)*	**133,362**	5,564
Income tax charge for the year	**982,425**	839,539

Hong Kong profits tax on six (2018: five) of the Group's subsidiaries has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries incorporated in Singapore, United States, Peru and Zambia are subject to corporate income tax at a rate of 17% (2018: 17%), 28% (2018: 28%),29.5% (2018: 29.5%), and 35% (2018: 35%), respectively.

The provision for PRC income tax is based on a statutory rate of 25% (2018: 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:

	2019		2018	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**3,134,793**	**100.00**	3,262,125	100.00
Tax at the effective statutory tax rate (15%) *	**470,219**	**15.00**	489,319	15.00
Effect of different tax rates for subsidiaries	**(109,209)**	**(3.48)**	(116,804)	(3.58)
Tax loss and temporary differences not recognised	**686,636**	**21.90**	483,750	14.83
Expenses not deductible for tax	**21,777**	**0.69**	20,894	0.64
Income not subject to tax	**(12,064)**	**(0.38)**	(7,340)	(0.23)
Profits and losses attributable to joint ventures and associates	**8,077**	**0.26**	6,742	0.21
Adjustments in respect of current tax of previous periods	**12,080**	**0.39**	12,170	0.37
Effect on opening deferred tax of decrease in rates	**–**	**–**	25	–
Utilisation of unrecognised tax losses and temporary differences	**(46,286)**	**(1.48)**	(35,779)	(1.10)
Tax incentive in relation to deduction of certain expense	**(48,805)**	**(1.56)**	(13,438)	(0.41)
Income tax expense at the Group's effective rate	**982,425**	**31.34**	839,539	25.73

* 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 RMB862,000 (2018: RMB901,000) and RMB13,571,000 (2018: RMB21,131,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

15. DIVIDENDS

	2019 ***RMB'000***	2018 *RMB'000*
Proposed final of RMB0.10 per share (2018: RMB0.20 per share)	**346,273**	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 (2018: 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 2019 and 2018.

The calculations of basic and diluted earnings per share are based on:

	2019 ***RMB'000***	2018 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**2,437,988**	2,415,017
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 2018	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
Additions	239,568	55,452	40,752	9,523	2,460,071	2,805,366
Effect of business combination not under common control	2,509,541	1,785,709	38,162	169,529	274,729	4,777,670
Transfers	641,773	637,311	45,913	40,955	(1,365,952)	–
Transfer to intangible assets	–	–	–	–	(2,787)	(2,787)
Transfer to right-of-use assets	–	–	–	–	(15,226)	(15,226)
Transfer to assets classified as held for sale	(6,352)	–	–	–	–	(6,352)
Disposals	(49,617)	(700,123)	(53,231)	(17,068)	–	(820,039)
As at 31 December 2019	18,575,829	20,440,056	1,547,774	462,040	4,969,925	45,995,624
Accumulated depreciation						
As at 1 January 2018	(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)
Transfer to assets classified as held for sale	2,594	–	–	–	–	2,594
Charge for the year	(684,876)	(1,171,404)	(83,258)	(29,440)	–	(1,968,978)
Disposals	29,894	544,862	48,836	15,342	–	638,934
As at 31 December 2019	(6,794,968)	(10,696,452)	(1,361,833)	(153,836)	–	(19,007,089)

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 2018	(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)
Provision for the year	(105,449)	–	–	–	–	(105,449)
Disposals	876	–	–	–	–	876
As at 31 December 2019	(118,263)	(2,065)	(593)	(23)	–	(120,944)
Net carrying amount						
As at 31 December 2019	11,662,598	9,741,539	185,348	308,181	4,969,925	26,867,591
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 2019, certain of the Group's machinery and buildings with a net book value of approximately RMB333,376,000 (2018: RMB372,616,000) and RMB230,402,000 (2018: RMB225,150,000), respectively, were pledged to secure short-term bank borrowings (note 39).

As at 31 December 2019, certain of the Group's buildings with a net book value of approximately RMB8,224,000 (2018: nil) were pledged to secure long-term bank borrowings (note 39).

The net carrying amounts of the Group's fixed assets held under finance leases included in the total amounts of machinery at 31 December 2019 were RMB394,740,000 (2018: RMB174,467,000).

As at 31 December 2019, the Group was in the process of obtaining property ownership certificates for certain of the Group’s buildings with a net book value of RMB1,310,889,000 (2018: RMB1,027,401,000).

As at 31 Dec 2019, certain of the Group's buildings and mining infrastructure with a net book value of approximately RMB114,942,000 (2018: nil) were restricted due to litigation (note 49).

18. INVESTMENT PROPERTIES

	Commercial properties *RMB'000*
Cost	
As at 1 January 2018 and 31 December 2018	531,419
Addition	24,083
As at 31 December 2019	555,502
Accumulated depreciation	
As at 1 January 2018	(57,863)
Charge for the year	(11,357)
As at 31 December 2018	(69,220)
Charge for the year	(12,713)
As at 31 December 2019	(81,933)
Net carrying amount	
As at 31 December 2019	473,569
As at 31 December 2018	462,199

As at 31 Dec 2019, certain of the Group's investment properties with a net book value of approximately RMB163,224,000 (2018: nil) were restricted due to litigation (note 49).

The Group's properties leased to others 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. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, mining infrastructure, machinery and vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 25 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and mining infrastructure generally have lease terms between 3 and 5 years, while machinery and vehicles generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Prepaid land lease payments (before 1 January 2019)

	2018 *RMB'000*
Carrying amount at 1 January	1,234,290
Additions	93,071
Transfer from construction in progress	8,673
Transfer to assets classified as held for sale	(8,734)
Recognised during the year	(29,838)
Carrying amount at 31 December	1,297,462
Current portion included in current assets	(29,838)
Non-current portion	1,267,624

19. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Right-of-use assets			
	Prepaid land lease payments	Buildings and mining infrastructure	Machinery and vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	1,583,045	9,490	–	1,592,535
Addition	248,112	537	166,174	414,823
Effect of business combination not under common control	749,822	15,201	–	765,023
Transfer from construction in progress	15,226	–	–	15,226
Transfer to assets classified as held for sale	(725)	–	–	(725)
Depreciation charge	(200,691)	(3,750)	–	(204,441)
As at 31 December 2019	2,394,789	21,478	166,174	2,582,441

As at 31 December 2019, certain of prepaid land lease payments of the Group with a net book value of RMB105,791,000 (2018: RMB339,000,000) were pledged to secure short-term bank borrowings as set out in note 39.

As at 31 December 2019, none of prepaid land lease payment of the Group was restricted to use.

At 31 December 2019, 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 RMB35,783,000 (2018: RMB10,531,000).

19. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019 **Lease liabilities** ***RMB'000***
Carrying amount at 1 January	295,073
New leases	193,891
Effect of business combination not under common control	4,100
Accretion of interest recognised during the year	16,592
Payment	(173,107)
Carrying amount at 31 December	336,549
Analysed into:	
Current portion	165,432
Non-current portion	171,117

The maturity analysis of lease liabilities is disclosed in note 54 to the financial statements.

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 ***RMB'000***
Interest on lease liabilities	16,592
Depreciation charge of right-of-use assets	204,441
Total amount recognised in profit or loss	221,033

(e) The total cash outflow for leases is disclosed in notes 47(c) to the financial statements. As at 31 December 2019, the Group has no lease contract that has not yet commenced.

20. GOODWILL

	RMB'000
Cost at 31 December 2018 and 1 January 2019, net of accumulated impairment	–
Acquisition of Shangdong humon *(note 4)*	1,266,036
Impairment during the year	–
Cost and net carrying amount at 31 December 2019	1,266,036

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing to the balances of goodwill as at 31 December 2019.

Gold related products cash-generating unit

The recoverable amount of the gold related products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the gold related products CGU beyond the five-year period is 3% (31 December 2018: not applicable). This growth rate does not exceed the long-term average growth rate of the gold related products and is in accordance with forecasted data of the industry. The determination of the recoverable amount of the gold related products CGU involved estimates and judgments, including future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGU.

The discount rate applied to the cash flow projections is 8.23% (31 December 2018: not applicable). These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.

The values assigned to the key assumptions on market development of industrial products industries, discount rates and raw materials price inflation are consistent with external information sources.

The directors of the Company are of the view that, based on their assessment, there was no impairment of goodwill as at 31 December 2019 (31 December 2018: not applicable).

21. OTHER INTANGIBLE ASSETS

	Mining rights *RMB'000*	Trademarks *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2018	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	3,616	–	278	3,894
Disposals	–	–	(2,358)	(2,358)
As at 31 December 2018	1,402,891	52,627	111,586	1,567,104
Additions	–	–	5,881	5,881
Effect of business combination not under common control	847,877	151,150	2,997	1,002,024
Transfer from construction in progress	–	–	2,787	2,787
Disposals	–	–	(2,522)	(2,522)
As at 31 December 2019	2,250,768	203,777	120,729	2,575,274
Amortisation				
As at 1 January 2018	(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)
Provision for the year	(105,142)	(9,600)	(9,921)	(124,663)
Disposals	–	–	2,307	2,307
As at 31 December 2019	(476,967)	(48,736)	(74,912)	(600,615)
Net carrying amount				
As at 31 December 2019	1,773,801	155,041	45,817	1,974,659
As at 31 December 2018	1,031,066	13,491	44,288	1,088,845

22. EXPLORATION AND EVALUATION ASSETS

	2019 ***RMB'000***	2018 *RMB'000*
Carrying amount at 1 January	**886,847**	1,096,637
Additions	**84,427**	97,635
Transfer to mining rights *(note 21)*	**–**	(3,894)
Impairment	**(12,014)**	(303,531)
Carrying amount at 31 December	**959,260**	886,847

23. INVESTMENTS IN JOINT VENTURES

	2019 ***RMB'000***	2018 *RMB'000*
Share of net assets	**728,136**	291,141
Impairment	**(34,917)**	(34,917)
	693,219	256,224

The Group's trade receivable and payable balances with the joint ventures are disclosed in note 51 to the financial statements.

23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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	 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
佳鑫國際資源投資有限公司 Jiaxin International Resources Investment Limited ("Jiaxin")	Registered capital of HKD1 each	Hong Kong China	49%	49%	Investments in natural resources

Jiaxin, acquired in September 2019, which is considered a material joint venture of the Group, acts as a strategic partner of the Group engaged in tungsten mining and is accounted for using the equity method.

23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised financial statements in respect of Jiaxin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2019 ***RMB'000***
Current assets	**7,879**
Non-current assets	**1,106,604**
Current liabilities	**(5,200)**
Non-current liabilities	**(122,651)**
Net assets	**986,632**
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	**49%**
Carrying amount of the Group's investment	**483,449**
Share of loss for the year	**(3,339)**
Share of other comprehensive expenses	**(3,821)**
Share of total comprehensive expenses for the year	**(7,160)**

23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial statements of the Group's joint ventures that are not individually material:

	2019 ***RMB'000***	2018 *RMB'000*
Share of the joint ventures' loss for the year	**(44,997)**	(30,243)
Share of the joint ventures' other comprehensive (expenses)/income for the year	**(9,571)**	6,623
Share of the joint ventures' total comprehensive expenses for the year	**(54,568)**	(23,620)
Carrying amount of the Group's investments in the joint ventures	**209,770**	256,224

24. INVESTMENTS IN ASSOCIATES

	2019 ***RMB'000***	2018 *RMB'000*
Share of net assets	**3,799,882**	3,419,605

The Group's trade receivable and payable balances with the associates are disclosed in note 51 to the financial statements.

24. 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
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 sale 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 sale 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") (a)	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 sale of wire cables
嘉石環球資源基金一期 Valuestone Global Resources Fund I LP ("Fund I") (a)	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

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
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
盤古投資管理有限公司 Pangaea Investment Management Limited ("Pangaea")	Registered contribution of USD1 each	Cayman Islands	45%	Investments in natural resources, investment management and consultancy
江西万銅環保材料有限公司 Jiangxi Wantong Environmental Protection Materials Company Limited ("Wantong")	Registered capital of RMB1 each	PRC/Mainland China	40%	Comprehensive development and utilization of environmental protection materials
江西東辰機械製造有限公司 Jiangxi Dongchen Machine Manufacturing Company Limited	Registered capital of RMB1 each	PRC/Mainland China	21%	Manufacturing and sales of electromechanical products

(a) The Group is able to exercise significant influence over these companies with the power to participate in the financial and operating policy decisions, but is not control or joint control over those companies. Accordingly, these companies are regarded as associates of the Group.

Minmetals Jiangxi Copper and MCC-JCL, which are considered material associates of the Group, are strategic partners of the Group engaged in copper mining and are accounted for using the equity method.

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2019 ***RMB'000***	2018 *RMB'000*
Current assets	**117,399**	295,550
Non-current assets	**4,732,594**	4,643,722
Current liabilities	**(291,264)**	(199,258)
Non-current liabilities	**(507,141)**	(1,062,087)
Net assets	**4,051,588**	3,677,927
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**40%**	40%
Carrying amount of the investment	**1,620,635**	1,471,171
Share of (loss) for the year	**(12,799)**	(51,950)
Share of other comprehensive income	**18,263**	119,160
Share of total comprehensive income for the year	**5,464**	67,210

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

MCC-JCL

	2019 ***RMB'000***	2018 *RMB'000*
Current assets	**192,673**	179,815
Non-current assets	**2,615,326**	2,556,050
Current liabilities	**(17,560)**	(15,988)
Net assets	**2,790,439**	2,719,877
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**25%**	25%
Carrying amount of the investment	**697,610**	679,969
Share of profit for the year	**–**	–
Share of other comprehensive income	**11,271**	32,587
Share of total comprehensive income for the year	**11,271**	32,587

The following table illustrates the aggregate financial statements of the Group's associates that are not individually material.

	2019 ***RMB'000***	2018 *RMB'000*
Share of the associates' loss/(profit) for the year	**39,963**	(23,048)
Share of the associates' other comprehensive income for the year	**108,236**	6,861
Share of the associates' total comprehensive income/(expenses) for the year	**148,199**	(16,187)
Carrying amount of the Group's investments in the associates	**1,481,637**	1,268,465

25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

	2019		2018	
	Categories	**Carrying Amount** *RMB'000*	Categories	Carrying Amount *RMB'000*
Debt instruments (including hybrid contracts):				
Listed debentures *(a)*	**FVPL**[1]	**115,697**	FVPL	109,287
Investments in financial products *(b)*	**FVPL**	**10,451,652**	FVPL	9,468,227
Bond investments *(c)*	**FVOCI**[2]	**–**	FVOCI	50,047
		10,567,349		9,627,561
Equity instruments:				
Listed equity investments *(d)*	**FVPL**	**621,559**	FVPL	993,050
Listed equity investments *(d)*	**FVOCI**	**8,738,036**	FVOCI	–
Unlisted equity investments *(e)*	**FVPL**	**798,559**	FVPL	907,187
Unlisted equity investments *(e)*	**FVOCI**	**36,119**	FVOCI	–
Income right attached to a target equity interest *(f)*	**FVPL**	**546,896**	FVPL	535,698
		21,308,518		12,063,496
FVPL		**12,534,363**		12,013,449
FVOCI		**8,774,155**		50,047
		21,308,518		12,063,496
Non-current assets		**10,646,329**		2,272,121
Current assets		**10,662,189**		9,791,375
		21,308,518		12,063,496

25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES (CONTINUED)

	2019		2018	
	Categories	**Carrying Amount** *RMB'000*	Categories	Carrying Amount *RMB'000*
Liabilities:				
Held-for-trading financial liabilities *(g)*	**FVPL**	**(588,279)**	FVPL	–
FVPL		**(588,279)**		–
Current liabilities		**(588,279)**		–

^{1} FVPL: Financial assets or liabilities at fair value through profit or loss

^{2} FVOCI: Financial assets at fair value through other comprehensive income

(a) The listed debentures are at variable interest rates ranging from 0.5% to 6% (2018: 0.5% to 6%) per annum.

(b) The amount represents investments in financial products arranged by bank, trust and fund institution and independent securities companies with high credit-rating and good reputation. The financial products held by the Group generate annual target return at rates ranged from 3.55% to 8.00% (2018: 4.10% to 8.00%) per annum. The investments have maturity date from 10 January 2020 to 27 November 2021 (2018: 15 January 2019 to 21 November 2021) and were unsecured.

	2019 *RMB'000*	2018 *RMB'000*
Including:		
Bank financial products	**9,127,315**	8,182,800
Asset management products	**643,015**	1,063,262
Fund products	**509,962**	–
Trust products	**171,360**	222,165
	10,451,652	9,468,227

As at 31 December 2019, the bank financial products of RMB143,534,000 (31 December 2018: nil) was pledged to secure short-term bank borrowings.

As at 31 December 2019, the bank financial products of RMB4,972,138,000 (31 December 2018: nil) was pledged to issue bank accepted notes.

25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES (CONTINUED)

(c) As at 31 December 2018, the bond investments held by the Group generates annual target return at rates ranged from 7.17% to 7.50%, with matured date from 22 October 2019 to 31 October 2019.

(d) The listed equity securities represent stocks listed in the Shanghai Stock Exchange and Shenzhen Stock Exchange ("PRC"), the Hong Kong Stock Exchange ("HKEx") and the Toronto Stock Exchange ("TSX").

(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.

(f) The investment represents a beneficial right attached to the 2.65% equity interest in a limited liability company established in the PRC held by China Cinda Asset Management Co., Ltd. ("China Cinda") (the "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 in December 2017.

(g) A subsidiary of the Group, Shangdong Humon, entered into certain gold lease contracts with independent lessors. During the lease period, Shangdong Humon might sell the leased gold to independent third parties. When the lease period expires, Shangdong Humon shall return the gold with the same quantity and quality to the lessors. The obligation to return the gold is recognised as held-for-trading financial liabilities.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2019		2018	
	Assets ***RMB'000***	**Liabilities** ***RMB'000***	Assets *RMB'000*	Liabilities *RMB'000*
Commodity derivative contracts	**304,929**	**(211,583)**	87,749	(47,495)
Commodity option contracts	**–**	**–**	–	(20,966)
Provisional price arrangements	**–**	**(117,478)**	94,236	–
Foreign currency forward contracts and interest rate swaps	**18,734**	**(67,064)**	81,920	(25,797)
	323,663	**(396,125)**	263,905	(94,258)

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2019 ***RMB'000***	2018 *RMB'000*
Including:		
Derivatives designated as hedging instruments *(a)*:		
Cash flow hedges		
– Commodity derivative contracts	**(1,393)**	3,401
Fair value hedges		
– Provisional price arrangements	**(117,478)**	94,236
	(118,871)	97,637
Derivatives not designated as hedging instruments *(b)*:		
– Commodity derivative contracts	**94,739**	36,853
– Commodity option contracts	**–**	(20,966)
– Foreign currency forward contracts and interest rate swaps	**(48,330)**	56,123
	46,409	72,010
	(72,462)	169,647

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").

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivatives designated as hedging instruments:

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 2019, the expected delivery period of the forecasted sales for copper related products was from January to March 2020 (2018: January to March 2019).

– **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.

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.

Accordingly, for the year ended 31 December 2019, a loss before tax of RMB1,393,000 (2018: gain before tax of RMB3,401,000) for effectiveness portion under cash flow hedge was included in the hedging reserve.

For the year ended 31 December 2019, the fair value losses of provisional price arrangements designated as fair value hedges of the Group are RMB211,714,000 (2018: fair value gain of RMB273,294,000). The net fair value gains of the hedged item, inventories, attributable to the risk hedged is RMB194,793,000 (2018: fair value losses RMB259,314,000) in aggregate.

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Derivatives not designated as hedging instruments:

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 qualified for hedging accounting.

27. 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 2017	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
Effect of business combination not under common control	18,217	–	1,152	98	–	–	10,942	754	31,163
Deferred tax charged to other comprehensive income	–	–	–	–	–	1,134	–	(62)	1,072
Deferred tax credited/ (charged) to profit or loss	(90,268)	8,463	(1,201)	(101,221)	6,229	43,226	(6,780)	(6,821)	(148,373)
At 31 December 2019	191,213	135,893	8,308	104,574	7,489	52,767	67,502	37,190	604,936

27. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Fair value gain from derivative financial instruments – transactions not qualifying as hedges *RMB'000*	Forward currency contracts, 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 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)
Effect of business combination not under common control	(3,485)	–	(297,550)	(1,239)	–	(2,590)	(304,864)
Deferred tax credited/(charged) to profit or loss	3,485	7,253	(14,090)	12,178	(16,176)	22,361	15,011
At 31 December 2019	–	–	(366,538)	(4,247)	(16,176)	(56,252)	(443,213)

27. 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 *RMB'000*	**Elimination amount** *RMB'000*	**After elimination** *RMB'000*
At 31 December 2019			
Deferred tax assets	604,936	(114,820)	490,116
Deferred tax liabilities	(443,213)	114,820	(328,393)
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:

	2019 ***RMB'000***	2018 *RMB'000*
Tax losses	**2,682,806**	1,968,069
Temporary difference	**7,691,921**	5,835,765
	10,374,727	7,803,834

The tax losses amounting to RMB2,464,000,000 (2018: RMB1,805,000,000) arising in Mainland China will expire in one to five years if not utilized, and the rest of 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.

28. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
Raw materials	**11,451,848**	7,183,604
Work in progress	**8,525,380**	5,485,482
Finished goods	**7,242,880**	4,897,730
	27,220,108	17,566,816
Less: Impairment allowance	**296,801**	307,551
	26,923,307	17,259,265

As at 31 December 2019, certain of the Group's inventories with a net book value of approximately RMB140,009,000 (2018: RMB250,000,000) were pledged to secure short term bank borrowings (note 39).

As at 31 December 2019, certain of the Group's inventories with a net book value of approximately RMB191,241,000 (2018: RMB129,391,000) were pledged as deposit for commodity derivative contracts.

As at 31 December 2019, certain of the Group's inventories with a net book value of approximately RMB9,457,000 (2018: nil) were restricted due to litigation.

As at 31 December 2019, the Group's inventories includes hedged items under hedging instrument of provisional price arrangement. The fair values of the hedged items amounted to RMB3,078,699,000 (2018: RMB2,883,906,000), which is 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.

29. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**10,629,408**	10,900,293
Bills receivable	**2,608,420**	3,229,925
	13,237,828	14,130,218
Less: Impairment allowance	**(5,698,962)**	(5,172,573)
	7,538,866	8,957,645

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 one to 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 minimise 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 related parties are repayable on similar credit terms to those offered to the major customers of the Group. Details are given in note 51.

As at 31 December 2019, nil of bills receivables (2018: RMB737,796,000) and nil of trade receivables of (2018: RMB100,000,000) were pledged to secure short-term bank borrowings (note 39).

The ageing analysis of trade and bills receivables as at the end of the reporting period, based on the goods delivery dates and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year·	**5,237,612**	6,769,832
1 to 2 years	**533,258**	770,601
2 to 3 years	**399,481**	1,080,066
Over 3 years	**1,368,515**	337,146
	7,538,866	8,957,645

29. TRADE AND BILLS RECEIVABLES (CONTINUED)

The terms of bills receivable are all less than 12 months. As at 31 December 2019, the bills receivables were neither past due nor impaired (31 December 2018: the bills receivables were neither past due nor impaired).

Movements in the loss allowance for impairment of trade receivables are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
At beginning of year	**5,172,573**	3,786,855
Impairment losses, net *(note 9)*	**522,912**	1,390,882
Effect of business combination not under common control	**3,768**	–
Amounts written off as uncollectible	**(291)**	(5,164)
At end of year	**5,698,962**	5,172,573

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 collateral has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

29. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Expected credit loss rate	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*	**Net carrying amount** *RMB'000*
Provision on individual basis	66.31%	8,172,432	(5,418,743)	2,753,689
Provision on collective basis				
Aged less than 1 year	0.11%	2,119,204	(2,233)	2,116,971
Aged 1 to 2 years	8.79%	65,102	(5,722)	59,380
Aged 2 to 3 years	55.26%	907	(501)	406
Aged over 3 years	100.00%	271,763	(271,763)	–
	53.62%	10,629,408	(5,698,962)	4,930,446

As at 31 December 2018

	Expected credit loss rate	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*	**Net carrying amount** *RMB'000*
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

30. FACTORING RECEIVABLES

	2019 ***RMB'000***	2018 *RMB'000*
Factoring receivables	**1,911,877**	2,256,013
Less: Impairment allowance	**781,821**	173,989
	1,130,056	2,082,024

As of 31 December 2019, factoring receivables were repayable within one year at interest rates ranging from 5.50% to 11.00% per annum. (2018: 5.50% to 11.00% per annum).

During the year ended 31 December 2019, RMB781,821,000 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:

	2019 ***RMB'000***	2018 *RMB'000*
At beginning of year	**173,989**	78,784
Impairment losses, net	**609,189**	95,205
Amounts written off as uncollectible	**(1,357)**	–
At end of year	**781,821**	173,989

Impairment on factoring 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.

30. FACTORING RECEIVABLES (CONTINUED)

Reconciliation of allowance for factoring receivables is as follows:

As at 31 December 2019

	12-month ECLs	Lifetime ECLs		
	Stage 1 ***RMB'000***	**Stage 2** ***RMB'000***	**Stage 3** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2019	**37,137**	**136,852**	**–**	**173,989**
Transfer	**(37,137)**	**(133,540)**	**170,677**	**–**
Impairment losses, net	**89**	**(1,051)**	**610,151**	**609,189**
Amounts written off as uncollectible	**–**	**–**	**(1,357)**	**(1,357)**
	89	**2,261**	**779,471**	**781,821**

As at 31 December 2018

	12-month ECLs	Lifetime ECLs		
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Total** *RMB'000*
At 1 January 2018	33,815	44,969	–	78,784
Transfer	(33,815)	33,815	–	–
Impairment losses, net	37,137	58,068	–	95,205
	37,137	136,852	–	173,989

31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019 ***RMB'000***	2018 *RMB'000*
Prepayments	**2,194,372**	3,177,729
Deposits and other receivables	**4,097,222**	3,488,305
Prepaid value-added tax	**1,449,682**	951,650
Inter-bank loans *(a)*	**97,431**	800,000
Deposits for prepaid lease payments	**565,940**	593,550
	8,404,647	9,011,234
Less: Impairment allowance on		
– other receivables	**956,789**	690,204
– inter-bank loans	**48,716**	–
– prepaid value added tax	**10,632**	–
	1,016,137	690,204
	7,388,510	8,321,030
Less: Non-current portion		
Prepayments	**508,675**	818,878
Deposits and other receivables	**41,175**	–
Deposits for prepaid lease payments	**565,940**	593,550
Current portion	**6,272,720**	6,908,602

a) As of 31 December 2019, the interbank loan was provided by a subsidiary of the Group, Finance Company, to other financial institutions, which has matured on 31 May 2019 (2018: 1 January 2019 to 14 January 2019), with an annual interest rate of 4.5% (2018: 4.1% to 5%). An impairment of RMB48,715,000 was provided during the year ended 31 December 2019, which is measured as lifetime expected credit losses (2018: nil).

As at 31 December 2019, certain of the Group's deposits and other receivables of RMB1,665,029,000 (2018: RMB1,716,864,000) were pledged as deposits for commodity derivative contracts.

Prepayments, other receivables and other assets due from related parties included above are disclosed in note 51 to the financial statements.

31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Movements in the provision for impairment of other receivables are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
At beginning of year	**690,204**	807,507
Impairment losses, net	**268,243**	(116,976)
Effect of business combination not under common control	**20,958**	–
Amounts written off as uncollectible	**(22,616)**	(327)
At end of year	**956,789**	690,204

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 2019

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 ***RMB'000***	**Stage 2 Individual basis** ***RMB'000***	**Stage 2 Collective basis** ***RMB'000***	**Stage 3** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2019	–	–	2,295	687,909	690,204
Transfer of financial instrument	–	–	(2,866)	2,866	–
Effect of business combination not under common control	–	–	6,980	13,978	20,958
Impairment losses, net	–	–	(38)	268,281	268,243
Written off	–	–	–	(22,616)	(22,616)
	–	–	6,371	950,418	956,789

31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 Individual basis *RMB'000*	Stage 2 Collective basis *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
At 1 January 2018	–	–	8,240	799,267	807,507
Transfer of financial instrument	–	–	(8,062)	8,062	–
Impairment losses, net	–	–	2,117	(119,093)	(116,976)
Written off	–	–	–	(327)	(327)
	–	–	2,295	687,909	690,204

32. LOANS TO FELLOW SUBSIDIARIES

	2019 ***RMB'000***	2018 *RMB'000*
Loans to fellow subsidiaries	**1,407,307**	1,229,428

Loans to fellow subsidiaries are all guaranteed by JCC. The interest rate of the short-term loans was 4.31% per annum (2018: 4.31% per annum) and such loans will be repaid within one year.

The impairment on loans to follow subsidiaries is measure as 12-month expected credit losses with a balance of RMB26,102,000 as at 31 December 2019 (31 December 2018: nil).

32. LOANS TO FELLOW SUBSIDIARIES (CONTINUED)

Reconciliation of allowance for loans to fellow subsidiaries is as follows.

	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 2019	–	–	–	–	–
Impairment losses, net	26,102	–	–	–	26,102
	26,102	–	–	–	26,102

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.

33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2019	2018
	RMB'000	*RMB'000*
Cash and bank balances	**27,634,777**	17,101,638
Time deposits	**2,115,613**	5,854,715
	29,750,390	22,956,353
Less: Restricted bank deposits *(a)*	**11,020,052**	12,308,910
Cash and cash equivalents	**18,730,338**	10,647,443

33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (CONTINUED)

a) As at 31 December 2019, the restricted bank deposits include the following:

- Deposits amounting to RMB2,231,057,000 (2018: RMB4,820,168,000) and cash in the bank amounting to RMB91,500,000 (2018: RMB3,900,000) were pledged to secure bank borrowings;

- Deposits amounting to RMB1,867,410,000 (2018: RMB845,244,000) were pledged for the issuing of letters of credit;

- Deposits amounting to RMB301,606,000 (2018: RMB6,250,000) were pledged for the issuing of letters of guarantee;

- Deposits amounting to RMB5,595,796,000 (2018: RMB5,534,922,000) were pledged for the issuing bank accepted notes;

- Deposits amounting to RMB49,851,000 (2018: RMB33,854,000) were placed as environmental recovery deposits whose usage is restricted; and

- Cash in bank amounting to RMB82,505,000(2018: Nil) is restricted due to litigation (note 49).

- Required mandatory reserve deposits and other restricted deposits amounting to RM665,411,000 (2018: RMB881,519,000) were placed by Finance Company, 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.

- Interests amounting to RMB134,916,000(2018: RMB183,053,000) were accrued on deposits with banks.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB17,860,611,000 (2018: RMB18,723,350,000). 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 2019, cash and bank balances of RMB5,883,926,000 (2018: RMB3,280,381,000) 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 seven day and one years 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.

34. 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 in view of the residual value of related assets.

During the year ended 31 December 2019, the Group disposed assets classified as held for sale with net carrying amount of RMB51,619,000. As at 31 December 2019, the remaining assets classified as held for sale of Kangtong were machineries amounting to RMB32,042,000.

In December 2019, Shandong Humon, a subsidiary of the Group transferred prepaid land lease payment amounting to RMB725,000 and buildings amounting to RMB3,758,000 to assets classified as held for sale.

35. TRADE AND BILLS PAYABLE

	2019 ***RMB'000***	2018 *RMB'000*
Trade payables	**8,363,609**	4,306,595
Bills payables	**4,176,839**	1,923,463
	12,540,448	6,230,058

The trade payables are non-interest-bearing and are normally settled on terms of 60 days.

As at 31 December 2019, the Group has no material balance of accounts payable aged over one year (31 December 2018: Nil).

Trade payables due to related parties included in trade and bills payables are disclosed in note 51.

36. OTHER PAYABLES AND ACCRUALS

	2019 ***RMB'000***	2018 *RMB'000*
Payroll and welfare	**1,061,793**	917,950
Current portion of employee benefit liabilities *(note 43)*	**35,702**	29,291
Other tax payables	**284,184**	454,308
Other payables	**2,838,880**	2,148,541
Contract liabilities *(a)*	**2,357,189**	3,311,246
Financial guarantee contracts *(b)*	**30,964**	25,492
Other long–term payables due within one year *(note 43)*	**272,239**	67,348
	6,880,951	6,954,176

(a) Details of contract liabilities are as follows:

	31 December 2019 ***RMB'000***	31 December 2018 *RMB'000*	1 January 2018 *RMB'000*
Short–term advances received from customers Sale of goods	**2,357,189**	3,311,246	1,543,606
Total contract liabilities	**2,357,189**	3,311,246	1,543,606

Contract liabilities include short–term advances received to deliver products and render construction and other services.

(b) As at 31 December 2019, 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 RMB1,403,441,000 (2018: RMB1,036,392,000), and provided a financial guarantee contract liability of RMB30,964,000 (2018: RMB25,492,000) 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 51 to the financial statements.

37. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

	2019 ***RMB'000***	2018 *RMB'000*
Deposits from a holding company and fellow subsidiaries	**1,903,889**	1,937,903

As at 31 December 2019, 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 (2018: 0.35% to 2.75% per annum) and will be repaid upon demand of the holding company and fellow subsidiaries.

38. DEFERRED REVENUE

	Government grants *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost			
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 as at 31 December 2018	523,798	–	523,798

38. DEFERRED REVENUE (CONTINUED)

	Government grants *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2019	**563,099**	**–**	**563,099**
Additions	**138,411**	**–**	**138,411**
Recognised in profit or loss	**(64,417)**	**–**	**(64,417)**
As at 31 December 2019	**637,093**	**–**	**637,093**
Less: Current portion included in current liabilities	**59,463**	**–**	**59,463**
Non–current portion	**577,630**	**–**	**577,630**

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.

39. INTEREST–BEARING BANK BORROWINGS

	2019 ***RMB'000***	2018 *RMB'000*
Bank borrowings – secured	**17,957,572**	8,446,501
Bank borrowings – unsecured	**31,997,546**	24,736,954
Interest payable	**436,364**	233,077
	50,391,482	33,416,532
On demand or within one year	**45,133,623**	30,134,532
More than one year, but not exceeding two years	**5,257,859**	2,982,000
More than two years, but not exceeding five years	**–**	300,000
	50,391,482	33,416,532
Current	**45,133,623**	30,134,532
Non–current	**5,257,859**	3,282,000

39. INTEREST–BEARING BANK BORROWINGS (CONTINUED)

The bank borrowings carry interest at rates ranging from 2.27% to 6.00% (2018: 1.12% to 6.40%) per annum.

Certain of the Group's bank loans are secured by:

(a) Mortgaged borrowings amounting to RMB15,108,431,000 (2018: RMB6,598,450,000) which were secured by:

  (i) deposits with a carrying value of RMB2,231,057,000 (2018: RMB4,820,168,000);

  (ii) cash in the bank with a carrying value of RMB39,800,000 (2018: RMB3,900,000);

  (iii) bills receivables with carrying value of nil (2018: RMB737,796,000);

  (iv) trade receivables with carrying value of nil (2018: RMB100,000,000); and

  (v) bank financial products with a carrying value of RMB143,534,000 (31 December 2018: Nil).

(b) Pledged borrowing amounting to RMB292,561,000 (2018: RMB211,982,000) which was secured by:

  (i) inventories with a carrying value of RMB140,009,000 (2018: RMB250,000,000);

  (ii) buildings with a carrying value of RMB238,626,000 (2018: RMB225,150,000);

  (iii) machineries with carrying value of RMB333,376,000 (2018: RMB372,616,000); and

  (iv) land lease payments with a carrying value of RMB105,791,000 (2018: RMB339,000,000).

(c) Guaranteed borrowing amounting to RMB2,556,580,000 (2018: RMB1,636,069,000) which was guaranteed by non–controlling interests of the Group's subsidiaries.

The directors estimate that the carrying amounts of the Group's current and non–current borrowings approximate to their fair values.

40. CORPORATE BONDS

	2019 ***RMB'000***	2018 *RMB'000*
Corporate bonds	**599,900**	500,000
Interest payable	**8,372**	6,715
	608,272	506,715
The amounts are repayable as follows:		
On demand or within one year	**108,272**	6,715
More than one year, but not exceeding five years	**500,000**	500,000
	608,272	506,715
Current portion *(a)*	**108,272**	6,715
Non–current portion *(b)*	**500,000**	500,000

(a) Pursuant to the approval of National Association of Financial Market Institutional Investors (No. [2018] PPN108), a subsidiary of the Group, Shangdong Humon, issued 1,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB100,000,000 on 26 April 2018. The bond has a life of two years from the date of issuance and bears interest at a rate of 6.98% per annum with repayment on maturity.

(b) 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.

41. PROVISION FOR REHABILITATION

	2019 ***RMB'000***	2018 *RMB'000*
Balance at 1 January	**191,429**	182,485
Addition	**6,442**	–
Effect of business combination not under common control	**45,924**	**–**
Unwinding of discount	**8,657**	8,944
Balance at 31 December	**252,452**	191,429

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.

42. EMPLOYEE BENEFIT LIABILITIES

	2019 ***RMB'000***	2018 *RMB'000*
Employee benefit liabilities	**54,861**	63,880
Less: amount due within one year included in other payables and accruals	**35,702**	29,291
Non–current portion	**19,159**	34,589

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 ispayable after 2020 and is indexed to the rate of growth of the Group's net assets.

43. OTHER LONG–TERM PAYABLES

	2019 ***RMB'000***	2018 *RMB'000*
Financing lease payable *(a)*	**653,651**	116,292
Payable to JCC *(b)*	**9,989**	11,198
Others	**184**	–
	663,824	127,490
The amounts are repayable as follows:		
On demand or within one year	**272,239**	67,348
More than one year, but not exceeding two years	**176,941**	53,148
More than two years, but not exceeding five years	**214,644**	2,010
More than five years	**–**	4,984
	663,824	127,490
Current included in other payables and accruals	**272,239**	67,348
Non–current portion	**391,585**	60,142

(a) The balance amounting to RMB653,651,000 (2018: RMB116,292,000) is resulting from several sale and leaseback contracts in terms of certain assets held by the Group with a 12–quarter instalment with starting from 25 September 2017 to 30 December 2019 (2018: a sale and leaseback contract 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 (2018: RMB140,000). The effective interest rate for the year ended 31 December 2019 was 4.35% (2018: 4.35%).

At 31 December 2019, the total future minimum lease payments under finance leases is RMB982,784 (2018: RMB114,557).

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.

44. SHARE CAPITAL

	2019	2018
	RMB'000	*RMB'000*
Balance at 31 December 2019 and 2018		
– 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.

45. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2019 and 2018 are presented in the consolidated statement of changes in equity on pages 178 to 179 of the financial statements.

46. PARTLY–OWNED SUBSIDIARIES WITH MATERIAL NON–CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non–controlling interests are set out below:

	2019
Percentage of equity interest held by non–controlling interests:	
Shandong Humon	**70.01%**

46. PARTLY–OWNED SUBSIDIARIES WITH MATERIAL NON–CONTROLLING INTERESTS (CONTINUED)

	2019 ***RMB'000***
Profit for the year allocated to non–controlling interests:	
Shandong Humon	**39,642**
Accumulated balances of non–controlling interests at the reporting date	
Shandong Humon	**4,159,101**

Details of the Group's subsidiaries that have material non–controlling interests are set out below:

	Shangdong Humon *RMB'000*
2019	
Non–current assets	6,684,548
Current assets	10,831,150
Total assets	17,515,698
Non–current liabilities	(792,537)
Current liabilities	(10,931,813)
Total liabilities	(11,724,350)
For the period from acquisition to 31 December 2019	
Revenue	16,186,937
Profit for the year	120,719
Other comprehensive income for the year	(62,267)
Net cash outflows from operating activities	(1,336,161)

47. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non–cash transactions

During the year, the Group had non–cash additions to right–of–use assets and lease liabilities of RMB193,891,000 and RMB193,891,000, respectively, in respect of lease arrangements for plant and equipment (2018: Nil).

(b) Changes in liabilities arising from financing activities

	Corporate bonds	Interest–bearing bank borrowings	Dividend	Lease Liabilities	Sale and Leaseback	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	507,022	28,584,159	–	–	187,577	29,278,758
Financing cash flows	(23,700)	3,343,640	(726,166)	–	(77,232)	2,516,542
Non–cash changes:						
Interests on borrowings	23,393	1,361,892	–	–	5,947	1,391,232
Dividend declared	–	–	726,166	–	–	726,166
Foreign exchange translation	–	126,841	–	–	–	126,841
At 31 December 2018	506,715	33,416,532	–	–	116,292	34,039,539
Financing cash flows	**(23,700)**	**7,126,416**	**(754,942)**	**(173,107)**	**115,291**	**6,289,958**
Non–cash changes:						
Effect of business combination not under common control	**99,900**	**8,023,007**	**–**	**4,100**	**403,240**	**8,530,247**
Interests on borrowings	**25,357**	**1,500,251**	**–**	**16,592**	**18,828**	**1,561,028**
Addition of principal of lease payment	**–**	**–**	**–**	**488,964**	**–**	**488,964**
Dividend declared	**–**	**–**	**754,942**	**–**	**–**	**754,942**
Foreign exchange translation	**–**	**325,276**	**–**	**–**	**–**	**325,276**
At 31 December 2019	**608,272**	**50,391,482**	**–**	**336,549**	**653,651**	**51,989,954**

47. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash flow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 ***RMB'000***
Within operating activities	**(25,884)**
Within investing activities	**(981,855)**
Within financing activities	**(173,107)**
	(1,180,846)

48. 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, 18, 19, 28, 29, 33 and 39, respectively, to the financial statements.

49. CONTINGENT LIABILITIES

A subsidiary of the Company, Shenzhen Jiangxi Copper Marketing Company Limited, is currently a defendant in a lawsuit brought by Bangdi Auto Technology Company Limited ("Bangdi Auto") alleging that the subsidiary breached a sales contract to deliver certain goods to another party, Hengbaochang Company (Shanghai) Copper Company Limited ("Hengbaochang") without receiving Bangdi Auto's delivery instructions during 2011 to 2015 (the "Litigation"). Compensation amounting to RMB1,081,872,000 is claimed by Bangdi Auto. As the actual controller of Hengbaochang was suspected of some economic crimes in the transactions involved and has been investigated by relevant judicial institutions, the facts of the case have become extremely complicated. Therefore, the Directors, based on the advice from the Group's legal counsel, are not yet able to make a reliable estimate of the outcome of the Litigation as well as the resulting loss or gain.

50. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2019 ***RMB'000***	2018 *RMB'000*
Contracted, but not provided for		
Acquisition of property, plant and equipment and exploration and evaluation rights	**518,264**	539,104
Investments in associates *(i, ii)*	**1,817,462**	1,847,206
	2,335,726	2,386,310

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. As at 31 December 2019, the Group has invested USD65,301,000 (31 December 2018: USD60,905,000).

50. COMMITMENTS (CONTINUED)

(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its buildings, mining infrastructure and motor vehicles under operating lease arrangements. Leases for buildings and mining infrastructure were negotiated for terms ranging from three to five years, and those for motor vehicles were for terms ranging between two and six years.

At 31 December 2018, the Group had total future minimum lease payments under non–cancellable operating leases falling due as follows:

	2018 *RMB'000*
Within one year	179,302
In the second to fifth years, inclusive	166,343
	345,645

51. 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:

	2019 *RMB'000*	2018 *RMB'000*
Sales to JCC:		
Sales of auxiliary industrial products	**1,041**	4,101
Sales to JCC's affiliates:		
Sales of copper rods	**509,580**	636,059
Sales of copper cathodes	**503,215**	514,700
Sales of lead material	**92,013**	40,727
Sales of auxiliary industrial products	**72,407**	63,581
Sales of zinc concentrate	**57,060**	50,273
Sales of blister copper	**10,145**	–
Sales of auxiliary materials	**9,907**	17,143
Sales of sulphuric acid	**2,870**	1,369
	1,257,197	1,323,852
Disposal of assets to JCC's affiliates:		
Sales of an unlisted equity investment	**75,111**	–
Sales of property, plant and equipment	**–**	85,243
	75,111	85,243
Purchases from JCC's affiliates:		
Purchases of auxiliary industrial products	**46,376**	113,132
Purchases of copper concentrate	**22,939**	42,799
Purchases of sulfuric and sulfuric concentrate	**10,289**	1,681
	79,604	157,612
Service fees charged to JCC:		
Supply of electricity	**5,477**	3,091
Construction services	**792**	9,136
Vehicle transportation services	**652**	144
Supply of water	**240**	248
Repair and maintenance services	**18**	326
Other management service	**4,357**	5,038
	11,536	17,983

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2019 ***RMB'000***	2018 *RMB'000*
Service fees charged to JCC's affiliates:		
Construction services	**120,940**	115,258
Supply of electricity	**27,833**	29,653
Vehicle transportation services	**24,442**	222
Rentals for public facilities and other services	**7,821**	3,239
Repair and maintenance services	**1,003**	1,697
Supply of water	**120**	123
Other management service	**8,584**	6,591
	190,743	156,783
Service fees charged by JCC:		
Labour service	**15,367**	12,007
Welfare and health care services	**1,831**	2,624
Sanitation and greening service	**319**	341
Repair and maintenance services	**180**	–
Rental fee for public facilities	**–**	191
	17,697	15,163
Service fees charged by JCC's affiliates:		
Repair and maintenance services	**177,780**	78,816
Construction services	**33,206**	15,241
Labour service	**29,222**	3,941
Brokerage agency services for commodity derivative contracts	**7,443**	20,727
Sanitation and greening service	**917**	2,950
	248,568	121,675

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2019 ***RMB'000***	2018 *RMB'000*
Loans provided to JCC's affiliates	**1,143,000**	1,370,000
Financial services provided to JCC's affiliates:		
Interest received from loans provided	**56,070**	45,313
Financial services received from JCC's affiliates:		
Interest paid for deposits made	**12,333**	7,378
Financial services received from JCC:		
Interest paid for deposits made	**5,164**	10,647

In 2018, the Group entered into rental agreements to rent certain land use rights in Jiangxi Province from JCC at an annual rental fee of RMB157,522,000 with a lease period from 1 January 2018 to 31 December 2020. The total rental fee amounted to RMB157,522,000 for the year ended 31 December 2019 (2018: RMB157,522,000).

In 2018, the Group entered into a rental agreement to rent an office building in Jiangxi Province from JCC at an annual rental fee of RMB396,000 with a lease period from 1 April 2018 to 31 March 2019. In 2019, the Group renewed the above rental agreement at an annual rental fee of RMB594,000 with a lease period from 1 April 2019 to 31 March 2020. The total rental fee amounted to RMB545,000 for the year ended 31 December 2019 (2018: RMB396,000).

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

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.

(b) Related party transactions with Company's jointly controlled entities:

	2019 ***RMB'000***	2018 *RMB'000*
Sales to a related party:		
Sales of auxiliary industrial products	**6,508**	11,569
Purchases from a related party:		
Purchases of copper concentrate	**56,033**	60,097
Loans provided to a related party:	**5,000**	–
Service fees charged to a related party:		
Supply of electricity	**2,822**	5,511
Other management fee	**–**	268
	2,822	5,779

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions with Company's non–controlling interest holders and its subsidiaries:

	2019 ***RMB'000***	2018 *RMB'000*
Sales to related parties:		
Sales of copper cathodes	**2,355,525**	2,920,528
Sales of auxiliary industrial products	**256,937**	449,656
Sales of copper concentrates	**–**	113,253
	2,612,462	3,483,437
Purchases from related parties:		
Purchases of copper concentrate	**6,933,678**	274,862
Purchases of copper cathodes	**1,341,214**	906,934
Purchases of blister copper	**432,016**	228,525
Purchases of auxiliary industrial products	**70,978**	18,413
	8,777,886	1,428,734
Purchases of equity investments	**7,856,494**	–
Service fees charged by related parties:		
Commission fee	**14,225**	–

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties:

At the end of the reporting period, the Group had the following balances with related parties:

	2019 ***RMB'000***	2018 *RMB'000*
Bills receivables:		
JCC's affiliates	**228,953**	32,685
Trade receivables:		
JCC	**2,411**	3,230
JCC's affiliates	**511,633**	452,824
Non–controlling interest holder and its subsidiary	**213**	213,061
The jointly controlled entities	**192**	–
	514,449	669,115
Prepayments:		
JCC	**–**	4,000
JCC's affiliates	**4,429**	35,408
Non–controlling interest holder and its subsidiary	**26,010**	1,373
The jointly controlled entities	**601**	–
	31,040	40,781
Other receivables:		
JCC	**117**	115
JCC's affiliates	**783,617**	690,633
The jointly controlled entities	**23,041**	1,912
Non–controlling interest holder and its subsidiary	**165,876**	–
	972,651	692,660
Interest receivables:		
JCC's affiliates	**62,731**	47,340

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (Continued)

	2019 ***RMB'000***	2018 *RMB'000*
Loans:		
JCC's affiliates	**1,344,576**	1,182,088
Trade payable:		
JCC	**25**	829
JCC's affiliates	**50,540**	56,887
The jointly controlled entities	**620**	–
Non–controlling interest holder and its subsidiary	**978,603**	330,800
	1,029,788	388,516
Contract liabilities:		
JCC	**–**	86
JCC's affiliates	**6,804**	24,611
Non–controlling interest holder and its subsidiary	**9,071**	–
	15,875	24,697
Other payables:		
JCC	**268,352**	264,265
JCC's affiliates	**33,575**	37,471
Non–controlling interest holder and its subsidiary	**22,196**	–
	324,123	301,736
Interest payable:		
JCC	**46,808**	225
JCC's affiliates	**1,177**	6,274
	47,985	6,499

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (Continued)

	2019 ***RMB'000***	2018 *RMB'000*
Deposits from customers:		
JCC	**817,517**	1,174,214
JCC's affiliates	**1,038,387**	757,190
	1,855,904	1,931,404
Lease liability:		
JCC's affiliates	**166,174**	–
Other long–term payable:		
JCC	**9,989**	11,198
JCC's affiliates	**250,177**	–
	260,166	11,198
Loans from JCC	**2,824,122**	–

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.

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Compensation of key management personnel of the Group:

	2019 ***RMB'000***	2018 *RMB'000*
Short–term employee benefits	**13,062**	12,064
Post–employment benefits	**319**	425
Performance related bonus	**50**	50
	13,431	12,539

Further details of directors and executive's remuneration are included in note 12 to the consolidation 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.

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.

52. 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 2019

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 *RMB'000*	Mandatorily designated as such *RMB'000*	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Financial instruments other than derivatives	1,967,014	10,567,349	–	8,774,155	–	21,308,518
Derivative financial instruments	–	323,663	–	–	–	323,663
Trade and bills receivables	–	–	2,593,969	–	4,930,446	7,524,415
Factoring receivables	–	–	–	–	1,130,056	1,130,056
Loans to fellow subsidiaries	–	–	–	–	1,407,307	1,407,307
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	3,189,148	3,189,148
Restricted bank deposits	–	–	–	–	11,020,052	11,020,052
Cash and cash equivalents	–	–	–	–	18,730,338	18,730,338
	1,967,014	10,891,012	2,593,969	8,774,155	40,407,347	64,633,497

52. 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	–	12,540,448	12,540,448
Financial liabilities included in other payables and accruals	–	3,142,083	3,142,083
Derivative financial instruments	396,125	–	396,125
Held for trading financial liabilities	588,279	–	588,279
Deposits from holding company and fellow subsidiaries	–	1,903,889	1,903,889
Interest–bearing bank borrowings	–	50,391,482	50,391,482
Lease liabilities	–	336,549	336,549
Corporate bonds	–	608,272	608,272
Other long–term payables	–	391,585	391,585
	984,404	69,314,308	70,298,712

52. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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 *RMB'000*	Mandatorily designated as such *RMB'000*	Debt investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *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	–	–	–	1,229,428	1,229,428
Financial assets included in prepayments, other receivables and other assets	–	–	–	3,598,101	3,598,101
Restricted bank deposits	–	–	–	12,308,910	12,308,910
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

52. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial assets at fair value through profit and loss	Financial liabilities	
	Held for trading	at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	6,230,058	6,230,058
Financial liabilities included in other payables and accruals	–	2,241,381	2,241,381
Derivative financial instruments	94,258	–	94,258
Deposits from holding company and fellow subsidiaries	–	1,937,903	1,937,903
Interest-bearing bank borrowings	–	33,416,532	33,416,532
Corporate bonds	–	506,715	506,715
Other long-term payables	–	60,142	60,142
	94,258	44,392,731	44,486,989

53. 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 2019		31 December 2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	RMB'000	***RMB'000***	RMB'000	RMB'000
Financial assets:				
Financial instruments other than derivatives (non–current)	**10,646,329**	**10,646,329**	2,272,121	2,272,121
Financial instruments other than derivatives (current)	**10,662,189**	**10,662,189**	9,791,375	9,791,375
Derivative financial instruments	**323,663**	**323,663**	263,905	263,905
Bills receivables	**2,593,969**	**2,593,969**	3,215,502	3,215,502
Inventories includes hedged items	**3,078,699**	**3,078,699**	2,883,906	2,883,906
	27,304,849	**27,304,849**	18,426,809	18,426,809
Financial liabilities:				
Derivative financial instruments	**396,125**	**396,125**	94,258	94,258
Held for trading financial liabilities	**588,279**	**588,279**	–	–
	984,404	**984,404**	94,258	94,258

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 changes in fair value as a result of the Group's own non–performance risk for interest–bearing bank borrowings and corporate bonds as at 31 December 2019 were assessed to be insignificant.

53. 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 2019.

53. 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 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.

53. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	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	115,697	–	–	115,697
Listed equity securities	9,359,595	–	–	9,359,595
Investments in financial products	300,000	–	10,151,652	10,451,652
Unlisted equity investments	–	–	834,678	834,678
Income right attached to a target equity interest	–	–	546,896	546,896
Derivative financial instruments:				
– Commodity derivative contracts	304,929	–	–	304,929
– Foreign currency forward contracts and interest rate swaps	–	18,734	–	18,734
Bills receivables	–	2,593,969	–	2,593,969
Inventories includes hedged items	3,043,632	–	–	3,043,632
	13,123,853	2,612,703	11,533,226	27,269,782
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts	211,583	–	–	211,583
– Provisional price arrangements	–	117,478	–	117,478
– Foreign currency forward contracts and interest rate swaps	–	67,064	–	67,064
Held for trading financial liabilities	–	588,279	–	588,279
	211,583	722,821	–	984,404

53. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

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

53. 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:

	2019 ***RMB'000***	2018 *RMB'000*
At 1 January	**10,911,112**	3,441,807
Purchase	**26,223,234**	16,067,986
Effect of business combination not under common control	**35,625**	–
Total gains recognised in the statement of profit or loss	**688,294**	143,310
Total gains recognised in other comprehensive income	**494**	–
Disposals	**(26,325,533)**	(8,741,991)
At 31 December	**11,533,226**	10,911,112

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 (2018: Nil).

54. 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.

54. 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 had taken place at the beginning of the reporting period and were 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**	
		2019 ***RMB'000***	2018 *RMB'000*
If interest rate increases	100	**(61,335)**	(32,820)
If interest rate decreases	(100)	**61,335**	32,820

54. 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:

		(Decrease)/increase in profit before tax	
	Fluctuation in foreign exchange rate	**2019**	2018
	%	***RMB'000***	*RMB'000*
If RMB strengthens against USD	5	**(74,375)**	(129,183)
If RMB weakens against USD	(5)	**74,375**	129,183
If RMB strengthens against HKD	5	**(25,689)**	(25,689)
If RMB weakens against HKD	(5)	**25,689**	25,689
If RMB strengthens against AUD	5	**26,997**	(18,294)
If RMB weakens against AUD	(5)	**(26,997)**	18,294

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.

54. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICY (CONTINUED)

Credit risk (Continued)

Maximum exposure and year–end staging

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.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2019

	12–month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	4,930,446	4,930,446
Factoring receivables	99,000	32,083	998,973	–	1,130,056
Financial assets included in prepayments, other receivables and other assets	2,392,174	52,118	744,856	–	3,189,148
Loans to fellow subsidiaries	1,407,307	–	–	–	1,407,307
Restrict bank deposits					
– Not yet past due	11,020,052	–	–	––	11,020,052
Cash and cash equivalents					
– Not yet past due	18,730,338	–	–	–	18,730,338
	33,648,871	84,201	1,743,829	4,930,446	40,407,347

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Maximum exposure and year–end staging (Continued)

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	2,558,889	2,089	1,037,123	–	3,598,101
Loans to fellow subsidiaries	1,229,428	–	–	–	1,229,428
Restrict bank deposits					
– Not yet past due	12,308,910	–	–	–	12,308,910
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 29 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 29 to the financial statements.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

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 2019			
	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	108,272	571,100	–	679,372
Interest-bearing bank borrowings	46,401,073	6,835,217	–	53,236,290
Trade and bills payables	12,540,448	–	–	12,540,448
Financial liabilities in other payables and accruals	3,189,148	–	–	3,189,148
Deposits from a holding company and fellow subsidiaries	1,903,889	–	–	1,903,889
Derivative financial instruments	396,125	–	–	396,125
Held for trading financial liabilities	588,279	–	–	588,279
Lease liabilities	165,432	196,785	–	362,217
Other long-term payables	272,434	450,099	–	722,533
	65,565,100	8,053,201	–	73,618,301

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	31 December 2018			
	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	564,544	–	588,244
Interest–bearing bank borrowings	30,617,821	3,379,032	–	33,996,853
Trade and bills payables	6,230,058	–	–	6,230,058
Financial liabilities in other payables and accruals	2,241,381	–	–	2,241,381
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
	41,145,121	4,003,028	965	45,149,114

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 2019, the aggregates undiscounted principal amounts of these bank borrowings were nil (2018: nil). 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 are no aggregate principal and interest cash outflows (2018: nil).

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 sales of gold and silver products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires and gold lease contracts.

Financial assets and liabilities of the Group whose fair value changes are 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 and gold, 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	
	2019 ***RMB'000***	2018 *RMB'000*
If market price increases 5% in copper	**(116,896)**	(166,780)
If market price decreases 5% in copper	**116,896**	166,780
If market price increases 5% in gold	**(119,073)**	–
If market price decreases 5% in gold	**119,073**	–

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Total capital of the Group is the total equity in the consolidated financial position. The Group is not subject to any externally imposed capital requirements. The Group monitors capital using the debt–to–asset ratio, which is total liabilities divided by total assets.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

The Group's debt–to–asset ratio as at the end of the reporting period was as follows:

	31 December 2019 *RMB'000* **(Audited)**	1 January 2019 *RMB'000* (note)	31 December 2018 *RMB'000* (Audited)
Interest–bearing bank borrowings	**50,391,482**	33,416,532	33,416,532
Lease liabilities	**336,549**	295,073	–
Trade and bills payables	**12,540,448**	6,230,058	6,230,058
Financial liabilities included in other payables and accruals	**3,142,083**	2,241,381	2,241,381
Corporate bonds	**608,272**	506,715	506,715
Less: Cash and cash equivalents	**18,730,338**	10,647,443	10,647,443
Net debt	**48,288,496**	32,042,316	31,747,243
Equity attributable to owners of the Company	**52,745,618**	49,766,311	49,766,311
Less: Hedging reserves	**(1,393)**	3,401	3,401
Adjusted capital	**52,747,011**	49,762,910	49,762,910
Adjusted capital and net debt	**101,035,507**	81,805,226	81,510,153
Gearing ratio	**48%**	39%	39%

Note: The Group has adopted IFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 January 2019 with no adjustments to the comparative amounts as at 31 December 2018. This did not result in a significant effect on the Group's gearing ratio on 1 January 2019 when compared with the position as at 31 December 2018.

55. EVENTS AFTER THE REPORTING PERIOD

(a) Shandong Humon proposed to issue no more than 273,040,476 A share to certain specific subscribers (the "Non–public Issuance"). On 24 February 2020, the Company entered into a subscription agreement (the "Subscription Agreement") with Shandong Humon in relation to the subscription of 88,949,181 ordinary shares of Shandong Humon to be non–publicly issued and listed on Shenzhen Stock Exchange pursuant to the Non–public Issuance. The total consideration is RMB1,032,700,000 in cash. The Subscription Agreement shall be effective upon the satisfaction in full of the following conditions:

(i) the Non–public Issuance and the Subscription Agreement having been approved by the board of directors and shareholders' general meeting of the Target Company; (ii) the Non–public Issuance having been approved by the relevant state–funded enterprise(s); (iii) the Non–public Issuance having been approved by the China Securities Regulatory Commission. Upon completion, the Company will own 30.59% of the total issued shares of Shandong Humon.

(b) From the beginning of 2020 to the date of this announcement, as a result of the impact of novel coronavirus (COVID–19) pneumonia outbreak, downward pressure on global economy was obviously heightened, giving rise to the fluctuation risk of non–ferrous metal prices. In response to the continued spreading of the disease outbreak, the management will further enhance the countermeasures, strengthen the tracking and forecast on the prices of bulk commodities and metals, strive to ensure steady production and operation, and minimise the negative impact of the disease outbreak on the Group's production and operation as much as possible.

56. COMPARATIVE AMOUNTS

(i) As further explained in note 2.2 to the financial statements, the Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, IAS 17, and related interpretations.

(ii) For financial assets and liabilities measured at amortised cost, reclassifications have been made on comparative figures to conform to the current year's presentation. The following table reconciles those financial assets and liabilities under original classification to current classification:

	31 December 2019	Reclassification	31 December 2018
	RMB'000	*RMB'000*	*RMB'000* (Restated)
Current assets:			
Prepayments, other receivables and other assets	**7,138,995**	(230,393)	6,908,602
Loans to fellow subsidiaries	**1,182,088**	47,340	1,229,428
Restricted bank deposits	**12,125,857**	183,053	12,308,910
Current liability:			
Other payables and accruals	**7,193,968**	(239,792)	6,954,176
Interest–bearing bank borrowings	**29,901,455**	233,077	30,134,532
Corporate bonds	**–**	6,715	6,715

57. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 ***RMB'000***	2018 *RMB'000*
Non–current assets		
Property, plant and equipment	**14,749,243**	14,276,225
Investment properties	**164,581**	168,239
Right–of–use assets	**655,741**	–
Prepaid land lease payments	**–**	501,465
Intangible assets	**832,856**	1,188,063
Exploration and evaluation assets	**705,190**	582,958
Investments in subsidiaries	**23,631,752**	13,718,386
Investments in joint ventures	**25,181**	24,578
Investments in associates	**3,155,669**	2,930,069
Financial instruments other than derivatives	**845,955**	935,553
Prepayments, other receivables and other assets	**813,300**	897,387
Deferred tax assets	**202,565**	199,995
Total non–current assets	**45,782,033**	35,422,918
Current assets		
Inventories	**9,923,348**	10,779,519
Trade and bills receivables	**6,093,667**	6,345,195
Prepayments, other receivables and other assets	**7,194,435**	6,267,128
Derivative financial instruments	**15,465**	–
Cash and cash equivalents	**9,583,300**	12,351,004
Total current assets	**32,810,215**	35,742,846
Total assets	**78,592,248**	71,165,764

57. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2019 ***RMB'000***	2018 *RMB'000*
Current liabilities		
Trade and bills payables	**2,405,298**	1,842,707
Other payables and accruals	**5,091,106**	2,679,315
Derivative financial instruments	**150,195**	20,966
Interest–bearing bank borrowings	**10,040,720**	9,855,723
Lease liabilities	**138,852**	–
Income tax payable	**378,479**	–
Total current liabilities	**18,204,650**	14,398,711
Net current assets	**14,605,565**	21,344,135
Total assets less current liabilities	**60,387,598**	56,767,053
Non–current liabilities		
Interest–bearing bank borrowings	**4,892,858**	3,000,000
Corporate bonds	**500,000**	500,000
Provision for rehabilitation	**180,527**	172,470
Employee benefit liabilities	**3,172**	14,607
Deferred revenue	**264,170**	301,482
Other long–term payables	**8,164**	9,188
Total non–current liabilities	**5,848,891**	3,997,747
Net assets	**54,538,707**	52,769,306
Equity		
Equity attributable to owners of the parent		
Capital and reserves		
Share capital	**3,462,729**	3,462,729
Reserves	**51,075,978**	49,306,577
Total equity	**54,538,707**	52,769,306

57. 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**	**Safety Fund surplus reserve**	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	12,870,564	4,950,393	9,644,881	293,244	18,603,110	46,362,192
Total comprehensive 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
Total comprehensive income for the year	**30,315**	**–**	**–**	**–**	**2,431,632**	**2,461,947**
Dividend declared					**(692,546)**	**(692,546)**
Transfer between categories	**–**	**246,783**	**–**	**36,203**	**(282,986)**	**–**
At 31 December 2019	**12,900,879**	**5,545,146**	**9,644,881**	**301,603**	**22,683,469**	**51,075,978**

58. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2020.

Financial Summary

	2019	2018	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	**239,585,489**	214,395,309	204,241,187	201,735,193	185,235,796
Cost of sales	**-231,172,158**	-207,552,232	-195,642,937	-195,167,806	-181,457,348
Gross profit	**8,413,331**	6,843,077	8,598,250	6,567,387	3,778,448
Other income, Other gains and losses	**1,202,536**	1,658,711	-2,422,198	-926,726	1,108,412
Selling and distribution costs	**-683,412**	-569,029	-533,434	-569,017	-515,356
Administrative expenses	**-2,417,503**	-1,787,275	-1,851,515	-1,686,835	-2,043,194
Impairment losses on financial assets	**-1,475,161**	-1,369,111	–	–	–
Finance costs	**-1,883,826**	-1,409,007	-917,961	-1,253,858	-828,143
Share of profits and losses of:					
Joint ventures	**-48,336**	-30,243	-36,963	-42,259	-39,266
Associates	**27,164**	-74,998	70,056	-8,557	-243,012
PROFIT BEFORE TAX	**3,134,793**	3,262,125	2,906,235	2,080,135	1,217,889
Income tax	**-982,425**	-839,539	-1,146,051	-1,089,093	-478,283
PROFIT FOR THE YEAR	**2,152,368**	2,422,586	1,760,184	991,042	739,606
Attributable to:					
Owners of the Company	**2,437,988**	2,415,017	1,651,113	839,033	690,762
Non-controlling interests	**-285,620**	7,569	109,071	152,009	48,844
	2,152,368	2,422,586	1,760,184	991,042	739,606
Total assets	**134,913,915**	102,865,824	97,469,819	87,482,454	89,853,829
Total liabilities	**-75,881,314**	-50,839,134	-47,468,135	-38,287,755	-41,907,857
Non-controlling interests	**-6,286,983**	-2,260,379	-2,450,803	-2,343,553	-1,961,493
Equity attributable to owners of the parent	**-52,745,618**	-49,766,311	-47,550,881	-46,851,146	-45,984,479

Jiangxi Copper Company Limited