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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the “Board”) of Zijin Mining Group Co., Ltd.* (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2017. (China Accounting Standards for Business Enterprises (“CAS”) and the related laws and regulations were adopted for the preparation of the financial statements.)

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position
As at 31 December 2017
RMB

<u>ASSETS</u>	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
CURRENT ASSETS			
Cash and cash equivalents		5,936,066,673	5,022,502,044
Financial assets at fair value through profit or loss		2,553,927,721	1,251,779,930
Bills receivable		1,519,375,541	875,760,717
Trade receivables	13	1,292,864,505	783,067,488
Prepayments		1,344,141,153	869,773,560
Other receivables		1,153,002,957	997,209,895
Inventories		11,089,834,955	12,002,626,649
Current portion of non-current assets		257,775,683	366,489,750
Other current assets		3,528,021,403	1,970,998,795
Total current assets		<u>28,675,010,591</u>	<u>24,140,208,828</u>
NON-CURRENT ASSETS			
Available-for-sale investments		778,201,186	1,076,496,651
Long-term equity investments		6,797,348,216	7,909,027,958
Investment properties		350,540,469	193,291,103
Fixed assets		30,136,199,603	32,530,610,194
Construction in progress		3,122,296,899	3,984,843,811
Construction materials		174,271,545	194,114,106
Intangible assets		9,903,526,027	10,257,008,960
Goodwill		463,597,655	463,597,655
Long-term deferred assets		1,114,758,644	1,185,962,369
Deferred tax assets		840,108,626	873,576,042
Other non-current assets		6,959,404,089	6,408,962,582
Total non-current assets		<u>60,640,252,959</u>	<u>65,077,491,431</u>
TOTAL ASSETS		<u><u>89,315,263,550</u></u>	<u><u>89,217,700,259</u></u>

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position (continued)
As at 31 December 2017
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
CURRENT LIABILITIES			
Short-term borrowings		9,855,873,011	12,350,040,250
Financial liabilities at fair value through profit or loss		2,314,244,937	93,140,487
Bills payable		179,417,453	252,074,617
Trade payables	14	4,216,836,578	4,727,394,558
Advances from customers		2,143,111,140	2,086,548,542
Employee benefits payable		661,764,830	652,672,744
Taxes payable		1,175,693,479	490,865,153
Dividends payable		4,193,049	27,165,124
Other payables		3,642,115,277	3,953,476,058
Current portion of non-current liabilities		4,600,343,261	4,218,609,112
Other current liabilities		-	5,000,000,000
Total current liabilities		<u>28,793,593,015</u>	<u>33,851,986,645</u>
NON-CURRENT LIABILITIES			
Long-term borrowings		6,599,046,795	5,775,423,277
Bonds payable		13,779,116,465	16,270,310,335
Long-term payables		563,703,645	397,617,073
Provision		861,014,312	871,311,724
Deferred income		451,419,375	453,473,146
Deferred tax liabilities		624,524,725	481,069,873
Total non-current liabilities		<u>22,878,825,317</u>	<u>24,249,205,428</u>
TOTAL LIABILITIES		<u>51,672,418,332</u>	<u>58,101,192,073</u>

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Financial Position (continued)
As at 31 December 2017
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u> (continued)	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
EQUITY			
Share capital		2,303,121,889	2,154,074,365
Other equity instrument		498,550,000	-
Capital reserve		11,109,919,061	6,703,357,022
Other comprehensive income	11	(602,893,526)	(642,687,760)
Special reserve		176,862,772	159,412,702
Surplus reserve		1,319,401,104	1,319,401,104
Retained earnings	15	<u>20,194,761,855</u>	<u>18,068,917,361</u>
Equity attributable to owners of the parent		<u>34,999,723,155</u>	<u>27,762,474,794</u>
Non-controlling interests		<u>2,643,122,063</u>	<u>3,354,033,392</u>
TOTAL EQUITY		<u>37,642,845,218</u>	<u>31,116,508,186</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>89,315,263,550</u>	<u>89,217,700,259</u>

Zijin Mining Group Co., Ltd.*
Consolidated Statement of Profit or Loss
For the year ended 31 December 2017
RMB

	<u>Note</u>	<u>2017</u>	<u>2016</u>
OPERATING INCOME	2	94,548,619,098	78,851,137,811
Less: Operating costs	2	81,371,973,684	69,782,246,837
Taxes and surcharges	3	1,352,340,359	907,955,846
Selling expenses		748,942,449	667,483,736
Administrative expenses		2,994,070,229	2,822,472,260
Financial expenses	4	2,012,950,292	581,525,541
Impairment losses on assets	5	2,220,905,893	560,842,460
Add: Gains on changes in fair value	6	750,200,343	756,641,718
Investment income/(losses)	7	155,670,082	(1,973,336,425)
<i>Including: Share of (losses)/profits of associates and joint ventures</i>		(29,259,162)	92,415,676
Gains on disposal of assets		44,456,123	1,053,649
Other income		228,882,015	-
		<hr/>	<hr/>
OPERATING PROFIT		5,026,644,755	2,312,970,073
Add: Non-operating income	8	57,610,854	251,616,241
Less: Non-operating expenses	9	516,295,416	438,534,608
		<hr/>	<hr/>
PROFIT BEFORE TAX		4,567,960,193	2,126,051,706
Less: Income tax expenses	1	1,320,410,996	438,783,804
		<hr/>	<hr/>
NET PROFIT		<u>3,247,549,197</u>	<u>1,687,267,902</u>
Classification according to the continuity of operation			
Net profit from continuing operations		3,247,549,197	1,687,267,902
Net profit from discontinued operations		-	-
Attributable to:			
Owners of the parent		3,507,717,627	1,839,798,820
Non-controlling interests		(260,168,430)	(152,530,918)

Zijin Mining Group Co., Ltd.*
 Consolidated Statement of Profit or Loss (continued)
 For the year ended 31 December 2017
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	<u>Note</u>	<u>2017</u>	<u>2016</u>
NET OTHER COMPREHENSIVE INCOME AFTER TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Changes in fair value of available-for-sale investments		(109,669,097)	236,688,217
Exchange differences arising from translation of financial statements denominated in foreign currencies		(18,760,719)	119,025,748
Effective part of cash flow hedging instruments		<u>168,224,050</u>	<u>(168,224,050)</u>
Net other comprehensive income after tax attributable to owners of the parent		39,794,234	187,489,915
Net other comprehensive income after tax attributable to non-controlling interests		<u>20,989,731</u>	<u>(29,219,268)</u>
		<u>60,783,965</u>	<u>158,270,647</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,308,333,162</u>	<u>1,845,538,549</u>
Attributable to:			
Owners of the parent		3,547,511,861	2,027,288,735
Non-controlling shareholders		(239,178,699)	(181,750,186)
Earnings per share			
Basic earnings per share	10	<u>0.16</u>	<u>0.09</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements
For the year ended 31 December 2017
RMB

1. Taxes

Major taxes and tax rates

Value-added tax (“VAT”) Sales of final gold products and carrying-gold minerals are exempted from VAT. The output VAT rate for mining and processing of ferrous metals such as iron concentrates and nonferrous metals such as copper concentrates, zinc concentrates, and the sales and processing of copper cathodes, zinc bullion, silver bullion and materials is 17%. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.

VAT rate for transportation service income is 11%, and that for trademark royalty income and technical service income is 6%. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. Small-scale taxpayer’s VAT rate for all the income mentioned above is 3%.

Urban construction and maintenance tax Levied on actual payment of turnover tax at rates ranging from 1% to 7%.

Resource tax Before 1 July 2016, tax rates for gold resources ranged from RMB1.5 to RMB7 (2015: RMB1.5 to RMB7) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2015: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rates for iron resources were RMB6.4 to RMB12.8 (2015: RMB6.4 to RMB12.8) per tonne according to the ore quantity of the concentrates; tax rates for zinc-lead resources were RMB10 to RMB20 (2015: RMB10 to RMB20) per tonne according to the ore quantity.

Since 1 July 2016, taxes on the above mineral resources were calculated with price-based method instead of quantity-based method. The basis for taxation was adjusted from original ore quantity to the sales amount of original ore concentrates (or processed products from original ore), primary products or gold bullion.

The tax rates are 1% to 4% for gold resources; 2% to 7% for copper resources; 1% to 6% for iron resources; and 2% to 6% for zinc-lead resources.

Resource compensation fee Before 1 July 2016, the resource compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: mineral sales revenue x resource compensation rate x coefficient of mining recovery. Resource compensation rates range from 2% to 4%.

Since 1 July 2016, the resource tax reform was implemented, the mineral resource compensation fee was no longer levied.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
RMB

1. Taxes (continued)

Major taxes and tax rates (continued)

Corporate income tax	Provision for tax for the Company and the Company's subsidiaries incorporated and operating in the PRC has been made at the rate of 25% based on the taxable profits, except for certain companies in the Group which enjoyed tax concession and preferential tax rate under approval documents and are further mentioned below. Provision for tax for the Company's subsidiaries incorporated and operating in Hong Kong has been made at the rate of 16.5% on the assessable profits for the year. Provision for tax for the Company's subsidiaries or joint operation incorporated and operating in Australia, the Democratic Republic of the Congo and Papua New Guinea has been made at the rate of 30% on the assessable profits for the year. Provision for tax for the Company's subsidiaries incorporated and operating in Republic of Tajikistan has been made at the rate of 13% on the assessable profits. Provision for tax for the Company's subsidiaries incorporated and operating in the Russian Federation has been made at the rate of 20% on the assessable profits. Provision for tax for the Company's subsidiaries incorporated and operating in the Kyrgyz Republic has been made at the rate of 0% on the assessable profits pursuant to the local tax laws and regulations applicable to taxpayers who engage in mining activities and sales of gold ores, gold concentrates, alloy gold and refined gold, and at the same time provision for income tax has been made at certain proportion of the income (according to the range of gold price at the tax rate of 1% to 20%).
Land value-added tax	Pursuant to the "Regulations of land value-added tax of the People's Republic of China (Tentative)", land value-added tax was calculated based on the value added from transfer of real estates and the stipulated tax rate, at the rate of the 4th-level super progressive tax rate (30%-60%).

Tax incentives

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No. 58), from 1 January 2011 to 31 December 2020, the enterprises in the western region, which are principally engaged in encouraged industries as indicated in the Catalogue of Encouraged Industries of Western Region and the Catalogue of Industrial Structure Adjustment Guidance (2011 version) (Revised) (The National Development and Reform Commission Order [2013] No. 21) and which generate over 70% of their operating income from the encouraged industries could apply for a tax incentive. After getting the approval of the tax bureau in charge, those enterprises could enjoy a reduced corporate income tax ("CIT") rate of 15%. In 2017, the following subsidiaries obtained the approval of the tax bureau in charge and were granted a reduced CIT rate of 15%:

- (1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong [2017] No. 5554) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 20 February 2017, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.
- (2) Pursuant to the Reference Table of Preferential Corporate Income Tax approved by Xinjiang Autonomous Region Wujia County State Tax Bureau on 17 January 2017, Xinjiang Zijin Zinc Industry Co., Ltd. ("Xinjiang Zijin Zinc Industry") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
RMB

1. TAXES (continued)

Tax incentives (continued)

(3) Pursuant to the Notice of Tax Issue (Fu Di Shui Tong [2017] No. 404) issued by Xinjiang Autonomous Region Fuyun County Local Tax Bureau, the items in the application for CIT concession filed by Xinjiang Jinbao Mining Company Limited (“Xinjiang Jinbao”) on 1 April 2017 met the approval conditions, and thus Xinjiang Jinbao was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.

(4) Pursuant to the Reference Table of Preferential Corporate Income Tax approved by Hunchun Border Economic Cooperation Zone State Tax Bureau on 12 March 2018, Hunchun Zijin Mining Company Limited (“Hunchun Zijin”) was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2017.

Pursuant to the Notice in relation to Revision and Issuance of “Administration Policy for the Determination of High and New Technology Enterprise” issued by the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation (Guo Ke Fa Huo [2016] No. 32) and the Notice in relation to Revision and Issuance of “Administration Guideline on the Determination of High and New Technology Enterprise” issued by the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation (Guo Ke Fa Huo [2016] No. 195), the Company obtained the Certificate of High and New Technology Enterprise jointly issued by authorities including the Science and Technology Department of Fujian Province, Finance Department of Fujian Province, State Tax Bureau of Fujian Province, Local Tax Bureau of Fujian Province, etc. on 23 October 2017 (reference number: GR201735000251). The validity period of the certificate is from 23 October 2017 to 23 October 2020. Pursuant to the Notice of Tax Issue issued by Fujian Province Shanghang County Local Tax Bureau on 26 January 2018 (Hang Di Shui Tong [2018] No. 326), Zijin Mining Group Co., Ltd.* was entitled to the preferential CIT policies of high and new technology enterprise and entitled to a tax concession of CIT rate of 15% in 2018.

	2017	2016
Current income tax expenses	1,181,765,670	513,397,489
Deferred tax expenses	<u>138,645,326</u>	<u>(74,613,685)</u>
	<u>1,320,410,996</u>	<u>438,783,804</u>

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

	2017	2016
Profit before tax	4,567,960,193	2,126,051,706
Tax at the statutory tax rate (Note 1)	1,141,990,048	531,512,927
Effect of different tax rates applicable to certain subsidiaries (Note 1)	(608,906,485)	(419,721,558)
Adjustments in respect of current tax of previous periods	464,740	(38,635,412)
Income not subject to tax (Note 2)	(15,574,427)	(67,010,740)
Expenses not deductible for tax	67,693,562	65,151,747
Tax losses utilised from previous periods	(98,904,933)	(162,321,768)
Effect of unrecognised deductible temporary differences and deductible tax losses	<u>833,648,491</u>	<u>529,808,608</u>
Tax charge at the Group’s effective tax rate	<u>1,320,410,996</u>	<u>438,783,804</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
RMB

1. TAXES (continued)

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

Note 2: In 2017, income not subject to tax mainly included investment losses from long-term equity investments under the equity method of RMB29,259,162 (2016: investment income of RMB92,415,676), investment income from available-for-sale investments under the cost method of RMB18,478,000 (2016: RMB36,470,000). A portion of the sales income of the Group's products relating to comprehensive resources recovery complied with the national industrial policies and enjoyed a tax concession of 90% reduction on assessable profits. The amount of 10% of such sales income totaled RMB42,075,634 (2016: RMB38,872,002).

2. OPERATING INCOME AND OPERATING COSTS

	2017		2016	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	93,789,085,365	80,874,651,456	78,064,758,266	69,277,920,817
Other operations	759,533,733	497,322,228	786,379,545	504,326,020
	94,548,619,098	81,371,973,684	78,851,137,811	69,782,246,837

During year 2017, more than 99% (2016: more than 99%) of the operating income arose from sales of commodities. As such, the management of the Group considers that disclosure of the operating income and costs based on the nature of income is unnecessary.

3. TAXES AND SURCHARGES

	2017	2016
Consumption tax	471,070	495,818
Business tax	1,378,364	44,864,722
Urban construction and maintenance tax	87,652,716	58,092,259
Resource tax	858,472,809	646,358,470
Education surcharges	95,114,327	36,310,429
Land use tax	42,428,302	21,824,049
Vehicle and vessel use tax (Note)	838,717	782,875
Stamp duty (Note)	46,892,366	18,341,538
Property tax (Note)	64,157,454	36,961,219
Land value-added tax	51,762,834	13,647,635
Farmland occupation tax	11,889,481	1,796,676
Others	91,281,919	28,480,156
	1,352,340,359	907,955,846

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
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3. TAXES AND SURCHARGES (continued)

In 2016, as required by the Provisions on the Accounting Treatment for Value-added Tax (Cai Kuai [2016] No. 22), the Group changed “Business taxes and surcharges” in the statement of profit or loss to “Taxes and surcharges”. Relevant taxes arising from operating activities since 1 May 2016, such as property tax, land use tax, vehicle and vessel use tax and stamp duty, were presented under “Taxes and surcharges” instead of “Administrative expenses”; however, the taxes incurred before 1 May 2016 (except property tax and land use tax related to investment properties that were already recorded under “Business taxes and surcharges”) were still presented under “Administrative expenses”.

4. FINANCIAL EXPENSES

	2017	2016
Interest expenses:	1,666,098,224	1,663,140,073
<i>Including: Bank loans</i>	908,004,465	895,719,586
<i>Bonds payable</i>	686,351,537	652,723,401
<i>Ultra short-term financing bonds</i>	71,742,222	114,697,086
Less: Interest income	321,154,652	309,138,023
Capitalised interest expenses	77,054,920	179,433,086
Exchange gains/(losses)	688,501,032	(695,249,908)
Bank charges	56,560,608	102,206,485
	<u>2,012,950,292</u>	<u>581,525,541</u>

Capitalised interest expenses in 2017 were included in construction in progress and inventories. In 2017 and 2016, there was no interest income arising from impaired financial assets.

5. IMPAIRMENT LOSSES ON ASSETS

	2017	2016
Bad debt provision for trade and other receivables	10,474,329	33,280,417
Provision for decline in value of inventories	(866,177)	73,416,667
Impairment provision for available-for-sale investments	49,704,548	3,888,677
Impairment provision for fixed assets	1,058,059,268	334,186,189
Impairment provision for construction in progress	614,088,766	22,631,859
Impairment provision for intangible assets	328,544,339	52,150,502
Impairment provision for goodwill	-	33,161,050
Impairment provision for other current assets	-	5,527,310
Impairment provision for other non-current assets	156,707,717	2,599,789
Impairment provision for construction materials	4,193,103	-
	<u>2,220,905,893</u>	<u>560,842,460</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
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6. GAINS ON CHANGES IN FAIR VALUE

	2017	2016
Financial assets at fair value through profit or loss	691,474,780	683,420,567
Financial liabilities at fair value through profit or loss	58,725,563	73,221,151
	750,200,343	756,641,718

Gains on changes in fair value are as follows:

	2017	2016
1. Held-for-trading equity instrument investments - Gains arising from changes in fair value of stock investments	726,127,489	818,105,368
2. Gains or losses arising from changes in fair value of gold leasing at fair value	36,846,028	(370,183,706)
3. Hedging instruments – Gains or losses arising from changes in fair value of ineffectively hedged derivative instruments	19,869,910	(19,869,910)
4. Gains or losses arising from changes in fair value of derivative instruments without designated hedging relationship	(58,510,572)	308,723,825
(4-1) Cross currency swap	11,217,858	(34,537,624)
(4-2) Gold leasing hedging contracts	-	344,205,585
(4-3) Commodity hedging contracts	(69,728,430)	(944,136)
5. Others	25,867,488	19,866,141
	750,200,343	756,641,718

7. INVESTMENT INCOME/(LOSSES)

	2017	2016
(Losses)/Gains from long-term equity investments under the equity method	(29,259,162)	92,415,676
<i>Including: Share of profits/(losses) of associates</i>	126,679,486	(19,842,742)
<i>Share of (losses)/profits of joint ventures</i>	(155,938,648)	112,258,418
Gains/(Losses) on disposal of long-term equity investments	318,166,951	(14,055,206)
<i>Including: Gains/(Losses) on disposal of subsidiaries</i>	323,255,241	(14,055,206)
Losses on disposal of financial assets and financial liabilities at fair value through profit or loss	(393,158,287)	(2,206,477,807)
Gains on disposal of available-for-sale investments	240,929,937	110,018,624
<i>Including: Gains on disposal of available-for-sale investments measured at cost</i>	18,478,000	36,470,000
<i>Gains on disposal of available-for-sale investments measured at fair value</i>	222,451,937	73,548,624
Others	18,990,643	44,762,288
	155,670,082	(1,973,336,425)

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
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7. INVESTMENT INCOME/(LOSSES) (continued)

In the year of 2017, investment income from investments in listed companies was RMB263,275,118 (2016: gains of RMB11,463,799), and investment losses from investments in unlisted companies was RMB107,605,036 (2016: losses of RMB1,984,800,224).

Losses on disposal of financial assets and liabilities at fair value through profit or loss are as follows:

	2017	2016
1. Held for trading equity instrument investments – gains/(losses) arising from stocks investments	40,823,181	(62,084,825)
2. Losses arising from gold leasing at fair value	(34,317,510)	(726,914,159)
3. Hedging instruments - Losses arising from ineffectively hedged derivative instruments	(32,406,939)	(371,225,144)
4. Losses arising from derivative instruments without designated hedging relationship	(374,580,431)	(1,026,496,553)
(4-1) Cross currency swap	14,775,249	39,974,274
(4-2) Gold leasing hedging contracts	3,617,320	(91,054,412)
(4-3) Commodity hedging contracts	(392,973,000)	(975,416,415)
5. Others	7,323,412	(19,757,126)
	<u>(393,158,287)</u>	<u>(2,206,477,807)</u>

8. NON-OPERATING INCOME

	2017	2016	Non-recurring profits or losses in 2017
Government grants related to assets	-	68,564,464	-
Government grants related to income	2,000,000	101,425,235	2,000,000
Penalty income	8,456,396	6,943,066	8,456,396
Gains on business combination not involving enterprises under common control	-	53,053,260	-
Reversal of bad debt written-off	18,347,100	-	18,347,100
Others	28,807,358	21,630,216	28,807,358
	<u>57,610,854</u>	<u>251,616,241</u>	<u>57,610,854</u>

Zijin Mining Group Co., Ltd.*
Notes to Financial Statements (continued)
For the year ended 31 December 2017
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9. NON-OPERATING EXPENSES

	2017	2016	Non-recurring profits or losses in 2017
Losses on disposal of non-current assets	278,806,173	286,816,959	278,806,173
<i>Including: Losses on disposal of fixed assets</i>	<i>259,364,127</i>	<i>282,937,920</i>	<i>259,364,127</i>
<i>Losses on disposal of intangible assets</i>	<i>18,891,557</i>	-	<i>18,891,557</i>
<i>Losses on disposal of other non-current assets</i>	<i>550,489</i>	<i>3,879,039</i>	<i>550,489</i>
Donations	154,494,008	102,107,915	154,494,008
Penalties and compensations	46,620,256	23,576,810	46,620,256
Net losses arising from natural disasters	-	41,220	-
Losses on stocktaking	440,228	114,889	440,228
Others	35,934,751	25,876,815	35,934,751
	<u>516,295,416</u>	<u>438,534,608</u>	<u>516,295,416</u>

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares is determined from the date the consideration is due (generally the issuing date of shares) according to the provisions in the issuing agreement.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2017	2016
Earnings		
Consolidated net profit attributable to owners of the parent	<u>3,507,717,627</u>	<u>1,839,798,820</u>
Attributed to:		
Continuing operations	3,507,717,627	1,839,798,820
Discontinued operations	-	-
Shares		
Weighted average number of ordinary shares outstanding	<u>22,443,195,782</u>	<u>21,540,825,842</u>
Earnings per share	<u>0.16</u>	<u>0.09</u>

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11. OTHER COMPREHENSIVE INCOME

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

2017

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

2016

	Opening balance	Movements			Closing balance
		Amount before tax	Income tax	Amount after tax	
Changes in fair value of available-for-sale investments	(103,157,746)	236,896,364	(208,147)	236,688,217	133,530,471
Effective part of cash flow hedging instruments	-	(203,950,925)	35,726,875	(168,224,050)	(168,224,050)
Exchange differences arising from translation of financial statements denominated in foreign currencies	(727,019,929)	119,025,748	-	119,025,748	(607,994,181)
	<u>(830,177,675)</u>	<u>151,971,187</u>	<u>35,518,728</u>	<u>187,489,915</u>	<u>(642,687,760)</u>

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Notes to Financial Statements (continued)
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11. OTHER COMPREHENSIVE INCOME (continued)

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

2017

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

2016

	Amount before tax	Less: Amount of other comprehensive income recognised in the previous period transferred into profit or loss during the current period	Less: Income tax	Attributable to the parent	Attributable to non-controlling interests
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Change in fair value of available-for-sale investments	266,575,790	32,843,646	219,102	236,688,217	(3,175,175)
Effective part of cash flow hedging instruments	(214,210,702)	-	(38,196,894)	(168,224,050)	(7,789,758)
Exchange differences arising from translation of financial statements denominated in foreign currencies	100,771,413	-	-	119,025,748	(18,254,335)
	<u>153,136,501</u>	<u>32,843,646</u>	<u>(37,977,792)</u>	<u>187,489,915</u>	<u>(29,219,268)</u>

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12. OPERATING SEGMENT INFORMATION

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

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and the gold bullion in the business of physical gold trading;
- (3) the gold concentrates segment engages in the production of gold concentrates that are up to smelting standard by processing gold ore produced by the Group;
- (4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;
- (5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;
- (6) the copper concentrates segment engages in the production of copper concentrates that are up to smelting standard by processing copper ore produced by the Group;
- (7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron concentrates;
- (8) the zinc bullion segment engages in the production of zinc bullion; and
- (9) segment of others comprises, principally, the production of vitriol, copperplate, silver, iron and real estate development.

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

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

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

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

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12. OPERATING SEGMENT INFORMATION (continued)
2017

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Segment revenue:											
Sales to external customers	3,354,904,047	40,361,174,413	2,921,302,995	739,226,086	14,138,266,094	6,253,098,133	5,921,940,639	3,755,347,934	17,103,358,757	-	94,548,619,098
Intersegment sales	2,807,867,220	8,075,721,449	236,220,394	29,018,687	3,922,241,270	141,457,849	662,755,736	213,408,777	5,314,072,618	(21,402,764,000)	-
Total	6,162,771,267	48,436,895,862	3,157,523,389	768,244,773	18,060,507,364	6,394,555,982	6,584,696,375	3,968,756,711	22,417,431,375	(21,402,764,000)	94,548,619,098
Segment profit [#]	744,574,240	159,540,006	393,256,889	159,040,367	856,886,751	2,360,955,960	3,408,678,885	43,919,754	(1,964,792,642)	-	6,162,060,210
Interest and dividend income											339,632,652
Unallocated income											(288,128,757)
Finance costs											(1,645,603,912)
Profit before tax											4,567,960,193
Assets and liabilities											
Segment assets	52,046,928,371	12,289,114,406	11,181,073,027	6,894,400,638	9,607,781,908	17,614,063,788	13,724,538,900	2,424,958,834	68,552,566,062	(116,707,223,568)	77,628,202,366
Unallocated assets											11,687,061,184
Total assets											89,315,263,550
Segment liabilities	28,471,500,477	7,756,263,190	6,468,499,076	4,122,240,787	5,793,265,977	11,092,334,220	8,512,578,909	1,540,928,055	51,141,405,172	(105,454,310,584)	19,444,705,279
Unallocated liabilities											32,227,713,053
Total liabilities											51,672,418,332
Other disclosures											
Share of profits or losses of:											
Associates	-	-	-	13,880,929	-	(28,776,632)	68,052,120	-	73,523,069		126,679,486
Joint ventures	-	5,516,718	-	-	-	(196,933,315)	-	-	35,477,949		(155,938,648)
Impairment losses recognised in the statement of profit or loss	13,870,352	12,261,779	33,296,869	-	-	117,640,251	16,163,330	2,100,590	2,106,120,748		2,301,453,919
Impairment losses reversed in the statement of profit or loss	(41,709,355)	(10,695,763)	(4,923,057)	-	-	(312,989)	(3,706,862)	-	(19,200,000)		(80,548,026)
Unallocated non-cash income											750,200,343
Depreciation and amortisation	178,830,352	2,040,615,460	81,929,957	20,889,748	722,401,649	128,972,347	112,649,239	153,011,312	888,156,767		4,327,456,831
Investments in associates	-	-	-	219,274,376	-	335,697,308	1,085,924,256	-	1,634,954,312		3,275,850,252
Investments in joint ventures	-	186,038,974	-	-	-	1,570,666,726	-	-	1,764,792,264		3,521,497,964
Capital expenditure	598,746,464	95,992,472	341,059,932	117,644,927	61,541,867	1,371,209,200	562,202,730	37,136,084	1,720,256,031		4,905,789,707
Unallocated capital expenditure											35,401,581

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12. OPERATING SEGMENT INFORMATION (continued)
2016

Item	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Total
Segment revenue:											
Sales to external customers	1,981,979,252	40,894,311,592	4,425,614,716	794,998,251	11,135,493,166	3,137,320,256	3,398,897,673	2,762,900,569	10,319,622,336	-	78,851,137,811
Intersegment sales	2,981,278,589	4,877,775,479	373,255,446	32,321,740	2,084,534,289	66,743,469	268,520,271	283,732,763	4,880,314,313	(15,848,476,359)	-
Total	4,963,257,841	45,772,087,071	4,798,870,162	827,319,991	13,220,027,455	3,204,063,725	3,667,417,944	3,046,633,332	15,199,936,649	(15,848,476,359)	78,851,137,811
Segment profit [#]	612,373,646	104,904,912	422,590,188	106,642,582	36,268,735	767,147,413	743,606,095	57,145,126	1,581,449,800	-	4,432,128,497
Interest and dividend income											345,608,023
Unallocated income											(1,065,771,342)
Finance costs											(1,585,913,472)
Profit before tax											2,126,051,706
Assets and liabilities											
Segment assets	51,862,415,858	11,878,799,466	11,463,099,637	6,327,684,120	6,641,034,463	15,724,823,670	13,370,452,544	2,584,688,431	64,060,689,113	(104,061,409,031)	79,852,278,271
Unallocated assets											9,365,421,988
Total assets											89,217,700,259
Segment liabilities	32,692,562,832	8,479,532,016	6,711,219,439	3,727,124,648	5,063,331,712	8,489,283,629	10,190,776,131	1,744,912,013	53,024,168,884	(95,424,082,977)	34,698,828,327
Unallocated liabilities											23,402,363,746
Total liabilities											58,101,192,073
Other disclosures											
Share of profits or losses of:											
Associates	-	-	-	(13,748,809)	-	221,743	24,407,061	-	(30,722,737)		(19,842,742)
Joint ventures	-	9,298,034	-	-	-	(144,380,295)	-	-	247,340,679		112,258,418
Impairment losses recognised in the statement of profit or loss	25,373,091	3,066,296	95,702,546	-	4,974,212	3,507,148	211,758,956	876,414	243,958,265		589,216,928
Impairment losses reversed in the statement of profit or loss	(21,269)	(1,897,727)	(855,516)	-	(2,097,970)	-	-	-	(23,501,986)		(28,374,468)
Unallocated non-cash income											756,641,718
Depreciation and amortisation	137,637,257	2,191,061,958	173,611,563	29,000,440	597,030,091	91,910,979	90,924,538	128,125,948	677,900,589		4,117,203,363
Investments in associates	-	-	-	419,484,293	-	364,473,940	972,286,875	-	1,684,316,033		3,440,561,141
Investments in joint ventures	-	191,818,726	-	-	-	1,818,783,921	-	-	2,457,864,170		4,468,466,817
Capital expenditure	2,425,349,693	549,100,211	1,546,328,855	21,707,854	28,090,965	780,513,248	925,774,984	4,513,474	563,045,660		6,844,424,944
Unallocated capital expenditure											210,243,932

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12. OPERATING SEGMENT INFORMATION (continued)

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

Geographical information

94% (2016: 92%) of the Group's operating income was derived from customers based in Mainland China, and 71% (2016: 71%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2017, the Group's income from Shanghai Gold Exchange was RMB40,519,637,614 (2016: RMB38,098,986,224), which was mainly derived from gold bullion segment and processed, refinery and trading gold segment.

13. TRADE RECEIVABLES

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

An ageing analysis of the trade receivables is as follows:

	2017	2016
Within 1 year	1,244,854,634	744,054,692
Over 1 year but within 2 years	46,108,796	21,002,499
Over 2 years but within 3 years	2,164,105	14,016,924
Over 3 years	<u>10,933,492</u>	<u>10,422,907</u>
	1,304,061,027	789,497,022
Less: Bad debt provision for trade receivables	<u>11,196,522</u>	<u>6,429,534</u>
	<u>1,292,864,505</u>	<u>783,067,488</u>

The ageing of trade receivables is calculated based on the issuing date of sales invoice.

The sales of gold bullion of the Group are mainly through cash sales or receipts in advance. The sales of gold bullion through cash sales are settled on the transaction dates. The sales of other products such as copper cathodes, zinc bullion and ore concentrates adopt receipts in advance, letter of credit or credit sales. The credit periods of credit sales range from one to six months. The Group maintains strict control over its outstanding trade receivables. Overdue amount of trade receivables are reviewed regularly. Because of the conditions mentioned above and the fact that the Group's trade receivables were related to a large number of diversified customers, there is no significant concentration of credit risk.

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

	At 1 January	Additions	Reversal	Write-off	At 31 December
2017	<u>6,429,534</u>	<u>7,695,229</u>	-	<u>(2,928,241)</u>	<u>11,196,522</u>
2016	<u>6,816,697</u>	<u>7,973,614</u>	-	<u>(8,360,777)</u>	<u>6,429,534</u>

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13. TRADE RECEIVABLES (continued)

	2017				2016				Net book value	
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision			
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)		
Individually significant and for which bad debt provision has been provided individually	982,912,244	75.37	-	-	982,912,244	504,497,224	63.90	-	-	504,497,224
Individually not significant but for which bad debt provision has been provided individually	321,148,783	24.63	11,196,522	3.49	309,952,261	284,999,798	36.10	6,429,534	2.26	278,570,264
	<u>1,304,061,027</u>	<u>100.00</u>	<u>11,196,522</u>	<u>0.86</u>	<u>1,292,864,505</u>	<u>789,497,022</u>	<u>100.00</u>	<u>6,429,534</u>	<u>0.81</u>	<u>783,067,488</u>

In 2017, the provision for bad debt was RMB7,695,229 (2016: RMB7,973,614), and there was no reversal of bad debts (2016: Nil).

In 2017, trade receivables written off amounted to RMB2,928,241 (2016: RMB8,360,777).

14. TRADE PAYABLES

As at 31 December 2017, an ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2017	2016
Within 1 year	3,677,169,188	4,340,091,089
Over 1 year but within 2 years	307,247,625	200,570,475
Over 2 years but within 3 years	103,327,622	97,067,546
Over 3 years	<u>129,092,143</u>	<u>89,665,448</u>
	<u>4,216,836,578</u>	<u>4,727,394,558</u>

Trade payables are interest-free and are normally settled within three to seven months.

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15. RETAINED EARNINGS

	2017	2016
At 1 January	18,068,917,361	17,521,563,160
Net profit attributable to owners of the parent	3,507,717,627	1,839,798,820
Less: Appropriation for the statutory reserve	-	-
Dividend payable in cash for ordinary shares	<u>1,381,873,133</u>	<u>1,292,444,619</u>
At 31 December	<u>20,194,761,855</u>	<u>18,068,917,361</u>

At the 2016 annual general meeting of the Company held on 30 June 2017, cash dividend distribution of RMB0.06 per share was approved. The total amount of cash dividend amounted to RMB1,381,873,133.

At the 2015 annual general meeting of the Company held on 20 June 2016, cash dividend distribution of RMB0.06 per share was approved. The total amount of cash dividend amounted to RMB1,292,444,619.

16. NET CURRENT LIABILITIES

	2017	2016
Current assets	28,675,010,591	24,140,208,828
Less: Current liabilities	<u>28,793,593,015</u>	<u>33,851,986,645</u>
Net current liabilities	<u>(118,582,424)</u>	<u>(9,711,777,817)</u>

17. TOTAL ASSETS LESS CURRENT LIABILITIES

	2017	2016
Total assets	89,315,263,550	89,217,700,259
Less: Current liabilities	<u>28,793,593,015</u>	<u>33,851,986,645</u>
Total assets less current liabilities	<u>60,521,670,535</u>	<u>55,365,713,614</u>

18. PROVISION FOR DEPRECIATION

	2017	2016
Fixed assets	3,436,259,583	3,326,329,933
Investment properties	<u>13,233,083</u>	<u>12,299,162</u>

OVERVIEW OF THE COMPANY'S OPERATION

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

1. Business scope

The Group is mainly engaged in the exploration and mining of gold, copper, zinc and other metal mineral resources, supplemented by refining, processing and sales of related products. Exploitation of gold, copper and zinc mineral resources is the core component of the Group's business. The Company also covers refining and processing businesses to an optimal extent, as well as other mining-related businesses such as research and development, construction, trade and finance, etc.

2. Operating model

Obtain mineral resources by exploration or acquisition. The Company's solid mineral surveying is qualified as grade A by authoritative institutions in the PRC. Resources reserve are obtained at low cost by carrying out exploration at the current projects. Moreover, to ensure sustainable development of resources reserve, the Company also insists on acquiring resources at suitable times.

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

Achieve value enhancement in refining and processing business. The Company carries on refining and processing business of gold, copper and zinc in an optimal scale to supplement its mining business. Steps are taken to perfect the industrial chain and expand business scale for realising extra income.

Technological research and development and construction business. The Company has an optimal research and development system, which specialises in geology, mining, processing, metallurgy, and environmental protection application. Its designing entities are qualified as grade A, and it has a strong construction capacity for mines.

Combine mining with finance and trade. The Company has established finance companies and capital investment companies to improve management and operation of capital. It also proactively explores the pathway to a successful combination between mining and finance, and strives to build the platforms for selling, trading and marketing gold and other metal products.

3. Position in the industry

In 2017, the Company ranked the 1,200th place in "Forbes Global 2,000 Leading Companies", the 18th place in global non-ferrous metal mining companies, and the 3rd place in global gold corporations. It also ranked the 82nd place in "China's 500 Leading Companies" published by Fortune.

The Company's mineral products possess preeminent standing and clear competitive edge in the domestic gold, copper and zinc industries, its profitability also leads the peers. Apart from a higher gold production volume than other listed domestic gold corporations, the Company's production volumes in mine-produced copper and mine-produced zinc are also growing rapidly, making the Company one of the most important producers of mine-produced copper and mine-produced zinc in China.

	The Group (in 2017)	Total volume of mines in the PRC	Proportion of the Group's volume to the total volume of mines in the PRC
Retained gold resources reserve (tonnes)	1,320.07	12,166.98	10.85%
Volume of mine-produced gold (tonnes)	37.48	369.17	10.15%
Retained copper resources reserve (million tonnes)	31.4751	101.1063	31.13%
Volume of mine-produced copper (million tonnes)	0.2080	1.6564	12.56%
Retained zinc resources reserve (million tonnes)	7.8304	177.9889	4.40%
Volume of mine-produced zinc (million tonnes)	0.2700	3.2685	8.26%

Note: China's total resources reserve volume of gold, copper and zinc are extracted from the "2017 China Mineral Resources Report" issued by the Ministry of Land and Resources of the PRC. China's total production volume of mine-produced gold is from China Gold Association, and China's total production volumes of mine-produced copper and mine-produced zinc are from China Nonferrous Metals Industry Association.

II. Significant changes in the major assets of the Company during the reporting period

The total assets of the Company as at 31 December 2017 was RMB89.315 billion, representing a 0.11% growth compared with the end of last year. In which, overseas assets amounted to RMB21.231 billion, representing 23.77% of the total assets.

For details of the changes in the assets of the Company, please refer to “Management Discussion and Analysis”.

III. Analysis on the core competitiveness during the reporting period

Innovation is the core competitive strength of the Company

The Company’s belief of innovation is to properly apply general scientific theories to the actual conditions, seek for the type of innovation that best suits corporate needs, and relentlessly challenge the achievements of itself for more innovative breakthroughs.

The Company possesses core technologies and competitive edges in the industry in the aspects of geological exploration and survey, conventional mining and processing, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on.

Advantages in system and structure

The Company operates under a separation of ownership and management. It has the benefits of a variety of advantages owing to the status of being a mixed ownership enterprise, which align the operation and compliance of the Company with modern corporate standard. The shareholders’ general meetings and the Board are capable of making decisions quickly in response to market conditions; execution of decisions is effective and highly efficient owing to efficacious interaction between the executives and the decision-making bodies; a relatively independent supervisory system also enables effective supervision.

Advantage in strategic planning and execution

The Company has clear goals and precise positioning. Corporate strategies are executed in a persistent and firm manner.

Advantage of a professional management team

The Company has a dedicated, professional and loyal management team. Many of them are experts in their own fields.

Advantage in technological innovation

The Company owns several high-level research and development platforms and design entities for scientific research including the exclusive State Key Laboratory in gold industry, the national enterprise technology centre, workstations for academicians’ scientific research, workstations for post-doctors’ scientific research, research institutes of mining and metallurgy, technology companies and design companies, etc. The specific technologies researched and developed by the Company dedicated to its own mines are highly applicable and effective. A technological innovation system with Zijin characteristics and a batch of independent intellectual property rights and scientific research achievements are formed. In 2017, the Company, together with its subsidiaries, namely Guizhou Zijin, Zijin Zinc Industry and Shanxi Zijin were recognised as the “High and New Technology Enterprises” of the state.

Advantage in cost

Owing to the possession of premium mineral resources and operative production capacity, the Company’s mines and copper and zinc refineries in production or under construction are matured and well-developed. The investment of major projects and the costs of key mineral products of the Company are lower than the average of the industry, gross profit margins of the mineral products are comparatively high, bringing good operating cash flow and financial credibility to the Company.

Advantage in corporate culture

The Company has fostered an innovation-based corporate culture. Moreover, the innovation capacity in technology and management is high, and a collaborative, harmonious and mutual development belief has earned broad recognition and support from the society. In 2017, the Company was an awardee of the title of the Fifth National Civilised Business Unit.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis

Market overview during the reporting period

In 2017, recovery was stable among the developed economies. China’s economy was sound and trending positively, and its economy grew at a rate higher than market expectation. In general, the progress of interest rate hike and shrinking of balance sheet by the US Federal Reserve was moderate and in line with market expectation, as a result metal prices

were immune from major impacts. Weaker US dollar also lent a certain degree of support to the prices of gold and non-ferrous metals. Owing to labour disputes of miners in major production countries, a change in export policies, China's supply-side reform and strict environmental policies imposed by the Chinese government, global supply of base metal raw materials remained tight, when demand was still on the rise.

Gold price remained stable in 2017, whilst the prices of non-ferrous metals reported substantial growth.

In early 2017, international gold price began to rebound near US\$1,120/ounce. It climbed up to around US\$1,360/ounce, fell slightly afterwards, and closed at US\$1,303/ounce at the end of 2017. The average price of the year was US\$1,258/ounce, representing 0.8% growth year-on-year. Domestic gold price rebounded near RMB260/gramme. It then moved up to around RMB285/gramme and had since been hovering around the same level. The closing price at the end of 2017 was RMB273/gramme. The average price of the year was RMB275/gramme, representing a 2.6% growth year-on-year.

Copper price underwent a period of consolidation in the first quarter of 2017, but surged rapidly since the beginning of May. Copper price in London closed at US\$7,252/tonne. The average price of the year was US\$6,173/tonne, representing 26.83% growth year-on-year. Copper price in Shanghai closed at RMB54,618/tonne at the end of 2017. The average price of the year was RMB49,256/tonne, representing 29.2% growth year-on-year.

Zinc was once again the best performer among the base metals. After experiencing considerable growth in the second half of 2016, zinc price in London was basically at a consolidation stage in the first half of 2017, but it resumed rapid growth in the second half of the year and closed at US\$3,316/tonne at the end of 2017. The average price of the year was US\$2,893/tonne, representing 38% growth year-on-year. Zinc price in Shanghai closed at RMB25,035/tonne at the end of 2017. The average price of the year was RMB24,089/tonne, representing 42.8% growth year-on-year.

Condition of the industry

Gold

The statistics of World Gold Council shows that in 2017, the global gold production from mines was 3,268.7 tonnes, representing an increase of less than 6 tonnes from the 3,263 tonnes reported in 2016, which is also the smallest growth since 2008. Aggregate global demand for gold was 4,071.7 tonnes in 2017, representing a decrease of 7% compared with the same period last year.

According to the statistics of China Gold Association, in 2017, the national gold production was 426.142 tonnes (among which 369.168 tonnes were mine-produced and 56.974 tonnes were non-ferrous by-product), representing a decrease of 6.03% compared with the same period last year, which was the first decline recorded in recent years. Gold consumption in China was 1,089.07 tonnes in 2017, representing an increase of 9.41% compared with same period last year. In which, the use in gold jewellerys, gold bars, gold coins, and industrial and other uses accounted for 696.50 tonnes, 276.39 tonnes, 26 tonnes and 90.18 tonnes respectively. In 2017, China has been the largest gold producing and consuming country for a succession of 11 years and 5 years respectively.

Copper, zinc and other non-ferrous metals

According to the statistics of International Copper Study Group ("ICSG"), the global mine-produced copper was 19.98 million tonnes in 2017, representing a decrease of 1.9% compared with the same period last year; the global production of refined copper was 23.51 million tonnes in 2017, representing an increase of 0.6% compared with the same period last year; the global consumption of refined copper was 23.67 million tonnes in 2017, representing an increase of 0.7% compared with the same period last year.

According to the statistics of International Lead and Zinc Study Group ("ILZSG"), the production volume of global mine-produced zinc was 13.23 million tonnes in 2017, representing an increase of 3.61% compared with the same period last year; the global production of refined zinc was 13.72 million tonnes in 2017, representing a decrease of 0.1% compared with the same period last year; the global consumption of refined zinc was 14.22 million tonnes in 2017, representing an increase of 2.58% compared with the same period last year.

According to the statistics of China Nonferrous Metals Industry Association, in 2017, the national production volumes of copper and zinc from mines was 1.6564 million tonnes and 3.2685 million tonnes respectively, representing an increase of 7.7% and a decrease of 8.6% compared with the same period last year respectively; the national production volumes of refined copper and refined zinc were 8.8895 million tonnes and 6.2202 million tonnes respectively, representing an increase of 7.7% and a decrease of 0.7% compared with the same period last year respectively.

In 2017, the realised operating income and realised profit of non-ferrous metal mining enterprises above designated size in China were RMB6.0444 trillion and RMB255.1 billion respectively, representing an increase of 13.8% and 27.5% compared with the same period last year respectively; the aggregate import and export value of non-ferrous metals in

China reached US\$134.83 billion, representing an increase of 15.1% compared with the same period last year.

Business overview

During the reporting period, the Company tightly grasped the favourable timing and opportunities of the recovery of mining market, further strengthened “clinging to reforms, maintaining growth and boosting development” as the main focus of work and strategic guidance, continued to encourage the business-segment centered reform in management and systems to enable new development motivation and dynamics, and carried out a series of effective initiatives to achieve an overall development of “positive progress with stability and quality enhancement”. During the reporting period, the Company’s resources reserve of copper further increased. The Company’s sales income, net assets and net profit attributable to owners of the parent achieved substantial growth. The production volume of key products, such as copper and zinc, reported considerable increase. The volume of mine-produced gold, copper and zinc produced by the Company were all ranking top three in domestic industry, various financial indicators of the Company also continued to lead the peers in the industry. Moreover, as the pace of internationalisation is speeding up, the development and operation of international business segment also keeps improving, providing steadily increasing contribution to the earnings of the Company. With the completion of the non-public issuance of A Shares, a total of RMB4.635 billion was raised. Influential institutions within the industry and capital market were introduced, the Company’s asset and shareholding structures were optimised. The employee stock ownership scheme was carried out, which increased the market’s confidence on the Company. By seizing the favourable rise in the market, the Company disposed some of the non-core assets, successfully raising its overall asset quality.

During the reporting period, the price of the Company’s A Share rose from RMB3.34 per share at the end of 2016 to RMB4.59 per share at the end of 2017, representing an increase of 37%; the price of the Company’s H Share rose from HK\$2.50 per share to HK\$2.95 per share, representing an increase of 18%. The market capitalisation of the Company increased 44% from RMB64.8 billion to RMB93.5 billion, which offered considerable return to the investors.

During the reporting period, the Group realised operating income of RMB94.549 billion, representing an increase of 19.91% when compared with the same period last year (2016: RMB78.851 billion); net profit attributable to owners of the parent was RMB3.508 billion, representing an increase of 90.66% when compared with the same period last year (2016: RMB1.840 billion). As at the end of December 2017, the Group’s total assets was RMB89.315 billion, representing an increase of 0.11% compared with the beginning of the year (beginning of the year: RMB89.218 billion); net assets was RMB37.643 billion, in which the net assets attributable to owners of the parent was RMB35.0 billion, representing an increase of 26.07% compared with the beginning of the year (beginning of the year: RMB27.762 billion).

During the reporting period, owing to increase in the production volume and prices of mineral products, and improvement in the Company’s operational and management efficiency, the net profit attributable to owners of the parent achieved considerable growth. However, the movement in exchange rate caused unrealised losses in the portion of the Company’s liabilities which are denominated in foreign currencies. In addition, to lay down a solid foundation for future development and improve asset quality, the Company provided impairment for certain assets which showed indication of impairment based on their individual conditions.

Table comparing the production volume of the Company’s major mineral products for 2015-2017

	Mine-produced gold (tonnes)	Mine-produced copper (’000 tonnes)	Mine-produced zinc (’000 tonnes)
2015	37.16	150.3	198.2
2016	42.55	155.0	250.0
2017	37.48	208.0	270.0

GOLD MINE BUSINESS

During the reporting period, the Group produced a total of 213,765kg (6,872,699 ounces) of gold, representing a decrease of 0.39% compared with the same period last year (2016: 214,604kg).

Among which, 37,483kg (1,205,106 ounces) was mine-produced gold, representing a decrease of 11.91% compared with same period last year (2016: 42,551kg).

Major enterprises or mines	Name	Interest held by the Group	Mine-produced gold (kg)
	Porgera gold mine in Papua New Guinea	47.5%	7,824
	Norton Gold Fields Limited in Australia	100%	6,267

	JV Zeravshan LLC in Tajikistan	75%	4,014
	Fujian Zijinshan gold and copper mine	100%	3,875
	Jilin Hunchun Shuguang gold and copper mine	100%	2,571
	Henan Luoyang Kunyu Gold Company Limited	70%	1,833
	Guizhou Zijin Mining Company Limited	56%	1,606
	Altynken Limited Liability Company in Kyrgyzstan	60%	1,424
	Shanxi Zijin Yixingzhai gold mine	100%	1,355
	Inner Mongolia Jinzhong Mining Company Limited	100%	1,305
	Hebei Chongli Zijin Mining Company Limited	60%	1,140
	Henan Luoning Huatai Mining Company Limited	70%	1,091
	Total of other gold producing entities of the Group		3,178
	Total		37,483

176,282kg (5,667,594 ounces) of refinery, processed and trading gold was produced, representing an increase of 2.46% compared with same period last year (2016: 172,053kg).

Sales income from the gold business represented about 49.33% (after elimination) of the total operating income during the reporting period. Gross profit of the gold business represented about 24.87% of the gross profit of the Group. (1 troy ounce = 31.1035g)

COPPER MINE BUSINESS

During the reporting period, the Group produced a total of 636,008 tonnes of copper, representing an increase of 13.32% compared with the same period last year (2016: 561,270 tonnes).

Among which, 207,987 tonnes of copper was produced from mines (including 18,429 tonnes of mine-produced copper cathodes), representing an increase of 34.22% compared with the same period last year (2016: 154,958 tonnes).

	Name	Interest held by the Group	Mine-produced copper (tonne)	Note
Major enterprises or mines	Fujian Zijinshan gold and copper mine	100%	75,850	Including: 18,149 tonnes of copper cathodes
	Xinjiang Ashele copper mine	51%	44,057	
	Heilongjiang Duobaoshan copper mine	100%	33,735	Including: 280 tonnes of copper cathodes
	Kolwezi copper mine in the DR Congo	72%	21,940	
	Jilin Hunchun Shuguang gold and copper mine	100%	11,745	
	Qinghai Deerni copper mine	100%	9,767	
	Total of other mines			10,893
	Total		207,987	Including: 18,429 tonnes of mine-produced copper cathodes

428,022 tonnes of copper was produced from refineries, representing an increase of 5.34% compared with the same period last year (2016: 406,312 tonnes).

Sales income from the copper business represented about 22.35% (after elimination) of the total operating income during the reporting period. Gross profit of the copper business represented about 33.57% of the gross profit of the Group.

LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 466,998 tonnes, representing an increase of 0.53% compared with the same period last year (2016: 464,537 tonnes). In which, the Group produced mine-produced zinc in concentrate form of 269,989 tonnes, representing an increase of 7.99% compared with same period last year (2016: 250,013 tonnes). 197,009 tonnes of zinc bullion was produced from refineries, representing a decrease of 8.16% compared with the same period last year (2016: 214,524 tonnes).

During the reporting period, the Group produced lead in concentrate form of 36,243 tonnes, representing an increase of 0.83% compared with the same period last year (2016: 35,944 tonnes).

Major enterprises or mines	Name	Interest held by the Group	Mine-produced zinc (tonne)	Mine-produced lead (tonne)	Mine-produced zinc + mine-produced lead (tonne)
	Longxing Company in Tuva, Russia	70%	93,272	3,298	96,570
	Wulatehouqi Zijin Mining Company Limited	95%	87,529	16,574	104,103
	Xinjiang Zijin Zinc Industry	100%	79,398	11,851	91,249
	Xinjiang Ashele Copper Company Limited	51%	7,790	-	7,790
Total of other mines			2,000	4,520	6,520
Total			269,989	36,243	306,232

Sales income from lead and zinc mine business represented about 8.08% (after elimination) of total operating income during the reporting period. Gross profit of the lead and zinc mine business represented about 24.25% of the gross profit of the Group.

SILVER, IRON MINE AND OTHER BUSINESS

During the reporting period, the Group produced silver of 661,122kg, representing an increase of 12.30% compared with the same period last year (2016: 588,689kg), of which 423,028kg of silver was produced from refinery as by-product, representing an increase of 14.76% compared with the same period last year (2016: 368,606kg); 238,094kg of silver was produced from mines, representing an increase of 8.18% compared with the same period last year (2016: 220,083kg).

Major enterprises or mines	Name	Interest held by the Group	Mine-produced silver (kg)
	Fujian Wuping Zijin Mining Company Limited	77.5%	67,366
	Fujian Zijinshan gold and copper mine	100%	31,357
	Xinjiang Ashele Copper Company Limited	51%	30,080
Total of other mines			109,291
Total			238,094

During the reporting period, the Group produced iron concentrates of 2.43 million tonnes, representing an increase of 285.71% (2016: 0.63 million tonnes). In addition, the Group's associate, Fujian Makeng Mining (the Group holding 41.5% interests) produced 0.52 million tonnes of iron concentrates (on equity basis), representing an increase of 11.83% year-on-year (2016: 0.465 million tonnes).

Major enterprises or mines	Name	Interest held by the Group	Iron concentrates (million tonne)
	Xinjiang Jinbao Mining Company Limited	56%	2.43

Sales income from iron mines, silver and other products represented about 20.24% (after elimination) of total operating income during the reporting period, and the gross profit represented about 17.31% of the gross profit of the Group.

Key measures during the reporting period:

Continued to improve corporate governance and deepened reform in the Company

During the reporting period, the new term of the Board and management of the Company convened a strategic working conference at the famous historical site of the Gutian Meeting. At the conference, they learnt the spirit of a series speeches made by Mr. Xi Jinping, the General Secretary; learnt the new spirit of the Gutian Meeting; and reviewed the Company's development history. By reflecting on the experience and lessons learnt from the Company's course of development, and analysing the prevailing trends of domestic and global economy and mining industry, they pointed out the major challenges and problems which the Company are confronted with, and raised specific solutions in

response to such challenges and problems, and defined the Company's development strategy more clearly. Moreover, the "Thirteenth Five-year Plan and the 2030 Development Framework (Outline)" was formulated, according to which innovation was defined as the core competitiveness of the Company. Additionally, stronger faith in the Company's strategy, capacity and culture was emphasised; the business segment-centered reform in management and systems was deepened to stimulate the dynamics of various sectors; reform was carried out in employees' remuneration scheme, and the recruitment and nurturing of globalised, multi-disciplinary young talents was emphasised, as a result a system for senior management candidates and young talents was basically in place. The operation mechanism of the board of directors at the subsidiary level was formalised, implementation of reform package was emphatically driven both at the Group and subsidiary level. The leadership and establishment of the Party were fully strengthened, with the Company's meeting rules being amended, and the meeting policies of the executive Directors, senior management and Party Committee being improved.

Synergy between various business segments contributed to higher production volume and better efficiency

During the reporting period, the Company rightly captured the favourable market opportunities arising from the stabilisation of gold price, and the substantial rise in copper and zinc prices. As a result, production volume and efficiency were both improved, with mining, refining and processing entities all achieved outstanding production and operating results. By strengthening control over production process and rigorously implementing economic accountability appraisal, domestic mining segment achieved better core indicators than the same period last year. As for the refining segment, due to improvement in planning and budgeting, enhancement in management and operational efficiency, and strict control of risks, the segment operating results set a new record. Benefitted from enhancement in management and positive turn of the market, the international business segment achieved growth in both production volume and earnings indicators, making the segment an important source of profits for the Group. Moreover, the promising returns from overseas equity investments also substantially contributed to the Group's total profits.

Expansion in the contribution of overseas operations allowed the Group to begin reaping the fruits of its internationalisation development

During the reporting period, the contribution of overseas operations to the Company's results was growing. The Kolwezi copper mine in the DR Congo, the flotation processing system of which commenced trial production during the period, has emerged to become an important production base and new profit driver for the Group's copper business within a short period of time; the resource exploration in the Kamao-Kakula copper discovery in the DR Congo achieved groundbreaking results, with the total resources volume of copper increased to 42.49 million tonnes grading 2.56%, making the project one of the largest high-grade mines yet to be developed in the world. With further exploration underway, the project is anticipated to have an even better prospect of resources. The project's first phase construction has already begun. Upon completion of construction and commencement of production, the project will have vital impacts not only on the development of the Company, but also on that of global copper industry. In respect of other overseas projects, Russia Longxing achieved consistent increase and significant improvement in its major economic and technical indicators, whilst Norton realised substantial reduction in operating costs.

In 2017, 19.65 tonnes of gold was produced from overseas mines, representing 52.42% of the Group's total output of mine-produced gold; 29,300 tonnes of copper was produced from overseas mines, representing approximately 14% of the Group's total output of mine-produced copper; 93,300 tonnes of zinc was produced from overseas mines, representing 34.56% of the Group's total output of mine-produced zinc. The gold, copper, lead and zinc resources reserve of overseas projects were 687.65 tonnes, 20.3987 million tonnes and 0.9427 million tonnes respectively, representing 52.09%, 64.81% and 10.17% of the Group's total resources reserve respectively. In the meanwhile, the Company is actively seizing multiple opportunities of overseas merger and acquisition to speed up its internationalisation progress.

Attached equal significance to mining development and environmental conservation, actively performed social responsibility

During the reporting period, based on the requirements on eco-development in the new era, and adhering to the targets of "zero death in workplace, zero occupational disease and zero environmental incident", the Company remained highly vigilant on sustaining safety and environmental protection standards, implemented safety accountability for all workers, strengthened management on safety, environmental protection and occupational health, and promulgated the "Development Framework of Eco-mining" and "Employee Occupational Health and Work Safety Plan"; the group-wide conference on the safety for production sites, which was convened at Xinjiang Ashele copper mine, achieved promising results; moreover the safety management of contractors was attached with great importance. Learning from the important experience of Xinjiang Ashele, contractors' work safety was incorporated into the Company's system for a unified management, with the purpose of resolving the issues relating to the working and living conditions of contractors' employees, which would be helpful for substantially reducing their turnover, and extensively raising the staff's awareness on and knowledge of safety; a joint safety management force comprising workers from the Company and its contractors was established, stronger emphasis was placed on safety training and management, and the work safety score-based system was implemented in that regard; the Company and its various subsidiaries successfully passed the environmental protection inspections and nationwide production safety surveillance, which were

administered by the central authority; also, the Company prioritised legal compliance and matters related to permit and licence application, achieving considerable improvement on the compliance aspect.

The Company extensively promoted the development of eco-mining, enhanced environmental management and recovery of vegetation, and strived to build an eco-friendly mining business. It also continued to pursue eco-refining and promoted the scientific development of eco-refining. During the reporting period, the Company received the title of “Pioneering Enterprise in China for the Eco-development of Non-ferrous Metal Industry”; Zijin Copper, the Company’s wholly-owned subsidiary, was also selected to be among the first batch of the State’s Model Green Enterprises.

The Company is highly committed to serving the community, developing the localities at which its operations are based, carrying out poverty alleviation, and engaging in charity work. For more details, please refer to the Company’s 2017 Social Responsibility Report.

Project construction proceeded in good order, more formalised management was introduced

During the reporting period, the Company’s cumulative investment on project construction reached RMB3.461 billion. The construction work of major projects proceeded smoothly. Management on invitation to tender, submission of tender, budgeting and accounting were more formalised and achieved significant improvement. Projects such as phase two expansion of Duobaoshan copper mine in Heilongjiang, refining plant of Heilongjiang Zijin Copper, and deep border development of Ashele copper mine, etc., proceeded steadily. These projects are anticipated to be the new growth drivers for the Group. Other projects including Zijin Copper’s capacity expansion project for comprehensive recovery of end materials in production, and Zijin Precious Metal Materials’ fine processing project for gold and silver, etc. commenced production in turn during the reporting period. Moreover, various preparatory work for Zijin Zinc Industry’s phase three technological upgrade project, Xinjiang Zijin Non-ferrous’ zinc refining plant, and Zijin Copper’s comprehensive utilisation of resources from copper refining and harmless treatment project are currently underway.

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

During the reporting period, the main focus of the Group’s geological exploration was to expand resources reserve through prospecting. By concentrating capital and technology to seek breakthroughs, fruitful results were obtained from the prospecting efforts, further strengthening the Company’s competitive advantage in sustainable development.

In 2017, the Group invested RMB226 million in geological exploration on equity basis. 235,100 meters of drilling and 7,500 meters of tunnel exploration were completed. The aggregate volume of resources reserve of mineral resources (grade 333 or above, on equity basis) newly added from exploration were 59.21 tonnes of gold, 1.707 million tonnes of copper, 218,900 tonnes of lead and zinc, 224.75 tonnes of silver, 2,300 tonnes of tungsten (WO₃), and 33,300 tonnes of cobalt. In particular, the Company’s overseas projects in the DR Congo achieved significant prospecting results – the Kakula Discovery of the Kamoia copper mine has an ongoing increase in resources reserve, the Kolwezi copper-cobalt mine also obtained an additional 284,800 tonnes of copper metal resources and 33,300 tonnes of cobalt metal resources. Material breakthroughs were also achieved in domestic prospecting – the Yixingzhai-Yilian gold mine in Fanshi, Shanxi obtained an additional 38.45 tonnes of gold metal resources, the Sanguiko lead and zinc mine in Inner Mongolia obtained an additional 195,700 tonnes of lead and zinc metal resources, and the Shanggong gold mine in Kunyu, Henan also obtained an additional 9.52 tonnes of gold metal resources. Other mines including Xinjiang Ashele copper mine and Yueyang silver and polymetallic mine in Wuping, Fujian, etc., achieved significant results in prospecting as well.

As at the end of 2017, the Group owned 188 exploration rights covering a total area of 1,860.81 square kilometers, and 226 mining rights covering a total area of 744.92 square kilometers.

The table below sets out the predicted retained resources reserve volume (reviewed) of the Group on equity basis at the end of 2017.

Summary of resources reserve volume of the Group’s major mines as at the end of 2017

Type of mineral	Unit	Resources reserve volume (grade 333 or above)		Growth rate compared with same period last year (%)
		End of 2017	End of 2016	
Gold	t (metal)	1,161.22	1,183.25	-1.86
Gold associated with other metals	t (metal)	158.85	164.17	-3.24
Sub-total of gold	t (metal)	1,320.07	1,347.41	-2.03

Copper	Mt (metal)	31.4751	30.0638	4.69
Silver	t (metal)	836.05	934.06	-10.49
Molybdenum	Mt (metal)	0.6809	0.6797	0.18
Zinc	Mt (metal)	7.8304	8.0087	-2.23
Lead	Mt (metal)	1.4403	1.4955	-3.69
Tungsten	WO ₃ , t	75,600	80,000	-5.50
Tin	Mt (metal)	0.1397	0.1397	0.00
Iron	Mt (ore)	206	209	-1.44
Coal	Mt	69	457	-84.90
Platinum	t (metal)	235.80	249.23	-5.39
Palladium	t (metal)	148.76	157.24	-5.39

Outstanding scientific and technological achievements were made, further strengthening the Company's advantages in innovation

During the reporting period, the Company convened the fifth Scientific and Technological Conference. Many famous academicians and leading experts within the industry attended the conference. According to the "Outline of Medium- to Long-term Technological Development Framework" formulated by the Company, the technical service and technological innovation sharing scheme was launched, which incentivised staff specialising in scientific and technological work to pursue for further innovation. China's first ever hot-pressure pre-oxidation facility, which was independently developed by the Company and has reached internationally advanced standard, officially commenced production in Guizhou Zijin; other technologies such as Musonoié's processing technique for refractory oxidised copper ore, Tuva's effective flotation separation technique in ore processing, Zijin Copper's upgraded technique for the treatment of anode slime and extraction of rare and precious metals, as well as the groundbreaking results obtained from the studies in new back-filling technique initiated by a number of the Company's mines, realised industrial application, and created promising economic values for the Company. The quality of the Company's technological development and the relevant work mechanism was further enhanced. A number of operations, including the Company, and its subsidiaries namely Guizhou Zijin, Zijin Zinc Industry, and Shanxi Zijin, etc., were recognised as the "High and New Technology Enterprises" of the state.

Conclusion of non-public issuance of A Shares optimised asset and shareholding structures

During the reporting period, owing to the high recognition of the capital market on the potentials of the Company's shares, the non-public issuance of A Shares was completed with success, with a total of RMB4.635 billion of proceeds raised. Influential institutions within the industry and capital market were introduced, and the Company's asset and shareholding structures were optimised. The implementation of employee stock ownership scheme increased the market's confidence. Moreover, the Company was included as one of the first 222 large-cap constituent companies of the A Share market in the MSCI Index. The Group's financial business, which has a high degree of synergy with the Company's principal business, has developed in size. A number of core business-related financial entities have been established, which help raise the Company's financing capacity and reduce its financing costs to a level lower than the industry average.

STATUS OF MAIN BUSINESSES DURING THE REPORTING PERIOD

During the reporting period, the Group recorded operating income of RMB94.549 billion, representing an increase of 19.91% as compared with the same period last year (2016: RMB78.851 billion).

Analysis of main businesses

1. Operating results

The table below sets out the sales by products for the two years ended 31 December 2017 and 2016:

Item	2017 (Jan – Dec)					2016 (Jan – Dec)					% increase/ decrease in unit price
Product name	Unit price (Tax excluded)		Sales volume		Amount (RMB'000)	Unit price (Tax excluded)		Sales volume		Amount (RMB'000)	
Mine-produced gold	249.36	RMB/g	37,377	kg	9,320,290	234.53	RMB/g	41,624	kg	9,762,130	6.32%
Refinery and processed gold	274.97	RMB/g	176,152	kg	48,436,900	264.46	RMB/g	173,080	kg	45,772,090	3.97%
Mine-produced silver	2.56	RMB/g	235,961	kg	603,240	2.38	RMB/g	216,383	kg	513,940	7.56%
Mine-produced copper	34,406	RMB/t	208,183	t	7,162,800	26,656	RMB/t	151,236	t	4,031,380	29.07%
Refinery copper	41,885	RMB/t	431,191	t	18,060,510	32,567	RMB/t	405,931	t	13,220,030	28.61%
Mine-produced zinc	14,547	RMB/t	279,562	t	4,066,710	8,079	RMB/t	244,407	t	1,974,460	80.06%
Refinery zinc	19,997	RMB/t	198,470	t	3,968,760	14,081	RMB/t	216,358	t	3,046,630	42.01%
Iron concentrates	460	RMB/t	2,4250	Mt	1,116,620	368	RMB/t	1,7180	Mt	632,280	25.00%
Others (Note 1)					23,215,550					15,746,680	
Less: Internal sales					-21,402,760					-15,848,480	
Total					94,548,620					78,851,140	

Note 1: During the reporting period, other sales income mainly included: RMB14.193 billion from trade logistics, RMB1.444 billion from refinery and processed silver, RMB846 million from copper pipe, RMB826 million from copperplate, RMB489 million from gold manufacturing products, RMB478 million from lead concentrates, etc., and RMB4.69 billion from other products, intermediate services and other services.

In 2017, the prices of the Group's mineral products increased substantially. Except that the sales and production volume of mine-produced gold decreased compared with the same period last year, other minerals' sales and production volume all reported increase compared with the same period last year. The unit prices of mine-produced zinc and mine-produced copper increased significantly compared with the same period last year.

2. Analysis on cost and gross profit margin

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

The table below sets out the details of the unit cost of sales and gross profit margin by product for the two years ended 31 December 2016 and 2017. (Note 1)

Item	Unit cost of sales				Gross profit margin (%)	
	2017 (Jan - Dec)	2016 (Jan - Dec)	Unit	Compared with same period last year (%)	2017 (Jan - Dec)	2016 (Jan - Dec)
Mine-produced gold	164.7	154.91	RMB/g	6.32	33.95	33.95
Refinery and processed gold	273.45	262.26	RMB/g	4.27	0.55	0.83
Mine-produced silver	1.56	1.31	RMB/g	19.08	39.12	44.83
Mine-produced copper	16,992	16,563	RMB/t	2.59	50.61	37.86
Refinery copper	39,547	30,470	RMB/t	29.79	5.58	6.44

Mine-produced zinc	4,838	3,946	RMB/t	22.61	66.74	51.15
Refinery zinc	18,198	12,268	RMB/t	48.34	8.99	12.87
Iron concentrates	156	165	RMB/t	-5.45	66.13	55.1
Overall (Note 2)					13.94	11.5
Overall (refinery and processing enterprises excluded)					47.24	37.95

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

Note 2: The Group's overall gross profit margin was 13.94%, representing an increase of 2.44 percentage points compared with the same period last year. The overall gross profit margin of mineral products (excluding processed and refined products) was 47.24%, representing an increase of 9.29 percentage points compared with the same period last year, which was mainly owing to the rise in the mineral products' prices.

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

Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Changes (%)
Operating income	94,548,619,098	78,851,137,811	19.91
Operating costs	81,371,973,684	69,782,246,837	16.61
Taxes and surcharges	1,352,340,359	907,955,846	48.94
Selling expenses	748,942,449	667,483,736	12.20
Administrative expenses	2,994,070,229	2,822,472,260	6.08
Financial expenses	2,012,950,292	581,525,541	246.15
Impairment losses on assets	2,220,905,893	560,842,460	295.99
Net cash flow from operating activities	9,764,355,514	8,601,671,878	13.52
Net cash flow used in investing activities	-5,947,602,813	-8,478,855,949	N/A
Net cash flow used in financing activities	-2,674,287,343	-507,890,305	N/A
Research and development expenditure	333,092,848	437,940,000	-23.94
Investment income/(losses)	155,670,082	-1,973,336,425	N/A
Share of (losses)/profits of associates and joint ventures	-29,259,162	92,415,676	N/A
Gains on disposal of assets	44,456,123	1,053,649	4,119.25
Other income	228,882,015	-	N/A
Non-operating income	57,610,854	251,616,241	-77.10
Income tax expenses	1,320,410,996	438,783,804	200.93
Net losses attributable to non-controlling shareholders	-260,168,430	-152,530,918	N/A
Changes in fair value of available-for-sale investments	-109,669,097	236,688,217	N/A
Exchange differences arising from translation of financial statements denominated in foreign currencies	-18,760,719	119,025,748	N/A
Effective portion of cash flow hedging instruments	168,224,050	-168,224,050	N/A

Explanations:

- (1) Operating income/operating costs: Due to the increase in sales volume and sales price of products;
- (2) Taxes and surcharges: Due to the increase in resource tax.
- (3) Selling expenses: Please refer to the analysis in "Expenses";
- (4) Administrative expenses: Please refer to the analysis in "Expenses";

- (5) Financial expenses: Please refer to the analysis in “Expenses”;
- (6) Impairment losses on assets: Mainly due to the impairment provision for fixed assets, intangible assets, construction in progress, etc. which had indication of impairment;
- (7) Net cash flow from operating activities: Please refer to the analysis in “Cash Flows”;
- (8) Net cash flow used in investing activities: Please refer to the analysis in “Cash Flows”;
- (9) Net cash flow used in financing activities: Please refer to the analysis in “Cash Flows”;
- (10) Research and development expenditure: Mainly due to decrease in capitalised research and development expenditure during the year;
- (11) Investment income/(losses): Please refer to the analysis in “Expenses”;
- (12) Share of (losses)/profits of associates and joint ventures: Mainly attributable to the change of Zijin Global Fund from a joint venture to a subsidiary, hence there was a change in scope of consolidation;
- (13) Gains on disposal of assets: Mainly due to the sale and transfer of fixed assets and intangible assets;
- (14) Other income: According to requirements of the Notice on Issuing the Revised Accounting Standards for Business Enterprises No. 16 - Government Grants (Cai Kuai [2017] No. 15) issued by the Ministry of Finance of the PRC, the government grants existed as at 1 January 2017 shall be adjusted based on the prospective application method. The new government grants received between 1 January 2017 and the effective date of the standard shall be adjusted according to the revised standard;
- (15) Non-operating income: Mainly due to discount in consideration of business combination not involving enterprises under common control during the same period last year;
- (16) Income tax expenses: Mainly due to the increasing profitability of the Group;
- (17) Net losses attributable to non-controlling shareholders: Mainly due to the decrease in profitability of the non-wholly owned subsidiaries compared with the same period last year;
- (18) Changes in fair value of available-for-sale investments: Mainly due to changes in fair value recognised in other comprehensive income in the previous periods being transferred into profit or loss as a result of disposal of part of the shares during the current period;
- (19) Exchange differences arising from translation of financial statements denominated in foreign currencies: Due to the fluctuation of exchange rate of Renminbi;
- (20) Effective portion of cash flow hedging instruments: Mainly because that the effective portion of cash flow hedging instruments last year was recognised in other comprehensive income, and this year the related portion was realised and transferred into profit or loss for the current period.

4. Analysis on sales and costs

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

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

Unit: RMB'000

Status of main business by product						
By product	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with last year (%)	Changes in operating costs compared with last year (%)	Changes in gross profit margin compared with last year (percentage point)
Mine-produced gold	9,320,290	6,155,960	33.95	-4.53	-4.53	0
Refinery, processed and trading gold	48,436,900	48,168,990	0.55	5.82	6.12	Decreased by 0.28 percentage point
Mine-produced silver	603,240	367,230	39.12	17.38	29.52	Decreased by 5.71 percentage points
Mine-produced copper	7,162,800	3,537,510	50.61	77.68	41.22	Increased by 12.75 percentage points
Refinery copper	18,060,510	17,052,380	5.58	36.61	37.87	Decreased by 0.86 percentage point
Mine-produced zinc	4,066,710	1,352,520	66.74	105.97	40.23	Increased by 15.59 percentage points
Refinery zinc	3,968,760	3,611,850	8.99	30.27	36.07	Decreased by 3.88 percentage points
Iron concentrates	1,116,620	378,210	66.13	76.60	33.21	Increased by 11.03 percentage points

Others	23,215,550	21,525,510	7.28	47.43	49.53	
Less: Internal sales	-21,402,760	-20,778,190				
Total	94,548,620	81,371,970	13.94	19.91	16.61	Increased by 2.44 percentage points
Status of main businesses by region						
By region	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with last year (%)	Changes in operating costs compared with last year (%)	Changes in gross profit margin compared with last year (percentage point)
Mainland China	108,453,960	97,927,820	9.71	21.33	19.74	Increased by 1.20 percentage points
Outside Mainland China	7,497,420	4,222,340	43.68	41.23	20.14	Increased by 9.88 percentage points
Less: Internal sales	-21,402,760	-20,778,190				
Total	94,548,620	81,371,970	13.94	19.91	16.61	Increased by 2.44 percentage points

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

Approximately 94% of the Company's operating income was originated from customers in Mainland China, in which 42.86% was from the Shanghai Gold Exchange. Therefore, the Company was unable to sort customers in Mainland China by region.

(2) Table of analysis on production and sales volume

Major product	Production volume	Sales volume	Inventory volume	Changes in production volume compared with last year (%)	Changes in sales volume compared with last year (%)	Changes in inventory volume compared with last year (%)
Mine-produced gold (kg)	37,483	37,377	2,160	-11.91	-10.20	-41.43
Refinery, processed and trading gold (kg)	176,282	176,152	370	2.46	1.78	54.14
Mine-produced silver (kg)	238,094	235,961	5,835	8.18	9.05	40.09
Mine-produced copper (tonne)	207,987	208,183	4,952	34.22	37.65	-18.42
Refinery copper (tonne)	428,022	431,191	2,856	5.34	6.22	-52.94
Mine-produced zinc (tonne)	269,989	279,562	11	7.99	14.38	-99.28
Refinery zinc (tonne)	197,009	198,470	6,080	-8.16	-8.27	-61.95
Iron concentrates (million tonnes)	2.4252	2.425	0.231	285.54	41.15	0.07

Explanation on the status of production and sales volume:

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

(3) Table of cost analysis

The table below sets out the breakdown of direct costs for the two year ended 31 December 2016 and 2017

Product	Cost structure	Amount for the current period	Proportion to total cost during the current period (%)	Amount for the same period last year	Proportion to total cost during the same period last year (%)	Changes in amount for the current period compared with the same period last year (%)
Mine-produced gold	Raw materials	2,622,420	42.60	2,411,640	37.40	8.74
	Salary	842,760	13.69	927,670	14.39	-9.15
	Depreciation	1,178,110	19.14	1,212,990	18.81	-2.88
	Energy consumption	562,190	9.13	547,250	8.49	2.73
	Others	950,480	15.44	1,348,590	20.91	-29.52
Mine-produced silver	Raw materials	181,570	49.44	132,420	46.71	37.12
	Salary	43,060	11.73	33,610	11.86	28.12
	Depreciation	70,240	19.13	60,480	21.33	16.14
	Energy consumption	38,330	10.44	32,170	11.35	19.15
	Others	34,030	9.26	24,840	8.75	37.00
Mine-produced copper	Raw materials	1,693,570	47.87	743,290	29.67	127.85
	Salary	263,720	7.45	473,540	18.90	-44.31
	Depreciation	639,600	18.08	431,310	17.22	48.29
	Energy consumption	454,210	12.84	332,680	13.28	36.53
	Others	486,410	13.76	524,100	20.93	-7.19
Mine-produced zinc	Raw materials	506,900	37.48	440,090	45.63	15.18
	Salary	97,560	7.21	73,960	7.67	31.91
	Depreciation	498,170	36.83	268,130	27.80	85.79
	Energy consumption	136,300	10.08	99,310	10.30	37.25
	Others	113,590	8.40	83,020	8.60	36.82
Iron concentrates	Raw materials	234,720	62.06	147,740	52.03	58.87
	Salary	26,270	6.95	41,970	14.78	-37.41
	Depreciation	50,520	13.36	34,530	12.16	46.31
	Energy consumption	28,340	7.49	36,850	12.98	-23.09
	Others	38,350	10.14	22,830	8.05	67.98
Refinery copper	Raw materials	16,226,690	95.16	11,687,540	94.49	38.84
	Salary	106,960	0.63	95,790	0.77	11.66
	Depreciation	268,090	1.57	244,800	1.98	9.51
	Energy consumption	246,570	1.45	242,540	1.96	1.66
	Others	204,070	1.19	98,010	0.80	108.21
Refinery zinc	Raw materials	3,053,090	84.53	1,986,220	74.83	53.71
	Salary	83,500	2.31	76,680	2.89	8.89
	Depreciation	102,570	2.84	112,350	4.23	-8.70
	Energy consumption	346,020	9.58	422,760	15.93	-18.15
	Others	26,670	0.74	56,380	2.12	-52.70

Other explanations on the analysis of costs:

1. In the cost structure, raw materials include the costs of purchasing raw and auxiliary materials and outsourcing, and the major energy consumed was coal, electricity and petroleum.

2. Most mining corporations of the Group adopted outsourcing of works. Such outsourcing cost was included in raw materials.

(4) Information on major suppliers and customers

The sales income from the top five customers amounted to RMB55.156 billion, representing 58.33% of the total sales income of the year, in which the sales amount from connected persons among the top five customers was RMB0, representing 0% of the total sales income of the year.

The procurement amount from the top five suppliers amounted to RMB26.106 billion, representing 32.08% of the total procurement amount of the year, in which the procurement amount from connected persons among the top five suppliers was RMB0, representing 0% of the total procurement amount of the year.

Other information

The Group's major customers included Shanghai Gold Exchange, Guangzhou Lianhua Industrial Company Limited, the Australian Mint, Fujian Shanghang Taiyang Copper Company Limited, Trafigura Investment Company, etc.; the major suppliers included Shanghai Gold Exchange, Louis Dreyfus Commodities Metals Trading Co., Ltd., Werco Trade AG, etc.

5. Expenses

Selling expenses

During the reporting period, the Group's selling expenses was RMB748.94 million, representing an increase of 12.20% compared with the same period last year (2016: RMB667.48 million). The increase in selling expenses was mainly due to the increase in service expenses related to sales and transportation expenses in 2017 compared with the same period last year.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2.99407 billion, representing an increase of 6.08% compared with the same period last year (2016: RMB2.82247 billion). It was mainly because of the increase in technological development expenses and staff costs in 2017 compared with the same period last year.

Financial expenses

During the reporting period, the Group's financial expenses was RMB2.01295 billion, representing an increase of 246.15% compared with the same period last year (2016: RMB581.53 million). It was mainly due to the increase in exchange losses during the current period.

Impairment losses on assets

During the reporting period, the Group's impairment losses on assets was RMB2.22090 billion, representing an increase of 295.99% compared with the same period last year (2016: RMB560.84 million). The details of the provision for impairment on assets in 2017 are as follows: bad debt provision of RMB10.47 million, provision on decline in the value of inventories of -RMB0.87 million, impairment on available-for-sale investments of RMB49.70 million, impairment on fixed assets of RMB1.05806 billion, impairment on construction in progress of RMB614.09 million, impairment on intangible assets of RMB328.55 million, impairment on other non-current assets of RMB156.71 million and impairment on construction materials of RMB4.19 million.

Investment income/(losses)

During the reporting period, the investment income of the Group was RMB155.67 million, representing an increase in income of RMB2.12901 billion compared with the same period last year (2016: losses of RMB1.97334 billion). It was mainly due to substantial decrease in the amount of hedging of mine-produced products during 2017 compared with the same period last year.

Gains on changes in fair value

As at 31 December 2017, the Group's unrealised gains from stocks, funds, futures contracts, gold leasing spot and gold leasing hedging contracts was RMB750.2 million (2016: unrealised gains of RMB756.64 million).

6. Research and development expenditure

Table of research and development expenditure

	Unit: RMB
Expensed research and development expenditure for the year	299,380,476
Capitalised research and development expenditure for the year	33,712,372
Total research and development expenditure	333,092,848

Percentage of total research and development expenditure to operating income (%)	0.35
Number of research and development staff	276
Number of research and development staff to total number of staff of the Company (%)	1.53%
Percentage of capitalised research and development expenditure (%)	10.12

7. Cash flows

As at 31 December 2017, the Group's cash and cash equivalents was RMB5.754 billion, representing an increase of RMB1.042 billion or 22.10% as compared with the same period last year.

During the reporting period, the total net cash inflow generated from the Group's operating activities was RMB9.764 billion, representing an increase of RMB1.162 billion as compared with the same period last year, in which, the cash inflow generated from operating activities was RMB100.933 billion, representing an increase of RMB14.977 billion as compared with the same period last year; cash outflow used in operating activities was RMB91.168 billion, representing an increase of RMB13.814 billion compared with the same period last year. The increase in net cash flow from the Group's operating activities was mainly owing to increased price and production capacity, and significant increase in sales income compared with the same period last year.

During the reporting period, net cash outflow used in the Group's investing activities was RMB5.948 billion, representing a decrease of RMB2.531 billion as compared with the same period last year. The main investing expenditures in 2017 included: (1) cash payment of RMB5.037 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) net cash outflow of RMB254 million for acquisition, disposals and recovery of investments.

During the reporting period, net cash outflow used in the Group's financing activities was RMB2.674 billion, while the net cash outflow during the same period last year was RMB508 million. It was mainly due to significant decrease in the amount of new borrowings compared with the same period last year.

As at 31 December 2017, the Group's total borrowings amounted to RMB37.019 billion (31 December 2016: RMB42.979 billion). Among which, the amount repayable within one year was approximately RMB16.641 billion, the amount repayable within one to two years was approximately RMB4.609 billion, the amount repayable within two to five years was approximately RMB14.926 billion, and the amount repayable more than five years was approximately RMB843 million. The interest rates of all borrowings ranged from 0.55% to 5.7% per annum.

The Group's daily capital requirements and capital expenditures of maintenance nature can be financed from its operating cash flow. The Group also has loan facilities with no usage restriction of approximately RMB135 billion provided by banks.

Explanation on material changes in profit due to non-principal operations

Based on the changes in external environment and the operating condition of certain subsidiaries, for the purpose of reflecting the financial position and asset value of the Company more objectively, the Company performed impairment test on the assets within the scope of consolidation pursuant to the requirements of Accounting Standard for Business Enterprises No. 8 - Impairment of Assets and based on prudent principle. Accordingly, impairment was provided on the assets which had indication of impairment according to the impairment test results. RMB2.2209 billion of impairment loss was provided on different kinds of assets for the year 2017, which reduced the consolidated profit during the reporting period by RMB2.2209 billion in total, and reduced the consolidated profit attributable to owners of the parent during the reporting period by RMB1.27122 billion. Details of which include:

The state's policy to reduce excess capacity created substantial changes in the market. The management therefore adjusted the operational strategies in respect of the Company's refining and processing subsidiaries, namely Jinhao Iron and Qinghai Zijin. Based on the estimated recoverable amount, impairment provisions of RMB1.03843 billion and RMB129.55 million were made respectively on the non-current assets of the aforesaid two companies.

The mines of Qinghai West and Chongli Zijin, both of which are the Company's subsidiaries, are at the final stage of their mining life cycle. This leads to a change in their economic recoverable resources. Based on the estimated recoverable amount, impairment provisions of RMB104.58 million and RMB16.50 million were made respectively on the non-current assets of the aforesaid two companies.

Based on review and reassessment on the resources of Ankang Jinfeng Mining, a subsidiary of the Company, impairment provision of RMB306.28 million was made on the non-current assets of the company.

Based on the results of exploration reports, the Company concluded that the mining rights and exploration rights of certain subsidiaries had indication of impairment. Therefore, total impairment provisions of RMB369.62 million were made on the intangible assets of Longsheng Dexin Mining and other subsidiaries.

Because Longyan Zijin Zhonghang Real Estate Company Limited, an associate of the Company, continued to incur losses, the Company made an impairment provision of RMB153.21 million on the long-term receivables from the company.

Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2017, the Group's consolidated total liabilities was RMB51,672,418,332 (RMB58,101,192,073 as at 31 December 2016), and the Group's consolidated total equity was RMB37,642,845,218 (RMB31,116,508,186 as at 31 December 2016). As at 31 December 2017, the Group's gearing ratio was 1.373 (1.867 as at 31 December 2016).

Key quarterly financial data for year 2017

Unit: RMB

	First quarter (Jan-Mar)	Second quarter (Apr-Jun)	Third quarter (Jul-Sep)	Fourth quarter (Oct-Dec)
Operating income	18,457,471,590	19,066,160,320	24,453,629,869	32,571,357,319
Net profit attributable to owners of the parent	1,005,633,520	499,765,893	708,783,910	1,293,534,304
Net profit attributable to owners of the parent after non-recurring profit or loss	380,067,749	493,641,339	750,979,640	1,072,219,775
Net cash flow from operating activities	1,015,456,609	2,290,352,180	2,459,072,538	3,999,474,187

Non-recurring profit or loss items and their amounts

Unit: RMB

Non-recurring profit or loss items	Amount for 2017	Note (If applicable)	Amount for 2016
Losses on disposal of non-current assets	-234,350,050		-285,763,310
Government grants recognised in the statement of profit or loss for the current period, except for government grants which are closely related to the Company's normal business operations, and in line with the country's policies, calculated according to certain standards or continuously granted in fixed amount	230,882,015		169,989,699
Capital utilisation fee received from non-financial enterprises recognised in profit or loss for the current period	164,403,514		168,380,526
Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date			53,053,260
Gains on changes in fair value from held for trading financial assets and financial liabilities, and investment gains on disposal of held for trading financial assets and financial liabilities and available-for-sale investments except for the effective portion of hedge closely related to the Company's normal operations	598,484,635	Including the gains on changes in fair value of investment including trading stocks, funds and currency swaps, etc. amounted to RMB750,200,343 and losses on disposal of stocks, funds, currency swaps and wealth management products amounted to RMB151,715,708.	869,141,461
Non-operating income and expenses other than the aforesaid items	-181,878,389		-123,144,367

Other profit or loss items which meet the definition of non-recurring profit or loss	268,462,403	Including impairment losses on available-for-sale investments of RMB49,704,548 and investment income from disposal of long-term equity investments of RMB318,166,951.	-3,888,677
Impact on the non-controlling interests	-59,137,799		-21,775,878
Impact on income tax	23,942,795		23,731,593
Total	810,809,124		849,724,307

Items measured at fair value

Unit: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit for the current period
Financial assets at fair value through profit or loss (excluding derivative financial assets)	1,173,290,127	2,537,224,490	1,363,934,363	1,042,850,524
Derivative financial assets	78,489,803	16,703,231	-61,786,572	-43,394,003
Available-for-sale investments	533,450,722	218,648,868	-314,801,854	221,287,228
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-20,178,616	-2,231,963,403	-2,211,784,787	24,766,958
Derivative financial liabilities	-72,961,871	-82,281,534	-9,319,663	-425,738,844
Total	1,692,090,165	458,331,652	-1,233,758,513	819,771,863

ANALYSIS OF ASSETS AND LIABILITIES

Status of assets and liabilities

Unit: RMB

Item	Amount at the end of 2017	Proportion to total assets as at the end of 2017 (%)	Amount at the end of 2016	Proportion to total assets as at the end of 2016 (%)	Percentage change in the amount at the end of 2017 compared with the amount at the end of 2016 (%)	Reasons for the change
Financial assets at fair value through profit or loss	2,553,927,721	2.86	1,251,779,930	1.40	104.02	Increase in value of stocks and expansion in the scope of consolidation
Bills receivable	1,519,375,541	1.70	875,760,717	0.98	73.49	Increase in the sales using bills for settlement by certain subsidiaries
Trade receivables	1,292,864,505	1.45	783,067,488	0.88	65.10	Increase in sales to external parties
Prepayments	1,344,141,153	1.50	869,773,560	0.97	54.54	Increase in the prepayments for

						material procurement
Current portion of non-current assets	257,775,683	0.29	366,489,750	0.41	-29.66	Reclassification of certain extended receivables to long-term receivables
Other current assets	3,528,021,403	3.95	1,970,998,795	2.21	79.00	Increase in wealth management products
Investment properties	350,540,469	0.39	193,291,103	0.22	81.35	Certain housing inventories of real estate company were rented out
Financial liabilities at fair value through profit or loss	2,314,244,937	2.59	93,140,487	0.10	2,384.68	Increase in gold leasing futures denominated in Renminbi with unfixed price
Taxes payable	1,175,693,479	1.32	490,865,153	0.55	139.51	Increase in value-added tax and corporate income tax
Dividends payable	4,193,049	0.00	27,165,124	0.03	-84.56	Payment of dividends accrued in prior periods to non-controlling shareholders
Long-term payables	563,703,645	0.63	397,617,073	0.45	41.77	Accrual of entry fee of Musonoie after commencing commercial production during the year
Capital reserve	11,109,919,061	12.44	6,703,357,022	7.51	65.74	Share premium arising from the proceeds received from non-public issuance of Renminbi-denominated ordinary A Shares

ANALYSIS ON INVESTMENT STATUS

1. Overall analysis on external equity investment

During the reporting period, the Group continued to carry out the development strategy of “internationalisation, project upsizing, asset securitisation”, with main focus on high quality gold and copper projects in operation. The Company continued to pay attention to and keep track of a batch of important mining projects to realise the goals of enhancing resources reserve, production volume and value of the Company. The Company proactively carried out tasks relating to major overseas project acquisitions.

(1) Key equity investments

The Company’s associate, Tibet Yulong Copper Co., Ltd. (“Tibet Yulong”) proposed to enlarge its registered capital to RMB2 billion. Tibet Yulong’s current shareholders, namely Western Mining Co., Ltd. (“Western Mining”), the Company, and Changdu City Investment Co., Ltd. (“Changdu Investment”) participated in Tibet Yulong’s capital enlargement at a consideration of RMB1 per share. Western Mining, the Company and Changdu Investment contributed RMB449.50 million, RMB170.5 million and RMB165 million in cash to enlarge Tibet Yulong’s capital respectively. In addition, Changdu Investment also contributed RMB62 million by land for the capital enlargement. After the capital enlargement, Western Mining’s and Zijin Mining’s shareholding proportion in Tibet Yulong remained unchanged at

58% and 22% respectively. The proportion of 20% shareholding in Tibet Yulong held by Changdu Investment, Tibet Autonomous Region Geology and Mineral Resources Exploration and Development Bureau Geological Team No. 6 and Tibet Gaozheng (Group) Co., Ltd. remained unchanged. Tibet Yulong is principally engaged in development of the Yulong copper mine project in Tibet. The abovementioned capital enlargement was approved by the Company's Board meeting convened on 29 December 2017.

On 13 November 2017, the Company's wholly-owned subsidiary, Zijin Mining Group Capital Investment Co., Ltd. ("Zijin Capital") and Jinzhou Cihang Group Co., Ltd. (a listed company on the Shenzhen Stock Exchange, stock code: 000587, "Jinzhou Cihang") entered into "Jinzhou (Xiamen) Gold Asset Management Co., Ltd. Capital Contribution Agreement" and jointly invested in and established Jinzhou (Xiamen) Gold Asset Management Co., Ltd. ("Jinzhou Gold"). The registered capital of Jinzhou Gold is RMB2 billion, among which Jinzhou Cihang subscribed for RMB1.6 billion and held 80% of the equity interest; and Zijin Capital subscribed for RMB400 million and held 20% of the equity interest. The business scope of Jinzhou Gold mainly includes asset and investment management, spot sales of gold and silver, wholesale of metal and metal ore, etc.

On 19 January 2017, the Company and Sprott Inc. of Canada entered into an agreement. The Company acquired 30,900 shares of Gold Mountains Sprott Capital Management Limited ("Gold Mountains Sprott") held by Sprott Inc. of Canada at a consideration of US\$0.01 per share. After completion of the share transfer, the Company held 90.9% interest in Gold Mountains Sprott. The restructure of Gold Mountains Sprott was completed in the reporting period. Sprott-Zijin Mining Fund was renamed as Zijin Global Fund. The size of the fund is approximately US\$100 million.

(2) Key non-equity investments

Project name	Amount (RMB billion)	Progress	Investment during the reporting period (RMB billion)	Actual accumulated investment (RMB billion)	Project return status
Longnan Zijin (Gansu Yate) Li County gold mine project	1.4	Feasibility study reports of phase 2 of the 8,000 tonnes/day processing project and biological peroxidation were completed.	0.071	0.654	Planned to produce about 6 tonnes of mine-produced gold a year after completion of the two phases of the project and upon reaching the designated production capacity.
Construction of Duobaoshan copper mine phase 2	2.477	Construction was in progress.	0.605	0.789	Upon completion of phase 2 construction and phase 1 technological innovation, the annual production capacity is expected to increase to 80,000 tonnes of copper.

Significant disposal of assets and equity interests

Jin Huang Mining Company Limited, an overseas wholly-owned subsidiary of the Company ("Jin Huang Mining"), cumulatively disposed 6,482,860 shares of Pretium Resources Inc. ("Pretium") it held in 2017 and realised investment income of RMB221 million. As at the end of 2017, Jin Huang Mining still held 2,696,131 shares of Pretium. Pretium is a company listed on the Toronto Stock Exchange and the New York Stock Exchange. The Pretium shares which Jin Huang Mining held were mainly acquired through participating in Pretium's share placement in 2015.

ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

Unit: RMB'000

Gold segment								
Company name	Mine	Interest held by the Group	Production volume (kg)	Grade (g/tonne)	Total assets	Net assets	Operating income	Net profit
Barrick (Niugini) Limited (Note 1)	Porgera gold mine	50%	7,824	4.53	3,189,140	1,265,030	2,173,230	294,450

Norton Gold Fields Limited	Paddington	100%	6,267	1.28	2,085,540	951,630	1,756,110	197,280
JV Zeravshan LLC	Jilau, Taror gold mines	75%	4,014	1.71	2,358,020	-178,710	938,100	-59,840
Hunchun Zijin Mining Company Limited	Shuguang gold mine	100%	2,571	0.45	1,478,700	1,206,530	1,213,020	340,150
Copper segment								
Company name	Mine	Interest held by the Group	Production volume (tonne)	Grade (%)	Total assets	Net assets	Operating income	Net profit
Zijin Mining Group Company Limited*	Zijinshan copper mine (Note 2)	100%	75,850	0.52	-	-	-	-
Xinjiang Ashele Copper Company Limited	Ashele copper mine	51%	44,057	2.11	3,650,520	2,024,890	1,775,890	737,030
Heilongjiang Zijin Copper Company Limited	Duobaoshan copper mine	100%	33,735	0.38	3,499,510	1,621,590	1,438,790	339,550
La Compagnie Minière de Musonoie Global SAS	Kolwezi copper mine	72%	21,940	4.11	1,768,080	197,350	693,320	170,920
Hunchun Zijin Mining Company Limited	Shuguang copper mine	100%	11,745	0.2	1,478,700	1,206,530	1,213,020	340,150
Zinc segment								
Company name	Mine	Interest held by the Group	Production volume (tonne)	Grade (%)	Total assets	Net assets	Operating income	Net profit
Russia Longxing Company Limited	Kyzyl-Tash Turk zinc and polymetallic mine	70%	93,272	7.77	3,412,290	425,540	1,501,320	528,740
Wulatehouqi Zijin Mining Company Limited	Miaogou-Sanguikou lead and zinc mine	95%	87,529	1.84	2,216,060	1,358,350	1,743,660	624,340
Xinjiang Zijin Zinc Industry Company Limited	Wulagen lead and zinc mine	100%	79,398	2.26	1,171,280	874,070	1,430,640	718,930
Refining segment								
Company name	Major product	Interest held by the Group	Major by-products	Production volume	Total assets	Net assets	Operating income	Net profit
Zijin Copper Company Limited	Refinery copper	100%	Gold, silver, vitriol	300,900 tonnes of copper cathode, 12.86 tonnes of gold, 314.86 tonnes of silver and 891,000 tonnes of vitriol	7,709,230	2,556,340	23,535,980	350,760
Bayannaouer Zijin Non-ferrous Metals Company Limited	Zinc bullion	87.2%	Copper, vitriol	197,000 tonnes of zinc bullion, 1,626 tonnes of copper and 275,600 tonnes of vitriol	2,828,900	934,630	4,354,250	63,700
Other segments								
Company name	Major product	Interest held by the Group	Production volume (million tonne)	Grade (%)	Total assets	Net assets	Operating income	Net profit
Xinjiang Jinbao Mining Company Limited	Iron concentrates	56%	2.43	33.13	1,347,840	996,190	1,115,760	461,910
Fujian Makeng Mining Company Limited (Note 3)	Iron concentrates	41.5%	0.52	38.5	4,311,680	1,348,690	610,450	78,400
Jin Heng Mining Company Limited (Note 4)	-	100%	-	-	1,694,000	1,150,480	-	685,880

Note:

1. The data of Barrick (Niugini) Limited is on equity basis, i.e., production volume is based on 47.5% of interest and data of financial statements is based on 50% interest;
2. Zijinshan is the branch of the Company and it is not separately reported;
3. The production volume of Fujian Makeng Mining Company Limited reflects the Company's share on equity basis;
4. The net profit of Jin Heng Mining Company Limited was mainly owing to the gain on changes in fair value of the stocks of Ivanhoe Mines Ltd. it held.

DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Landscape and development trend in the industry

China is the world's largest consumer of mineral raw materials of metals, taking up as much as 30% to 50% of the world's total consumption. It is also the world's largest producer of mineral raw materials. Nevertheless, due to the country's heavy reliance on external supply for certain base metals, namely copper, aluminium and iron, it is also the largest importer for mineral raw materials of metals. All these factors contribute to the important influence which the Chinese market has over the global mining industry. However, with uneven distribution of mineral resources across the world, most of the premium and sizeable mineral resources are primarily dominated by the giant mining conglomerates in the West. Chinese mining enterprises are still at a primary stage in their "going-out" expedition. Due to a lack of experience and talents, most of these Chinese enterprises were met with unsatisfactory results in their investments in overseas mineral projects in the past. With the Chinese economy and the country's mining enterprises increasingly growing in strength, Chinese mining enterprises have gradually emerged to be a new driving force in the global mining industry.

To seek further development, the inevitable trends for mining enterprises are to realise technological upgrade, deeply interweave informatisation and industrialisation developments, and raise the capacity for scientific and technological innovation. The technological level and equipment of domestic mining enterprises have been improving very rapidly. With the state imposing more stringent requirements and supervision on safety and environmental protection, the small-sized and substandard enterprises will gradually exit the market, which will be favourable for raising industrial concentration. Even with a significant increase in the current prices of mineral products, no apparent increase was observed in the quantity of processed mineral products, certain data even indicated a decline. This suggests that the measures on environmental protection, safety supervision and supply-side reform have achieved significant effectiveness.

The Company will implement its international strategy through merger, acquisition and reorganisation. It will also echo the state policies such as "One Belt, One Road" to help improve industrial structure, enhance industrial concentration and competitiveness, all being the essential criteria for the ongoing development of Chinese mining industry. A capable mining company should insist on the "going out" strategy to enhance its overall competitiveness through overseas development, and actively contribute to the development of Chinese mining industry.

(II) Development strategies of the Company

In 2014, the Company began a new round of business development, and proposed to achieve the strategic goals of ascending to the league of top international miners by year 2030, and becoming an "extra-large scale international mining group with high technology and efficiency". Looking forward, the Company will insist on a combination of internationalisation, project upsizing and asset securitisation as its key strategy, focusing on internationalisation as the crucial direction for the Company's future development, project upsizing as the future source of growth, and the capital market as the foundation for achieving further expansion of business.

(III) Business plans

Business environment

Gold is an asset which has stood the test of history, and an irreplaceable global strategic asset. Being a pillar of asset in the financial reserves of various countries, gold has an indispensable function for maintaining national financial stability and economic security. Since 2015, the US Federal Reserve has raised the interest rate for many times, which have been fully factored in by the market and reflected on gold price. With increasing outbreaks of "black swan" events and higher risks of international geopolitical conflicts, the international gold market will probably continue to see a strong demand. These will only accentuate the monetary characteristics of gold and give effective support to gold price.

The US economy will see more dynamics owing to a series of initiatives, such as a US\$1 trillion infrastructure improvement plan, extensive tax reduction and a push for return of the American manufacturing industry. Together with China's policy emphasis on the implementation of supply-side reform and stronger environmental protection management, these factors will contribute positively to the performance of the prices of copper, zinc and other metal products. It is also noticeable that the development of new energy vehicles may steadily increase the demand for copper,

while certain copper producers may come under pressure to slash or cease production, as a result of the trade barrier between copper producing countries, constraints imposed by local communities and trade unions, etc. These could significantly influence the supply and price of copper. As for zinc price, owing to a global supply shortage, it will possibly see more upside and limited downside, and more drastic volatility.

Business plans

The planned production volumes of major mineral products of the Company for year 2018 are: mine-produced gold of 37 tonnes, mine-produced copper of 244,000 tonnes, mine-produced lead and zinc of 311,700 tonnes (including mine-produced zinc of 274,100 tonnes and mine-produced lead of 37,600 tonnes), mine-produced silver of 213 tonnes and iron concentrates of 2.6 million tonnes.

The above plan was made in light of the current economic condition, market situation and the existing conditions of the Company. The Board may revise the production plan from time to time in accordance with the prevailing circumstances. The above plan was made on the basis of the production capacity of the Company's current mines, without taking into account the production capacity of the projects which the Company may potentially acquire.

Specific business strategies for 2018

In 2018, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will focus on "clinging to reforms, maintaining growth and boosting development" as the main focus of work, emphatically promote a spirit of innovation, accelerate the implementation of internationalisation strategy, carefully proceed with the reforms in corporate governance and management system, ensure compliance in operation, and fully accomplish the operation and production targets for 2018.

1. Continue to drive reform in management structure, establish a formalised and highly effective management mechanism

The Company will implement the concepts of development in the new era, extensively strengthen the combination between the Company's management system with the leadership of the Party, and establish a highly effective, unified management mechanism with clear allocation of responsibilities and efficacious supervision. It will improve the internal governance structure, formalise the scope of powers and obligations of relevant parties, make good use of the service and management functions of various business-segment based divisions, and focus on synergising finance, logistics and human resources, etc., to create extra values. Moreover, the Company will adhere to five major principles of development, namely production safety, environmental protection, ecological conservation, compliance and sustainability, in order to raise the efficiency and quality of development.

2. Pursue growth targets with stability and quality, improve the overall operating results

The Company will strive to capture the favorable market conditions to increase production volume, develop and manage mineral resources on the basis of maximising value. The significance of the mines, being a core and basic business segment of the Company, will be strengthened. In addition to focusing on gold, copper and zinc as the core resources, the Company will also pay close attention to the opportunities arising from other kinds of strategically important minerals. Moreover, to meet the planned production targets, the projects which are in operation will further tap into their potentials, raise efficiency and improve technical indicators. On the other hand, the projects which are currently under construction will also be proceeded in full swing so as to make contributions to the Company's results as soon as possible.

Domestic mining entities: keep raising productivity and improving production techniques, and continue to be the key driver for the Company's earnings; operational targets for performance assessment should be set in a scientific manner by applying ore loss rate, dilution rate, processing recovery rate, equipment operation rate and labour productivity as the key indicators. The construction work of Duobaoshan Copper's phase two expansion and Xinjiang Zijin Zinc Industry's technological upgrade of 20,000 tonnes/day mining and processing capacity shall be carried on.

Overseas mining entities: benchmark against the practices of top players in the field and enhance the quality of globalised operation and management. Moreover, the construction and development of important overseas projects will be accelerated. Looking forward, the Kamoakakula copper mine project in the DR Congo will become the key growth driver of the Company, hence it is important to ensure that the development progress of the project will be on schedule; the construction of the hydrometallurgical system for the Kolwezi copper and cobalt mine will also be speeded up to enhance the recovery and utilisation of copper and cobalt resources; Russia Longxing's proposal for phase two underground mining for its Tuva zinc and polymetallic mine will be optimised to ensure smooth transition from open-pit mining to underground mining; Norton will continue to improve its proposal on the development and utilisation of low-grade resources; and the study and investigation in respect of ZGC's large-scale open-pit mining for its Taror gold mine will also be speeded up.

Refining and processing entities: synergise refining and processing business to improve the profitability of the segment. Key projects to be implemented include Zijin Copper's potential raising and efficiency enhancement project (phase two) for an additional handling capacity of 100,000 tonnes of copper cathodes, Zijin Copper's comprehensive utilisation of resources and harmless treatment for copper refining, Heilongjiang Zijin Copper's copper refining project, and Xinjiang Zijin Zinc Industry's 100,000 tonnes/year ancillary zinc refining project.

Other types of entities: pursue synergy between finance, construction, trading and logistics entities, pay attention to the development trends and alternative opportunities from new materials which are associated with mining industry, and carry out differential assessment based on market standards. Projects not relating to main business and small in size will be disposed of more rapidly.

3. Realise material breakthroughs in merger and acquisition, rapidly expand the Company's resources and earnings

By adhering to the "going-out" development strategy, the Company will target at acquiring companies or projects having a large resource reserve, existing production volume and earnings, and combine the use of the capital market to achieve rapid growth in the Company's key indicators, especially the rapid growth in the resources and production volume of gold and copper. In addition, a broader vision will be adopted on merger and acquisition. Equity investments which have a strategic significance, preferably those which can be readily consolidated to the Company's profits, will be given priority. Steps will also be taken to boost the Company's market value by reaping benefit from the differential valuations in local and overseas capital markets.

4. Tackle human resources-related challenges, promote balanced development between the corporation, employees and the community

The Company will expedite the recruitment and introduction of globalised, multi-disciplinary talents, with more emphasis placed on the development of senior management candidates and young talents. It also aims at fostering a team of workers who possess high quality, top competence and with Zijin characteristics. The recruitment and appraisal mechanism of technical staff will be formalised and carried out on a regular basis. Moreover, the remuneration of frontline workers will be improved, to allow them to have a stronger sense of achievement, happiness and satisfaction.

5. Strengthen innovation and scientific and technological work and promote the upgrading of development quality

The Company will comprehensively implement new development concepts and promote high-quality development by encouraging and rewarding innovation in the whole Group. The Company will also implement the fault-tolerant exemption mechanism in innovation and technological research. The Company should adhere to market-oriented reforms, with focus on value creation, and conduct management innovation by stimulating the dynamics and creativity of management. And it will achieve technological breakthroughs in key techniques and key areas, with emphasis on technical challenges which are closely related to production. The Company will vigorously promote informatisation, automation and intelligent development. Fully equipped with modern technology, the Company will build a batch of model mining sites with Zijin features.

6. Attach great importance to safety and environmental protection, occupational health and ecological construction, and build an exemplary image in the industry

The Company will implement requirements in the new era, to rigorously manage production safety and environmental protection, and establish a new benchmark for green development in the industry. Therefore, the Company will build the brand of safety, environmental protection and ecological construction, in particular establish a global image of green development. The Company will comprehensively promote the construction of green mines, with emphasis on the state's requirements red line of ecological protection, and accelerate the implementation of ecological conservation measures. In addition, the Company will continuously strengthen occupational health and safety management, enhance source control and technology upgrading. In this way, the occurrence of occupational diseases will be eliminated thoroughly.

(IV) Possible risks

1. Metals price risks

Metal products such as gold, copper and zinc are the major sources of the Company's revenue and earnings. The price movements of the aforesaid products will create substantial impacts on the Company's operating results. Decline in product prices may cause greater pressure to the Company's production and operation. To ensure a stable operation, the Company will fully leverage on its technological and managerial strength to raise efficiency and control costs strictly. Moreover, the Company will observe the market closely and make professional judgment. Where appropriate, and

based on the necessity for risk control, it will make reasonable use of financial derivatives to hedge price fluctuation risks.

2. Financial market risks

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

3. Safety and environmental protection risks

Mining companies have relatively higher safety and environmental protection risks. The Company always adheres to the principle of "safety first, emphasis on precautions and comprehensive management" when strengthening the implementation of production safety responsibilities and continuously improving the safety standardisation operating system. By comprehensively applying system, management, and economic measures, the Company ensures the continuity and stability of production safety of the Company. The Company attaches great importance to and continues to improve environmental protection. It adheres to the environmental protection concept of "lucid waters and lush mountains are invaluable assets". The Company earnestly puts environmental protection and ecological restoration into practice, vigorously develops green mine construction, and remains highly committed to moving forward the eco-development trend.

4. State and community risks

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

(V) Others

Capital requirement for sustaining existing business and completing investment projects/projects under construction

In accordance with the Company's preliminary plan, it is expected that in 2018, the Company will invest approximately RMB4.15 billion in project construction (including technological innovation); approximately RMB12.05 billion will be put into investment, merger and acquisition; and RMB190 million will be invested in geological exploration. All the capital expenditures mentioned above will be financed by the Group's internal funds, bank borrowings, issuance of bonds and notes and other feasible financing methods.

SIGNIFICANT MATTERS

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

Formulation, execution or adjustment of cash dividend distribution policy

According to the "Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies" (Zheng Jian Fa [2012] No. 37) and "Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies" (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission (the "CSRC") and the requirements of other laws, regulations and regulatory documents and the articles of association of the Company, in order to improve the decision making of the Company's profit distribution and supervisory mechanism, while taking into consideration of the Company's production, operation and sustainable development and maintaining a reasonable return to investors of the Company, the Company formulated the "Profit Distribution and Return Plan for the Next Three Years (Year 2015-2017)" (the "Profit Distribution and Return Plan"). The Profit Distribution and Return Plan clearly defines the principle, format, cash dividend conditions of the Company's profit distribution policy, and the procedures for forming profit distribution policy, procedures for amending profit distribution policy, etc. Unless there is a special circumstance, the Company's cumulative profit distribution by way of cash for the latest three years shall not be less than 60% of the average annual distributable profits realised for the latest three years. In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realised distributable profits for the year (excluding the accumulated undistributed profits of last year). The abovementioned Profit Distribution and Return

Plan was considered and approved at the first extraordinary shareholders' general meeting in 2015.

The 2016 annual general meeting of the Company considered and approved the profit distribution plan of the Company for 2016. On the basis of 23,031,218,891 shares before the profit distribution plan, a dividend of RMB0.06 (tax included) per share (a total of RMB1,381,873,133.46 in cash) was distributed. The above profit distribution was completed on 4 August 2017.

As audited by Ernst & Young Hua Ming (LLP), the Group's net profit attributable to owners of the parent for the year ended 31 December 2017 prepared in accordance with CAS was RMB3,507,717,627. The Board proposed the profit distribution plan for the year ended 31 December 2017 to be: on the basis of 23,031,218,891 shares as at 31 December 2017, to pay the qualified shareholders of the Company the final cash dividend of RMB0.9 per 10 shares (tax included). The total distribution of cash dividend amounts to RMB2,072,809,700.19. The remaining balance of undistributed profit will be reserved for future financial years.

Independent Directors of the Company considered that the profit distribution for 2017 is in line with the relevant provisions of the articles of association and the Company's Profit Distribution and Return Plan and fully protects the legitimate rights and interests of minority investors. They agreed with the profit distribution plan.

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

Unit: RMB

Year of profit distribution	Bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax included)	Capital conversion for every 10 shares (share)	Amount of cash dividend (tax included)	Net profit attributable to ordinary shareholders of listed company on consolidated financial statement for the dividend distribution year	Percentage of dividends to net profit attributable to ordinary shareholders of the listed company accounted for in the consolidated financial statements (%)
2017	0	0.9	0	2,072,809,700	3,507,717,627	59.09
2016	0	0.6	0	1,381,873,133	1,839,798,820	75.11
2015	0	0.6	0	1,292,444,619	1,655,671,617	78.06

Performance of undertakings

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

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

			new business segment in the future, the Company will have the priority to enter that business industry while Minxi Xinghang and its other wholly-owned or controlling enterprises will not develop the same business segment.			
Undertaking related to re-financing	Restriction on selling of shares	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held from the date of undertaking to six months after the completion of non-public issuance of A Shares in 2016 of the Company	From 28 October 2016 to six months after the completion of non-public issuance of A Shares in 2016 of the Company	Yes	Yes
	Restriction on selling of shares	Certain Directors, Supervisors and senior management of the Company who participated in phase 1 of the employee stock ownership scheme of the Company	Not to reduce the number of shares of the Company held from the date of undertaking to six months after the completion of non-public issuance of A Shares in 2016 of the Company	From 28 October 2016 to six months after the completion of non-public issuance of A Shares in 2016 of the Company	Yes	Yes

Analysis and explanation on the reasons and impacts of changes in accounting policies, accounting estimates or correction of material accounting errors of the Company

Analysis and explanation on changes in accounting policies and accounting estimates of the Company

Change in presentation of gains/losses on disposal of assets

Pursuant to the stipulations of “Notice in relation to Revision and Issuance of Format of Enterprise’s General Financial Statements by the Ministry of Finance” (Cai Kuai [2017] No. 30), the Group presented “gains on disposal of assets” separately before “operating profit” in the statement of profit or loss. Partial gains/losses on disposal of non-current assets previously recorded in “non-operating income” and “non-operating expenses” were recorded in “gains on disposal of assets”. The Group retrospectively restated the comparative statement of profit or loss accordingly. This change in accounting policy does not have impact on the consolidated and the Company’s net profit and equity.

Change in presentation of government grants

Pursuant to the stipulations of “Notice in relation to Revision and Issuance of ‘Accounting Standards for Business Enterprises No. 16 - Government Grants’” (Cai Kuai [2017] No. 15), the Group presented “other income” separately before “operating profit” in the statement of profit or loss and presented the government grants relating to the daily operation of the enterprise in “other income” instead of “non-operating income” in the past. The Group adopted prospective application method to account for government grants existed before 1 January 2017 pursuant to the provisions of transition. For the government grants newly received between 1 January 2017 and the effective date of the standard (12 June 2017), the Group adjusted the amount pursuant to this standard. There are differences in the content of “other income”, “operating profit” and “non-operating income” between year 2017 and 2016 but there is no impact on the consolidated and Company’s net profit for the year 2017 and 2016.

Change in presentation of discontinued operations

Pursuant to the stipulations of “Notice in relation to Issuance of ‘Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations’” (Cai Kuai [2017] No. 13), the Group added the item “net profit from continuing operations” under “net profit” in the statement of profit or loss. The Group had no “discontinued operation” for the year 2017 and 2016.

Major litigation and arbitration

Litigation, arbitration which have not been published in provisional announcements or without further progress

Unit: RMB’000

During the reporting period:								
Applicant(s)	Respondent(s)	Jointly liable parties	Type of proceeding (arbitration)	Basic information of the proceeding (arbitration)	Amount involved in the	Whether provisions are made	Progress of the proceeding (arbitration)	Hearing results and impacts of the proceeding

					proceeding (arbitration)	for the proceeding (arbitration)		(arbitration)
Xinyi Zijin Mining Company Limited and Zijin Mining Group Company Limited*	6 hydropower plants (including Shihuadi in Xinyi City) and a water treatment plant	N/A	Civil proceeding (reached settlement arrangement at the second hearing)	After the first hearing, the applicants objected to the resulting judgment and appealed to the Intermediate People's Court in Maoming City, Guangdong Province.	24,767	No	Under the mediation of the Intermediate People's Court in Maoming City, Guangdong Province, all the litigants reached a settlement agreement, pursuant to which Xinyi Zijin has to compensate a total of RMB24.767 million to the aforesaid respondents. The compensation is payable by Xinyi Zijin and Fujian Jinma Construction Engineering Company Limited based on the proportion to which they consensually agree.	A settlement agreement was entered into among the parties, all the cases relevant to the collapse of the tailings pool dam of Yinyan Tin Mine of Xinyi Zijin have been concluded.

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

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

Summary of the event	Index for details
The registration of the shares subscribed by phase 1 of employee stock ownership scheme of Zijin Mining Group Co., Ltd.* was completed at China Securities Depository and Clearing Corporation Limited (Shanghai Branch) on 7 June 2017. 129,163,987 A Shares were subscribed for, the subscription amount was RMB401.7 million, the subscription price was RMB3.11 per share and the lock-up period was 36 months.	For details, please refer to the Company's announcements disclosed on HKEXnews website (http://www.hkexnews.hk) dated 8 June 2017.

Material connected transactions

Connected transactions related to daily business operation

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

Summary of event	Index for details
The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), entered into a copper concentrates supply contract with Xinjiang Non-ferrous Metals Industrial Materials (Group) Co., Ltd., which is a wholly-owned subsidiary of Xinjiang Ashele's substantial shareholder, Xinjiang Non-ferrous Metals Industry (Group) Company Limited, on 22 February 2017. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contract was entered into under normal commercial terms, which reflects the principles of fairness and reasonableness. Afterwards, under the impact of rising prices of copper concentrates during 2017, it was expected that the sales amount under the connected transaction would exceed the original annual cap of sales amount set at early 2017. At the fourteenth extraordinary	For details, please refer to the Company's announcements disclosed on HKEXnews website (http://www.hkexnews.hk) dated 22 February 2017 and 28 November 2017.

<p>meeting in 2017 of the sixth term of the Board convened on 28 November 2017, it was approved to raise the amount of annual cap of the connected transaction to RMB1.005 billion. During the reporting period, the total amount of the transaction was RMB803.336 million.</p>	
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THE WORK IN THE ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITIES

(I) Poverty alleviation work of the Company

1. Targeted poverty alleviation plan

Fundamental strategy

In response to the Party’s and the Chinese government’s general scheme of poverty elimination, and under the guidance of General Secretary Mr. Xi Jinping’s strategic thought on poverty alleviation and development, the Company conscientiously studied and implemented the spirit of the 19th National Congress of the Communist Party of China, and fully implemented “Opinion on Serving the National Poverty Alleviation Strategy by Making Use of the Capital Market” issued by the CSRC. The Company insisted in combining measures of providing assistance and fostering self-reliance. Since the mining subsidiaries located in remote mountain areas are familiar with the situation of the community, the Company gave full play to these advantages and carried out targeted poverty alleviation activities at the areas in which its subsidiaries are located. Thereby, the Company helped the economic development and poverty elimination for the people who live in areas near to its mining operations by sustaining a steady increase of income for poor households and enhancing their self-development capacity.

General objectives

The enterprise should undertake responsibility to help the community on poverty alleviation. The Company accurately identified families and villages in poverty and carried out targeted poverty reduction work with focus on improving infrastructure facilities in poor villages and living environment for people living in poverty to steadily enhance their living standards. At the same time, an effective long-term mechanism of the Company for targeted poverty alleviation was gradually established.

Key work

Through cooperation between the Company’s subsidiaries, local governmental organisations responsible for poverty alleviation, Zijin Mining Charity Foundation (the Company as its only founder) and local social organisations, the Company put its emphasis on the poor areas near the operation of its subsidiaries to drive development of economy and education in such areas by ways of donation, creating employment, industrial development, education and so on.

Safeguarding measures

Following the lead of the Party Committee and the Board of the Company, the management of the Company formulated annual plan for targeted poverty alleviation, and laid down organisational safeguard in respect of project selection, liaising with governmental organisations, implementation of supervision, and information disclosure, etc. Poverty alleviation fund was included in the annual financial budget to ensure material support for poverty alleviation. The Company delegated its social responsibility department to be responsible for poverty elimination and took Zijin Mining Charity Foundation as the implementation platform. Based on the thorough knowledge of poor villages, poor families and their situations, the Company ensured that the capital and personnel are in place, and the poverty alleviation work can be carried out accurately and thoroughly.

2. Overview of targeted poverty alleviation work for the year

In 2017, the Company actively responded to the state’s strategy of targeted poverty alleviation, gave full play to the location advantages of mining subsidiaries in remote mountain areas by deploying personnel, material and capital in poor villages around mining sites, and coordinated with local governments’ poverty alleviation institutions, Zijin Mining Charity Foundation and other charity organisations. According to incomplete statistics, the Company carried out more than 70 key assistance projects, to provide assistance to the impoverished villages near the mining operations in Fujian Province Minxi Old Revolutionary Base Area, Aletai Region of Xinjiang Autonomous Region, Hebei Province, Henan Province, Inner Mongolia Autonomous Region, Heilongjiang Province, Yunnan Province, Qinghai Province and Shanxi Province, etc., by way of infrastructure construction, industry and technology development, environmental protection, assisting students from poor households and improving education facilities. Total investments on poverty alleviation amounted to over RMB41 million. The poverty alleviation activities effectively improved the infrastructure, production and education in the poor villages near the mines and enhanced the living standards of impoverished population.

3. Results of targeted poverty alleviation

Unit: RMB’000

Indicator	Amount and progress
I. General	
Including: 1.Subsidised amount	41,012.8
2. Materials	0
3 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	281
II. Subsidy by category	
1. Industrial development for poverty alleviation	
Including:	√ Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce √ Asset return √ Technology √ Others
1.1 Industrial development projects for property alleviation by category	
1.2 Number of projects	6
1.3 Amount of subsidy for industrial development projects	5,794.3
1.4 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	185
2. Employment transfer for poverty alleviation	
Including:	126
2.1 Amount of subsidy for vocational skill training	
2.2 Number of person provided with vocational skill training	580
2.3 Number of person no longer registered under the category of population in poverty as a result of obtaining assistance for employment from the Company	106
3. Relocation for poverty alleviation	
Including: 3.1 Number of relocated person whom the Company helped for employment	175
4. Education for poverty alleviation	
Including:	630.5
4.1 Amount of subsidy for impoverished students	
4.2 Number of impoverished students supported (person)	300
4.3 Amount of subsidy for improving educational resources in poor areas	6,667
5. Poverty alleviation by improving health care	
In which: 5.1 Amount of subsidy for medical and health services	0
6. Poverty alleviation by ecological protection	
Including: 6.1 Name of project	√ Carry out ecological conservation and maintenance <input type="checkbox"/> Establish compensation methods for ecological conservation <input type="checkbox"/> Set up specialised position for handling ecological and public charity related affairs <input type="checkbox"/> Others
6.2 Amount of subsidy	4,500
7. Minimum protection	
Including : 7.1 Amount of subsidy for the disabled living in poverty	60
7.2 Number of the disabled living in poverty subsidised (person)	27
8. Community poverty alleviation	
Including : 8.1 Amount of subsidy for fixed-point poverty alleviation	2,455.8
8.2 Charitable foundation for poverty alleviation	650
9. Other projects	

Including: 9.1. Number of project	50
9.2. Amount of subsidy	20,179.2
9.3. Number of person no longer registered under the category of population in poverty as a result of obtaining assistance from the Company	96
9.4. Other details of the projects	Poverty alleviation by assisting the poor areas in developing livelihood project and improving infrastructure by way of donations.
III. Honours/awards received (subject and level)	
1. The Group was awarded with the Fifth National Civilised Unit (state level)	
2. The Group was awarded with National Top 10 Model Company for Promoting Harmonious Community (state level)	
3. The Group ranked 48th on the 500 Leading Companies in Corporate Social Responsibility in China (state level)	
4. The Group ranked 14th on the Fourteenth China Charity Award (2017) (state level)	
5. Zijin Mining Charity Foundation was awarded as the Caring Organisation for Providing Humanitarian Assistance and Supporting the Disabled Groups (provincial level)	
6. The Group was awarded with Model Enterprise in Poverty Alleviation in Longyan City (municipal level)	
7. The Group was awarded with Project Hope Special Contribution Award (2017) (municipal level)	
8. The subsidiary, Xinjiang Zijin Zinc Industry Co., Ltd. was awarded with Advanced Unit in Poverty Alleviation in the Twelfth Five-Year Plan (municipal level)	
9. The subsidiary, Qinghai West Copper Co., Ltd. was awarded with Blood Donation Advanced Unit in Guoluo Prefecture (municipal level)	
10. The subsidiary, Malipo Zijin Tungsten Co., Ltd. was granted the honour of Grade-A Taxpayer by Malipo County (municipal level)	
11. The subsidiary, Wulatehouqi Zijin Company Limited was awarded with Outstanding Contribution Enterprise (municipal level)	
12. The subsidiary, Inner Mongolia Jinzhong Mining Company Limited was awarded with "Caring Enterprise" (municipal level)	
13. The subsidiary, Luoning Zijin Mining Company Limited was awarded with the honour of 2017 Advanced Unit in Education Contribution (municipal level)	
14. The subsidiary, Shanxi Zijin Mining Company Limited was awarded with the honour of Enterprise with Outstanding Contribution in Xinzhou City (municipal level)	

4. Plan for future targeted poverty alleviation work

In 2018, the Company will implement the spirit of the 19th National Congress of Communist Party to promote targeted poverty alleviation and help the country win the battle against poverty. Together with poverty alleviation authorities of local government and Zijin Mining Charity Foundation, the Company will comply with the requirements of precision in receivers, targets, contents, measures and results, and focus on Longyan City of Fujian Province, Altetai in Xinjiang Autonomous Region, Hunchun City of Jilin Province, Luoning County of Henan Province, Guoluo Prefecture of Qinghai Province and Wulatehouqi of Inner Mongolia to carry out targeted poverty alleviation work in impoverished rural areas. Simultaneously, the Company will continue to provide assistance to senior citizens and orphans, enhance ecological protection and assisting students and local schools in Shanghang headquarters area. The Company will continue to increase publicity efforts and guide all sectors of the society in participating poverty alleviation. The Company will make contributions to overall improvement of infrastructure conditions, economic development in poor villages, effective improvement in the living conditions for poor groups, and steady enhancement of their living standards.

Principal measures

(1) Strengthen organisation and leadership. A team comprising the responsible personnel of the social responsibility department, Zijin Mining Charity Foundation, and Party branches of the locality at which the Company's operations are located, is tasked with the on-site implementation of poverty alleviation work. The team is also responsible for coordinating the collaboration between various departments for carrying out the poverty alleviation projects.

(2) Strengthen project implementation and management to ensure the actual needs of the assisted groups are met.

In the course of carrying the projects, the Company ensures the groups with genuine need of assistance could be accurately identified, actively carries out study and investigations, and pays visits to the impoverished households, to obtain a better understanding of their actual needs. Key focus of the Company's work is to improve the basic infrastructure of the poor areas. The bottlenecks constraining the development of such areas, namely a lack of highway, and deficient supply of water, electricity and accommodation, are identified as the crucial areas of poverty alleviation. Efforts are made to improve the basic infrastructure of the poverty-plagued communities to achieve the goal of targeted poverty alleviation. Adhering to the principles of openness, justice and fairness, the Company also strengthens the direct management and supervision of projects, enhances on-site inspection, strictly forbids malpractices, and implements effective supervision and evaluation of projects.

(3) Strictly regulate allocation and payment of funds. The allocation and payment of funds for assistance projects shall strictly comply with the provisions in project cooperation agreements or project proposals, and follow approval authority and process. Relevant application procedures will only be proceeded when no imperfections are identified.

(4) Joint forces for poverty alleviation. The Company engages in poverty alleviation projects by way of cooperation between its subsidiaries, local governments of the impoverished areas, and local social organisations. The Company's charity foundation plays an important role in connecting enterprises and citizens' assistance with the impoverished households.

(5) Improve archive management. The collection, updating, improvement, archiving and statistical analysis of the raw data and basic information obtained in the implementation process of the projects, as well as retention of the data from evaluation and supervision of poverty alleviation work, shall be carried out properly.

(6) Strengthen learning and improve effectiveness. The Company takes the initiatives to consult with the Ministry of Civil Affairs, the National Poverty Alleviation Office and other relevant authorities, and actively learn from advanced poverty alleviation institutions and groups, in order to optimise poverty alleviation measures and achieve practical work results.

(II) Social responsibility work

Please refer to the 2017 Social Responsibility Report of the Company on the website of Shanghai Stock Exchange, www.sse.com.cn.

(III) Environmental protection

1. Explanations on environmental protection of the companies and their subsidiaries which are the key pollutant discharging units identified by the environmental protection authorities

The Company proactively implement eco-development strategy, follows the five principles including "production safety, environmental protection, ecological conservation, compliance and sustainability" as the key principles for the Company's sustainable development. The Company adheres to "a combination of mine development and eco-development" as the basic requirement for its development in the new era, firmly upholds the belief of "eco-development and eco-mining", imposes strict requirements on ecological and environmental protection to be completed with firm attitude and strong measures in order to develop the Company as a model of eco-development in the mining industry.

(1) Emission of pollutants meeting the standards

In 2017, according to the supervisory monitoring reports about the sources of pollution and regular supervisory data of the corporation issued by environment protection institutions delegated by the branch companies (subsidiaries), the wastewater, exhaust gas and noise at plant boundary produced by the branch companies (subsidiaries) received standardised management, their emission was stable and in compliance with the standards. Hazardous waste and general industrial solid waste were safely disposed or comprehensively utilised according to national standards and specifications.

(2) Construction and operation of pollution-controlling facilities

In 2017, treatment facilities of wastewater, exhaust gas and solid waste of the branch companies (subsidiaries) operated stably and normally. Pollutants such as wastewater and exhaust gas received effective treatment. Signboards indicating the name of pollutant discharging entity, type of the outlets, reference number of the outlets, key pollutants discharged from the outlets, etc. were placed near the gas and wastewater discharge outlets, major sources of noise and storage of hazardous waste.

(3) Environmental impact assessment and the implementation of the "three simultaneous" system of projects under construction

In 2017, the Company continuously strengthened the supervision and management of environmental assessment and inspection at conclusion stage of new projects, and projects pending upgrade or expansion. The Company strictly followed the requirements of "Law on the Management of the Environment Protection of Construction Projects", "Rules on the Inspection and Acceptance of Environmental Protection of Completed Construction Projects (Tentative)" and "Classified Administration Catalogue of Environmental Impact Assessment for Construction Projects" to implement the "three simultaneous" system and ensured the smooth construction and operation of construction projects.

(4) Application for pollutant emission permits and payment of sewage charges

As at 31 December 2017, Jilin Zijin Copper Company Limited and Zijin Copper Company Limited obtained the renewed pollutant emission permits from Hunchun City Environmental Protection Bureau and Shanghang County Environmental Protection Bureau respectively. The Company's other branch companies (subsidiaries) are preparing application data and materials according to the requirements of local environmental protection authorities.

In 2017, the branch companies (subsidiaries) followed the requirements of local environmental protection authorities, strictly complied with the reporting and registration rules of pollutant emission and paid the sewage charges in accordance with the stipulations of the law and the relevant requirements of the sewage discharge payment notices, sewage discharge approval notices, sewage discharge approval and review decision notices, etc.

(5) Emergency plan in response to outbreak of environmental incidents

In accordance with the relevant requirements stipulated by “Notice on Tentative Administrative Policy on Preparation of Emergency Plan in Response to Environmental Incidents” and “State Emergency Plan in Response to Outbreak of Environmental Incidents” issued by the Ministry of Environmental Protection of the PRC, the branch companies (subsidiaries) formulated their respective emergency plans for environmental incidents according to their production techniques, pollution-intensive production stages and environmental risks. The emergency plans were reported and filed to the local environmental administrative authorities. Emergency drills of different types were conducted on a regular basis in order to improve the skills and ability of the branch companies (subsidiaries) in prevention and response to environmental incidents.

(6) Environmental self-monitoring programme

Branch companies (subsidiaries) of the Group formulate detailed self-monitoring programme every year. The scope of inspection mainly includes exhaust gas, wastewater and noise. Qualified institutions are engaged to carry out the monitoring if they do not have such inspection qualification. Also, the Company requires its branch companies (subsidiaries) to strictly carry out online monitoring and supervision. Professional independent institutions are engaged for operating and maintaining major online monitoring instruments. The real-time monitoring results are uploaded onto environmental supervisory and controlling platforms at provincial, municipal and county levels, enabling open disclosure of monitoring results.

(7) Conservation of biodiversity and ecological conservation

The Company pays close attention to conservation of wildlife and vegetation. It prohibits unlawful and over-picking of wild plants, unlawful and over-hunting of animals, the purchasing and eating of wild animals, and attaches high importance to conservation of natural habitats of wild animals and plants. Based on the belief of “mutual existence of human and nature”, the Company prohibits any production facilities to be built in protected natural areas, origins of drinking water, national forest parks and other ecological function zones. The Company always upholds “environmental protection and development go together” in its production and operation process, proactively searches for new technologies for vegetation recovery, carrying out ecological and environmental management, restoration and plantation according to the characteristics of the land, mine and plant. At the same time, for the purpose of speeding up the Company’s eco-development, the Board of the Company passed the Resolution in relation to Enhancing the Development of Green Mines on 30 June 2017, which set the major targets for eco-mining to be achieved by year 2020. Presently, 2 and 6 mining entities of the Group have received the honourable title of “National Green Mine” and “National Green Mine Pilot Unit” respectively. 1 mining entity received the title of “Provincial Green Mine”, 1 mining entity received the title of “Green Mine Pilot Unit of the Autonomous Region” and 1 refining entity was chosen as one of the enterprises in the first batch of Green Model Enterprise in 2017.

CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Changes in ordinary shares

1. Table on changes in ordinary shares

Unit: Share

	Before the change		Movement (+, -)					After the change	
	Number of shares	Proportion (%)	Additional A Shares issued	Bonus shares	Conversion of capital reserve to share capital	Others	Subtotal	Number of shares	Proportion (%)
I. Shares subject to trading moratorium	0	0	+1,490,475,241	0	0	0	+1,490,475,241	1,490,475,241	6.47%
1. Shareholding of state-owned entities	0	0	+905,723,471	0	0	0	+905,723,471	+905,723,471	3.93%
2. Shareholding of other domestic investors	0	0	+584,751,770	0	0	0	+584,751,770	+584,751,770	2.54%

In which: Shareholding of non-state owned domestic entities	0	0	+584,751,770	0	0	0	+584,751,770	+584,751,770	2.54%
Shareholding of domestic natural persons	0	0	0	0	0	0	0	0	0
II. Shares not subject to trading moratorium	21,540,743,650	100%	0	0	0	0	0	21,540,743,650	93.53%
1. Renminbi-denominated ordinary shares	15,803,803,650	73.37%	0	0	0	0	0	15,803,803,650	68.62%
2. Overseas-listed foreign invested shares	5,736,940,000	26.63%	0	0	0	0	0	5,736,940,000	24.91%
III. Total number of ordinary shares	21,540,743,650	100%	+1,490,475,241	0	0	0	+1,490,475,241	23,031,218,891	100%

2. Details of changes in ordinary shares

Pursuant to the approval document issued by the CSRC (Zhengjian Xuke [2017] No. 289), the Company completed the non-public issuance of 1,490,475,241 Renminbi-denominated ordinary A Shares on 7 June 2017. Registration and custody formalities relating to the additional A Shares issued were completed at China Securities Depository and Clearing Corporation Limited (Shanghai Branch) on 7 June 2017. For details, please refer to the announcement in relation to the issuance results of non-public issuance of A Shares and changes in share capital of the Company dated 8 June 2017 disclosed on HKEXnews website. Respective change of business registration was also completed. The registered capital of the Company was changed to RMB2,303,121,889.1.

3. Impacts on financial indicators including earnings per share, net assets per share, etc. from changes in ordinary shares during the most recent year and period (if any)

Increase in the number of ordinary shares of the Company would dilute the earnings per share and net assets per share of the most recent year and period, but it had no impact on financial indicators such as the Company's operating income, net profit, net assets, total assets, etc.

Issuance and listing of securities

(1) Issuance of securities during the reporting period

Unit: Share Currency: RMB

Type of shares and their derivatives	Date of issuance	Issuance price (or interest rate)	Number issued/total amount	Date of listing	Number/amount approved to be listed for trading
Ordinary share					
Renminbi-denominated ordinary shares (A Shares)	23 May 2017	RMB3.11	1,490,475,241 shares	7 June 2017	1,490,475,241 shares
Convertible corporate bonds, bonds with detachable warrants and corporate bonds					
2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	12 September 2017	5.17%	RMB500 million	27 September 2017	RMB500 million

(2) Changes in total number of ordinary shares, shareholding structure and the structure of assets and liabilities of the Company

After the completion of the non-public issuance, the total number of the Company's ordinary shares increased from 21,540,743,650 to 23,031,218,891, in which the proportion of shareholding of Minxi Xinghang State-owned Assets Investment Company Limited, the controlling shareholder of the Company, decreased from 26.33% to 25.88%. It remains to be the substantial shareholder of the Company. The issuance did not lead to change in actual control of the Company. Also, the total assets and net assets of the Company increased correspondingly, the debt-to-asset ratio decreased, the capital structure and financial condition of the Company were improved, financial risks were mitigated and the Company's risk resistance improved.

INFORMATION OF CORPORATE BONDS

Overview of corporate bonds

Unit: RMB billion

Name of bond	Abbreviation	Code	Date of issuance	Date of maturity	Outstanding balance	Interest rate	Payment of principal and interest	Listing place
2016 Corporate Bonds (the First Tranche) (Type One) of Zijin Mining Group Co., Ltd.*	16 Zijin 01	136304	18 March 2016	18 March 2021	3	2.99%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the First Tranche) (Type Two) of Zijin Mining Group Co., Ltd.*	16 Zijin 02	136305	18 March 2016	18 March 2021	2	3.37%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type One) of Zijin Mining Group Co., Ltd.*	16 Zijin 03	136549	15 July 2016	15 July 2021	1.8	3.05%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2016 Corporate Bonds (the Second Tranche) (Type Two) of Zijin Mining Group Co., Ltd.*	16 Zijin 04	136550	15 July 2016	15 July 2021	1.2	3.45%	Interest to be paid annually, principal to be repaid in full at maturity.	Shanghai Stock Exchange
2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued)	17 Zijin Y1	143917	12 September 2017	The base period is 3 years. At the end of the base period and the end of each renewal period, the Company has an option to renew the bonds for one more period (i.e., 3 years). The renewable corporate bonds will mature when the Company does not exercise the renewal option and redeems the bonds in full amount.	0.5	5.17%	When the Company does not exercise the option to delay interest payment, the interest shall be paid annually.	Shanghai Stock Exchange

Settlement of interests and principals of the corporate bonds

Dates of the first and second payment of interest of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* were 18 March 2017 and 18 March 2018 respectively, and the payment was settled on schedule. Date of payment of the initial interest accrued of 2016 Corporate Bonds (the Second Tranche) of Zijin Mining Group Co., Ltd.* was 15 July 2017, and the payment was settled on schedule. The next date of payment will be 15 July 2018.

Date of payment of the initial interest accrued of 2017 Renewable Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.* (publicly issued) will be 12 September 2018. No interest payment was made during the reporting period.

Use of proceeds raised from corporate bonds

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

Settlement of interests of other bonds and debt financing instruments

As at 31 December 2017, the Company has issued medium-term notes of RMB8.3 billion, and all the interest payments were settled on schedule.

Changes in the Company's Directors, Supervisors and senior management

Mr. Guo Xianjian replaced Mr. Fang Qixue as the chief engineer on 18 August 2017. Save as disclosed above, there was no change in the Company's Directors, Supervisors and senior management for the year ended 31 December 2017.

For the constitution of the Directors, Supervisors and senior management, please refer to the Company's 2017 annual report.

Details of the shareholders' general meeting

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions
2016 annual general meeting of the Company	30 June 2017	www.hkexnews.hk	30 June 2017

Purchase, sale or redemption of listed securities of the Company

Save as disclosed in this announcement, the Board confirmed that neither the Company nor any of its subsidiaries purchased, sold, redeemed or wrote off any of the Company's listed securities for the year ended 31 December 2017.

Corporate Governance

As required by provision A.1.8 of Appendix 14 Corporate Governance Code and Corporate Governance Report to the Listing Rules (the "CG Code"), an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board currently considers that the Company and the Board have adopted sufficient measures to prevent Directors from committing errors and minimise the risk in claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board will review this policy of insurance from time to time and may arrange insurance later. As required by provision F.1.3 of the CG Code, an issuer's company secretary should report to the board chairman and/or the chief executive. The Board considers that the company secretary in Hong Kong reporting to the secretary to the Board is more suitable to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and Mainland China. The provision A.5.6 of the CG Code stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The nomination and remuneration committee of the Company would review the Board composition from time to time and from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender. It considered that the Board diversity is proper and therefore the update of policy is not required. As required by provision A.6.7 of the CG Code, independent non-executive director should attend

general meetings. Independent non-executive Director Mr. Cai Meifeng had work appointment and could not attend the Company's annual general meeting on 30 June 2017.

Save as disclosed above, for the year ended 31 December 2017, the Board confirmed that the Group has adopted and complied with the provisions of the CG Code and has followed most of its recommended best practices with no deviation (for details, please refer to the Company's 2017 annual report).

Independent Non-executive Directors

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which states the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise. The Company appointed four independent non-executive Directors and one of them possesses accounting and related financial management expertise. Details of the independent non-executive Directors have been provided in the Company's 2017 annual report.

Securities transactions by the Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by the Directors and the Supervisors of the Company. The effective date was 23 December 2003. Having made specific reasonable enquiries with all Directors and Supervisors of the Company, the Company confirmed that all Directors and Supervisors have complied with the provisions of the Model Code for the year ended 31 December 2017.

Shareholdings of the Directors and Supervisors in the Company

As at 31 December 2017, Mr. Chen Jinghe, an executive Director and the chairman of the Board of the Company, held 102,000,000 A Shares and 8,000,000 H Shares, Mr. Lan Fusheng, an executive Director, vice-chairman and president, held 7,530,510 A Shares, Mr. Zou Laichang, an executive Director, held 1,430,000 A Shares, Mr. Lin Hongfu, an executive Director, held 862,500 A Shares, Mr. Fang Qixue, an executive Director, held 301,000 A Shares, Ms. Lin Hongying, an executive Director, held 200,000 A Shares, Mr. Lin Shuiqing, a Supervisor, held 300,000 A Shares, and Mr. Liu Wenhong, a Supervisor, held 24,450 A shares and 10,000 H Shares in the Company.

Audit and internal control committee

The audit and internal control committee of the Board has reviewed the Group's financial report for the year ended 31 December 2017 and further discussed the auditing, internal control and financial reporting matters. The audit and internal control committee considers that the Group's financial report for the year ended 31 December 2017 was in compliance with the applicable accounting standards and relevant laws and regulations and has made sufficient disclosure.

Appointment and dismissal of auditors

Unit: RMB million

	Currently appointed
Auditors in Mainland China	Ernst & Young Hua Ming (LLP)
Remuneration for auditors in Mainland China this year	8.85
Appointment term of the auditors in Mainland China	Renew once a year

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

Important events after reporting period

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

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

Definition

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

A Share(s)	The domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock
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	Exchange
Ankang Jinfeng Mining	Ankang Jinfeng Mining Company Limited, a subsidiary of the Company
Ashele Copper, Xinjiang Ashele, Xinjiang Ashele Copper	Xinjiang Habahe Ashele Copper Company Limited, a subsidiary of the Company
Board, Board of Directors	The board of Directors of the Company
Chongli Zijin	Chongli Zijin Mining Company Limited, a subsidiary of the Company
CSRC	China Securities Regulatory Commission
Director(s)	The director(s) of the Company
DR Congo	The Democratic Republic of the Congo
Fujian Makeng Mining	Fujian Makeng Mining Company Limited, an associate of the Company
Guizhou Zijin	Guizhou Zijin Mining Company Limited, a subsidiary of the Company
H Share(s)	The overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange
Heilongjiang Zijin Copper	Heilongjiang Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Jinhao Iron	Xinjiang Aletai Jinhao Iron Company Limited, a subsidiary of the Company
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Longnan Zijin	Longnan Zijin Mining Company Limited, a subsidiary of the Company
Longsheng Dexin Mining	Longsheng County Dexin Mining Company Limited, a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Musonoie	La Compagnie Minière de Musonoie Global SAS, a subsidiary of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
PRC	The People's Republic of China but for the purpose of this report, excludes Hong Kong SAR, Macau SAR and Taiwan
Qinghai West	Qinghai West Copper Company Limited, a wholly-owned subsidiary of the Company
Qinghai Zijin	Zijin Mining Group Qinghai Company Limited, a wholly-owned subsidiary of the Company
Russia Longxing, Longxing Company	Russia Longxing Company Limited, a subsidiary of the Company
Shanxi Zijin	Shanxi Zijin Mining Company Limited, a wholly-owned subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Zijin Copper	Zijin Copper Company Limited, a wholly-owned subsidiary of the Company
Zijin Precious Metal Materials	Fujian Zijin Precious Metal Materials Company Limited, a subsidiary of the Company
Zijin Zinc Industry, Xinjiang Zijin Zinc Industry	Xinjiang Zijin Zinc Industry Co., Ltd., a wholly-owned subsidiary of the Company

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

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

Fujian, PRC, 23 March 2018

**The Company's English name is for identification purpose only*