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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 2016**

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 2016. (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 Balance Sheet  
As at 31 December 2016  
RMB

<u>ASSETS</u>	<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,022,502,044	5,498,295,305
Financial assets at fair value through profit or loss		1,251,779,930	548,352,730
Bills receivable		875,760,717	264,373,037
Trade receivables	13	783,067,488	864,682,728
Prepayments		869,773,560	842,469,851
Other receivables		997,209,895	1,215,636,233
Inventories		12,002,626,649	10,951,318,480
Current portion of non-current assets		366,489,750	458,040,000
Other current assets		1,970,998,795	1,151,678,678
Total current assets		<u>24,140,208,828</u>	<u>21,794,847,042</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments		1,076,496,651	972,008,647
Long-term equity investments		7,909,027,958	6,941,121,652
Investment properties		193,291,103	168,402,512
Fixed assets		32,530,610,194	29,359,351,288
Construction in progress		3,984,843,811	6,160,763,924
Construction materials		194,114,106	240,135,740
Intangible assets		10,257,008,960	10,283,969,425
Goodwill		463,597,655	496,758,705
Long-term deferred assets		1,185,962,369	1,084,220,930
Deferred tax assets		873,576,042	793,211,659
Other non-current assets		6,408,962,582	5,619,242,131
Total non-current assets		<u>65,077,491,431</u>	<u>62,119,186,613</u>
<b>TOTAL ASSETS</b>		<u><u>89,217,700,259</u></u>	<u><u>83,914,033,655</u></u>

Zijin Mining Group Co., Ltd.\*  
Consolidated Balance Sheet (continued)  
As at 31 December 2016  
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings		12,350,040,250	5,394,474,750
Financial liabilities at fair value through profit or loss		93,140,487	6,804,872,854
Bills payable		252,074,617	231,175,265
Trade payables	14	4,727,394,558	4,442,840,507
Advances from customers		2,086,548,542	1,918,146,839
Employee benefits payable		652,672,744	569,619,991
Taxes payable		490,865,153	698,586,919
Dividends payable		27,165,124	119,000,981
Other payables		3,953,476,058	4,289,196,570
Current portion of non-current liabilities		4,218,609,112	6,053,652,249
Other current liabilities		5,000,000,000	1,004,821,498
Total current liabilities		<u>33,851,986,645</u>	<u>31,526,388,423</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		5,775,423,277	9,251,188,420
Bonds payable		16,270,310,335	8,300,000,000
Long-term payables		397,617,073	1,171,224,739
Provision		871,311,724	720,404,428
Deferred income		453,473,146	503,275,426
Deferred tax liabilities		481,069,873	513,296,967
Total non-current liabilities		<u>24,249,205,428</u>	<u>20,459,389,980</u>
<b>TOTAL LIABILITIES</b>		<u>58,101,192,073</u>	<u>51,985,778,403</u>

Zijin Mining Group Co., Ltd.\*  
Consolidated Balance Sheet (continued)  
As at 31 December 2016  
RMB

<u>LIABILITIES AND OWNERS' EQUITY</u>	<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
<b>EQUITY</b>			
Share capital		2,154,074,365	2,154,324,365
Capital reserve		6,703,357,022	7,232,538,557
Other comprehensive income	11	(642,687,760)	(830,177,675)
Special reserve		159,412,702	139,524,461
Surplus reserve		1,319,401,104	1,319,401,104
Retained earnings		<u>18,068,917,361</u>	<u>17,521,563,160</u>
Equity attributable to owners of the parent		<u>27,762,474,794</u>	<u>27,537,173,972</u>
Non-controlling interests		<u>3,354,033,392</u>	<u>4,391,081,280</u>
<b>TOTAL EQUITY</b>		<u>31,116,508,186</u>	<u>31,928,255,252</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u>89,217,700,259</u>	<u>83,914,033,655</u>

Zijin Mining Group Co., Ltd.\*  
Consolidated Statement of Profit or Loss  
For the year ended 31 December 2016  
RMB

	<u>Note</u>	<u>2016</u>	<u>2015</u>
OPERATING INCOME	2	78,851,137,811	74,303,573,739
Less: Operating costs	2	69,782,246,837	68,007,729,583
Taxes and surcharges	3	907,955,846	809,662,007
Selling expenses		667,483,736	691,861,398
Administrative expenses		2,822,472,260	2,620,740,626
Financial expenses	4	581,525,541	945,668,268
Impairment losses on assets	5	560,842,460	470,685,123
Add: Gains/(losses) on changes in fair value	6	756,641,718	(125,512,228)
Investment income	7	(1,973,336,425)	1,312,774,399
<i>Including: Share of profits/(losses) of associates and joint ventures</i>		<u>92,415,676</u>	<u>(44,237,294)</u>
OPERATING PROFIT		2,311,916,424	1,944,488,905
Add: Non-operating income	8	262,363,612	419,019,949
<i>Including: Gains on disposal of non-current assets</i>		10,747,371	8,862,317
Less: Non-operating expenses	9	448,228,330	277,336,663
<i>Including: Losses on disposal of non-current assets</i>		<u>296,510,681</u>	<u>46,337,101</u>
PROFIT BEFORE TAX		2,126,051,706	2,086,172,191
Less: Income tax expenses	1	<u>438,783,804</u>	<u>743,484,427</u>
NET PROFIT		<u>1,687,267,902</u>	<u>1,342,687,764</u>
Attributable to owners of the parent		<u>1,839,798,820</u>	<u>1,655,671,617</u>
Non-controlling interests		<u>(152,530,918)</u>	<u>(312,983,853)</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		236,688,217	(37,135,047)
Exchange differences arising from translation of financial statements denominated in foreign currencies		119,025,748	(345,701,137)
Effective portion of cash flow hedges		<u>(168,224,050)</u>	<u>-</u>
Net other comprehensive income after tax attributable to owners of the parent		187,489,915	(382,836,184)
Net other comprehensive income after tax attributable to non-controlling interests		<u>(29,219,268)</u>	<u>(28,497,328)</u>
		<u>158,270,647</u>	<u>(411,333,512)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,845,538,549</u>	<u>931,354,252</u>
Attributable to:			
Owners of the parent		<u>2,027,288,735</u>	<u>1,272,835,433</u>
Non-controlling interests		<u>(181,750,186)</u>	<u>(341,481,181)</u>
Earnings per share			
Basic earnings per share	10	<u>0.09</u>	<u>0.08</u>

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements  
For the year ended 31 December 2016  
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 VAT rate for mining and processing of iron concentrates and non-ferrous metals such as copper concentrates, zinc concentrates, and copper cathodes, zinc bullion, silver bullion, material sales and processing is 17%. The taxpayer is required to remit the VAT balance after deducting the VAT paid on eligible purchases to the tax authority.

VAT tax 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 balance after deducting the VAT paid on eligible purchases to the tax authority. Small-scale taxpayer’s VAT tax rate for all the income mentioned above is 3%.

Business tax Business tax rate for real-estate rental income and hotel service revenue is 5%, and that for construction labor income is 3%. From 1 May 2016, calculation and payment of business tax was replaced by VAT.

Urban maintenance and construction 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 resource ranged from RMB6.4 to RMB12.80 (2015: RMB6.4 to RMB12.80) per tonne according to the ore quantity of the concentrates; tax rate for zinc-lead resources was RMB10 to RMB20 (2015: RMB10 to RMB20) per tonne according to the ore quantity of the concentrates.

From 1 July 2016, the calculation and levy of tax for the above mineral resources were changed from quantity-based to price-based, basis for calculation of tax was changed from sales amount of original volume of ore to sales amount of original volume of ore concentrate (or original mineral processed products), primary products and gold bullion.

The resource tax rate for gold resources, copper resources, iron resources and lead and zinc resources ranged from 1% to 4%, 2% to 7%, 1% to 6% and 2% to 6% respectively.

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%.

From 1 July 2016, implementation of resource tax reform was enacted, and no resource compensation fee was levied on mineral products then.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
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 incorporated and operating in Australia and the Democratic Republic of the Congo 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 South Africa has been made at the rate of 28% on the assessable profits. Provision for tax for the Company's subsidiaries incorporated and operating in the Republic of Tajikistan has been made at the rate of 15% on the assessable profits for the year. 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 for the year.
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**Tax incentives**

Pursuant to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Tax 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 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 derive over 70% of their operating income from the encouraged industries could apply for tax incentives. After getting in-charge tax bureau's approval, those enterprises could enjoy a reduced corporate income tax ("CIT") rate of 15%. In 2016, the following subsidiaries obtained the in-charge tax bureau's approval and were granted a reduced CIT rate of 15%:

- (1) Pursuant to the Notice of Tax Issue (Ha Di Shui Tong [2016] No. 436) issued by the Xinjiang Autonomous Region Habahe County Local Tax Bureau on 1 April 2016, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (2) Pursuant to the Tax Preference Application approved by Xinjiang Autonomous Region Wuqia County State Tax Bureau on 18 March 2016, Xinjiang Zijin Zinc Industry Company Limited ("Xinjiang Zinc Industry") was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (3) Pursuant to the Notice of Tax Issue (Fu Di Shui Han [2016] No. 1681) issued by the Xinjiang Autonomous Region Fuyun County Local Tax Bureau, the application for CIT concession filed by Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") on 27 April 2016 met the acceptance conditions, Xinjiang Jinbao was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.
- (4) Pursuant to the Notice of Tax Issue (Wu Hou Di Shui Shui Tong [2017] No. 348) issued by the Inner Mongolia Autonomous Region Bayannaer Municipal Wulatehouqi Local Tax Bureau, the application for CIT concession filed by Wulatehouqi Zijin Mining Company Limited ("Wulatehouqi Zijin") on 20 January 2017 met the acceptance conditions, Wulatehouqi Zijin was entitled to a tax concession of Western Development at a preferential CIT rate of 15% in 2016.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**1. TAXES (continued)**

	2016	2015
Current tax expenses	513,397,489	749,031,700
Deferred tax expenses	<u>(74,613,685)</u>	<u>(5,547,273)</u>
	<u>438,783,804</u>	<u>743,484,427</u>

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

	2016	2015
Profit before tax	2,126,051,706	2,086,172,191
Tax at the statutory tax rate (Note 1)	531,512,927	521,543,048
Effect of different tax rates applicable to certain subsidiaries (Note 1)	(419,721,558)	(175,459,407)
Adjustments in respect of current tax of previous periods	(38,635,412)	(106,279,360)
Income not subject to tax (Note 2)	(67,010,740)	(34,764,912)
Expenses not deductible for tax	65,151,747	45,311,202
Tax losses utilised from previous periods	(162,321,768)	(45,097,412)
Effect of unrecognised deductible temporary differences and deductible tax losses	<u>529,808,608</u>	<u>538,231,268</u>
Tax charge at the Group's effective tax rate	<u>438,783,804</u>	<u>743,484,427</u>

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 Hong Kong tax rates based on the estimated assessable profit. 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 enterprise operates.

Note 2: In 2016, income not subject to tax mainly included investment income from long-term equity investments under the equity method of RMB92,415,676 (2015: investment losses of RMB44,237,294), investment income from available-for-sale investments under the cost method of RMB36,470,000 (2015: RMB23,785,200) and the sales revenue which comes from the products that shall be exempted from income tax in line with national industrial policies and regulations of RMB38,872,002 (2015: RMB39,659,161).



Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**2. OPERATING INCOME AND OPERATING COSTS**

	2016		2015	
	Operating income	Operating costs	Operating income	Operating costs
Principal operations	78,064,758,266	69,277,920,817	73,760,622,049	67,688,883,834
Other operations	<u>786,379,545</u>	<u>504,326,020</u>	<u>542,951,690</u>	<u>318,845,749</u>
	<u>78,851,137,811</u>	<u>69,782,246,837</u>	<u>74,303,573,739</u>	<u>68,007,729,583</u>

During the year of 2016, more than 99% (2015: 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**

	2016	2015
Consumption tax	495,818	484,626
Business tax	44,864,722	49,714,051
Urban maintenance and construction tax	58,092,259	45,307,747
Resource tax	646,358,470	653,156,080
Education surcharges	36,310,429	30,871,933
Land utilisation tax (Note)	21,824,049	-
Vehicle and vessel tax (Note)	782,875	-
Stamp duty (Note)	18,341,538	-
Real estate tax (Note)	36,961,219	-
Others	<u>43,924,467</u>	<u>30,127,570</u>
	<u>907,955,846</u>	<u>809,662,007</u>

Note: Pursuant to the requirements of “Provisions in relation to Accounting Treatment of Value-added Tax” (Caikuai [2016] No. 22), the Group adjusted the item “operating taxes and surcharges” in the statement of profit or loss to “taxes and surcharges” in 2016. Taxes incurred after 1 May 2016, including real estate tax, land utilisation tax, vehicle and vessel tax, stamp duty, etc., were included in “taxes and surcharges” instead of “administrative expenses”. Taxes incurred before 1 May 2016 remained in “administrative expenses”, except those real estate tax and land utilisation tax originally included in “operating taxes and surcharges” and related to investment properties.

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**4. FINANCIAL EXPENSES**

	2016	2015
Interest expenses:	1,663,140,073	1,443,645,087
<i>Including: Bank loans</i>	895,719,586	977,002,228
<i>Bonds payable</i>	652,723,401	460,776,192
<i>Ultra short-term financing bonds</i>	114,697,086	5,866,667
Less: Interest income	309,138,023	146,452,526
Capitalised interest expenses	179,433,086	374,224,517
Exchange losses	(695,249,908)	(74,716,245)
Bank charges	102,206,485	97,416,469
	<u>581,525,541</u>	<u>945,668,268</u>

Capitalised interest expenses were included in construction in progress and inventories. In 2016, no interest income arose from impaired financial assets (2015: Nil).

**5. IMPAIRMENT LOSSES ON ASSETS**

	2016	2015
Bad debt provision for trade and other receivables	33,280,417	(3,207,761)
Provision for decline in value of inventories	73,416,667	90,190,149
Impairment on available-for-sale investments	3,888,677	740,039
Impairment on fixed assets	334,186,189	335,131,513
Impairment on construction in progress	22,631,859	-
Impairment on intangible assets	52,150,502	13,500,000
Impairment on goodwill	33,161,050	-
Impairment on other current assets	5,527,310	(2,650,000)
Impairment on other non-current assets	2,599,789	36,981,183
	<u>560,842,460</u>	<u>470,685,123</u>

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**6. GAINS/(LOSSES) ON CHANGES IN FAIR VALUE**

	2016	2015
Financial assets at fair value through profit or loss	683,420,567	(210,879,019)
Financial liabilities at fair value through profit or loss	73,221,151	85,366,791
	<u>756,641,718</u>	<u>(125,512,228)</u>
Details of gains/(losses) on changes in fair value:		
	2016	2015
1. Gains/(losses) on changes in fair value of investments in held-for-trading equity instruments – stocks	818,105,368	(296,765,295)
2. Losses on changes in fair value on gold leasing at fair value	(370,183,706)	(33,298,621)
3. Losses on changes in fair value of hedging instruments – non-effective hedging derivative instruments	(19,869,910)	-
4. Gains/(losses) on changes in fair value of derivative instruments not designated as hedges	308,723,825	215,915,418
(4-1) <i>Currency swap</i>	(34,537,624)	14,359,007
(4-2) <i>Hedging contracts of gold leasing</i>	344,205,585	142,323,570
(4-3) <i>Hedging contracts of commodities</i>	(944,136)	59,232,841
5. Others	19,866,141	(11,363,730)
	<u>756,641,718</u>	<u>(125,512,228)</u>

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**7. INVESTMENT INCOME**

	2016	2015
Gains/(losses) from long-term equity investments under the equity method	92,415,676	(44,237,294)
<i>Including: Share of losses of associates</i>	(19,842,742)	(205,052,213)
<i>Share of profits of joint ventures</i>	112,258,418	160,814,919
(Losses)/gains on disposal of long-term equity investments	(14,055,206)	3,131,710
<i>Including: (Losses)/gains on disposal of subsidiaries</i>	(14,055,206)	3,131,710
(Losses)/gains on disposal of financial assets and financial liabilities at fair value through profit or loss	(2,206,477,807)	1,229,029,431
Gains on disposal of available-for-sale investments	110,018,624	129,811,228
<i>Including: Investment income from available-for-sale investments measured at cost</i>	36,470,000	23,785,200
<i>Gains on disposal of available-for-sale investments measured at fair value</i>	73,548,624	106,026,028
Others	44,762,288	(4,960,676)
	(1,973,336,425)	1,312,774,399

In the year of 2016, investment gains from investments in listed companies was RMB11,463,799 (2015: gains of RMB84,677,776), and investment losses from investments in unlisted companies was RMB1,984,800,224 (2015: gains of RMB1,228,096,623).

Details of investment (losses)/gains on disposal of financial assets and financial liabilities at fair value through profit or loss:

	2016	2015
1. Investment losses on held-for-trading equity instruments – stocks	(62,084,825)	(33,197,931)
2. Investment (losses)/gains on gold leasing at fair value	(726,914,159)	600,026,720
3. Investment losses on hedging instruments - non-effective hedging derivative instruments	(371,225,144)	-
4. Investment (losses)/gains on derivative instruments not designated as hedges	(1,026,496,553)	668,341,170
<i>(4-1) Currency swap</i>	39,974,274	4,778,358
<i>(4-2) Hedging contracts of gold leasing</i>	(91,054,412)	(840,569,229)
<i>(4-3) Hedging contracts of commodities</i>	(975,416,415)	1,504,132,041
5. Others	(19,757,126)	(6,140,528)
	(2,206,477,807)	1,229,029,431

Zijin Mining Group Co., Ltd.\*  
Notes to Financial Statements (continued)  
For the year ended 31 December 2016  
RMB

**8. NON-OPERATING INCOME**

	2016	2015	Non-recurring profits or losses in 2016
Gains on disposal of non-current assets	10,747,371	8,862,317	10,747,371
<i>Including: Gains on disposal of fixed assets</i>	<i>10,747,371</i>	<i>8,762,317</i>	<i>10,747,371</i>
Government grants	169,989,699	184,276,134	169,989,699
Penalty income	6,943,066	7,734,115	6,943,066
Gains on debt for equity swap of Bindi Potash	-	117,106,400	-
Gains on further investment for business combination	-	66,814,497	-
Gains on business combination not involving enterprises under common control	53,053,260	-	53,053,260
Others	21,630,216	34,226,486	21,630,216
	<u>262,363,612</u>	<u>419,019,949</u>	<u>262,363,612</u>

Analysis of government grants recognised in the profit or loss in the current period is as follows:

	2016	2015
Government grants related to assets:		
Expenditures for science projects	2,978,752	990,025
Environmental protection	8,228,692	6,432,054
Refund of land compensation	2,714,576	2,371,504
Comprehensive utilisation of mineral resources (Note 1)	53,512,444	49,604,776
Others	1,130,000	1,797,135
	<u>68,564,464</u>	<u>61,195,494</u>
Government grants related to income:		
Special government rewards (Note 2)	36,410,764	30,678,386
VAT subsidies	5,508	331,234
Tax refunds	19,085,245	19,101,991
Others	45,923,718	72,969,029
	<u>101,425,235</u>	<u>123,080,640</u>
	<u>169,989,699</u>	<u>184,276,134</u>

Note 1: In 2016, the Company's Zijinshan copper mine amortised and recognised non-operating income related to government grants for anti-seepage project and infrastructure stripping project of RMB53,512,444 in aggregate.

Note 2: Mainly included enterprise innovation and transformation special support subsidy fund of RMB10,208,300 received by Zijin Copper; other subsidiaries received government grants for increasing production and efficiency, stabilising growth, etc. of RMB26,202,464 in aggregate.

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**9. NON-OPERATING EXPENSES**

	2016	2015	Non-recurring profit or loss in 2016
Losses on disposal of non-current assets	296,510,681	46,337,101	296,510,681
<i>Including: Losses on disposal of fixed                   assets</i>	<i>292,631,642</i>	<i>46,131,740</i>	<i>292,631,642</i>
<i>Losses on disposal of other                   non-current assets</i>	<i>3,879,039</i>	<i>205,361</i>	<i>3,879,039</i>
Donations	102,107,915	119,506,973	102,107,915
Penalties	23,576,810	35,035,997	23,576,810
Net losses arising from natural disasters	41,220	1,846	41,220
Losses on stocktaking	114,889	17,852	114,889
Others	25,876,815	76,436,894	25,876,815
	<u>448,228,330</u>	<u>277,336,663</u>	<u>448,228,330</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 ascertained as from the date the consideration is due (generally the issue 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:

	2016	2015
Earnings		
Consolidated net profit attributable to owners of the parent	<u>1,839,798,820</u>	<u>1,655,671,617</u>
Shares		
Weighted average number of ordinary shares outstanding	<u>21,540,825,842</u>	<u>21,556,915,502</u>
Earnings per share	<u>0.09</u>	<u>0.08</u>

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**11. OTHER COMPREHENSIVE INCOME**

The movements of other comprehensive income attributable to the parent in the balance sheet are as follows:

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 portion of cash flow hedges	-	(203,950,925)	35,726,875	(168,224,050)	(168,224,050)
Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>(727,019,929)</u>	<u>119,025,748</u>	<u>-</u>	<u>119,025,748</u>	<u>(607,994,181)</u>
	<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>

2015

	Opening balance	Movements			Closing balance
		Amount before tax	Income tax	Amount after tax	
Changes in fair value of available-for-sale investments	(66,022,699)	(37,431,296)	296,249	(37,135,047)	(103,157,746)
Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>(381,318,792)</u>	<u>(345,701,137)</u>	<u>-</u>	<u>(345,701,137)</u>	<u>(727,019,929)</u>
	<u>(447,341,491)</u>	<u>(383,132,433)</u>	<u>296,249</u>	<u>(382,836,184)</u>	<u>(830,177,675)</u>

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**11. OTHER COMPREHENSIVE INCOME (continued)**

The movements of other comprehensive income in the statement of profit or loss are as follows:

2016

	Amount before tax	Less: Amount of other comprehensive income recognised in 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 portion of cash flow hedges	(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>

2015

	Amount before tax	Less: Amount of other comprehensive income recognised in 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	74,876,576	112,307,872	(296,249)	(37,135,047)	-
Exchange differences arising from translation of financial statements denominated in foreign currencies	(345,701,137)	-	-	(345,701,137)	(28,497,328)
	<u>(270,824,561)</u>	<u>112,307,872</u>	<u>(296,249)</u>	<u>(382,836,184)</u>	<u>(28,497,328)</u>



## 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;
- (9) segment of others comprises, principally, the production of vitriol, copperplate, silver and iron, etc.

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/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

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

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

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

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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)	-
<b>Total</b>	<b>4,963,257,841</b>	<b>45,772,087,071</b>	<b>4,798,870,162</b>	<b>827,319,991</b>	<b>13,220,027,455</b>	<b>3,204,063,725</b>	<b>3,667,417,944</b>	<b>3,046,633,332</b>	<b>15,199,936,649</b>	<b>(15,848,476,359)</b>	<b>78,851,137,811</b>
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)
Segment profit before tax											<u>2,126,051,706</u>
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
<b>Total assets</b>											<u>89,217,700,259</u>
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
<b>Total liabilities</b>											<u>58,101,192,073</u>
Other segment information											
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)**

2015

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	3,264,147,883	45,669,921,790	4,198,804,684	715,239,572	7,214,414,745	3,588,264,856	2,615,325,114	2,386,570,878	4,650,884,217	-	74,303,573,739
Intersegment sales	1,726,147,047	2,099,439,049	41,804,558	94,539,051	1,803,997,267	(6,567,677)	91,291,466	441,883,447	2,613,202,482	(8,905,736,690)	-
<b>Total</b>	<b>4,990,294,930</b>	<b>47,769,360,839</b>	<b>4,240,609,242</b>	<b>809,778,623</b>	<b>9,018,412,012</b>	<b>3,581,697,179</b>	<b>2,706,616,580</b>	<b>2,828,454,325</b>	<b>7,264,086,699</b>	<b>(8,905,736,690)</b>	<b>74,303,573,739</b>
Segment profit/(loss) #	787,147,725	(2,235,062)	615,813,391	102,765,306	6,994,159	841,258,243	578,114,658	(53,471,510)	(891,957,480)	-	1,984,429,430
Interest and dividend income											170,237,726
Unallocated income											1,098,342,074
Finance costs											(1,166,837,039)
Segment profit before tax											2,086,172,191
Assets and liabilities											
Segment assets	42,901,132,214	10,944,621,262	11,174,551,031	6,009,301,451	5,730,135,180	15,352,148,402	13,488,249,429	3,070,547,507	48,992,288,838	(82,287,812,469)	75,375,162,845
Unallocated assets											8,538,870,810
<b>Total assets</b>											<b>83,914,033,655</b>
Segment liabilities	26,083,872,223	7,864,885,860	6,319,347,844	3,422,386,356	3,885,401,404	8,151,280,273	10,880,430,630	2,366,723,969	41,268,244,383	(83,499,388,419)	26,743,184,523
Unallocated liabilities											25,242,593,880
<b>Total liabilities</b>											<b>51,985,778,403</b>
Other segment information											
Share of profits or losses of:											
Associates	-	-	-	515,410	-	(1,814,427)	7,821,447	-	(211,574,643)		(205,052,213)
Joint ventures	-	(4,973,857)	-	-	-	(6,643,268)	-	-	172,432,044		160,814,919
Impairment losses recognised in the statement of profit or loss	393,569	2,685,818	57,505,159	253,303,778	64,640,340	37,986,298	3,132,267	10,371,787	344,640,310		774,659,326
Impairment losses reversed in the statement of profit or loss	(1,796,855)	(2,073,826)	(108,076)	(262,759,617)	(551,110)	(3,744,195)	(3,132,267)	-	(29,808,257)		(303,974,203)
Unallocated non-cash income											(125,512,228)
Depreciation and amortisation	145,646,021	2,064,029,534	131,489,115	22,121,020	383,142,374	92,376,651	72,172,059	118,459,443	278,962,260		3,308,398,477
Investments in associates	-	-	-	433,233,102	-	364,252,197	906,201,735	-	1,563,966,328		3,267,653,362
Investments in joint ventures	-	188,122,227	-	-	-	1,557,725,650	-	-	1,927,620,413		3,673,468,290
Capital expenditure	2,948,099,180	640,409,200	2,132,202,447	103,970,759	30,990,023	826,340,682	1,060,492,802	2,453,958	954,645,372		8,699,604,423
Unallocated capital expenditure											9,005,252

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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

Over 92% (2015: 96%) of the Group's operating income was derived from customers based in Mainland China, and over 71% (2015: 79%) of the Group's assets were located in Mainland China.

Information about a major customer

In the year of 2016 the Group's income from Shanghai Gold Exchange was RMB38,098,986,224 (2015: RMB38,702,306,601), which was mainly derived from gold bullion, processed, refinery and trading gold and gold concentrates segments.

**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:

	2016	2015
Within 1 year	744,054,692	744,550,678
Over 1 year but within 2 years	21,002,499	113,127,156
Over 2 years but within 3 years	14,016,924	10,267,525
Over 3 years	10,422,907	3,554,066
	<u>789,497,022</u>	<u>871,499,425</u>
Less: Bad debt provision	<u>6,429,534</u>	<u>6,816,697</u>
	<u>783,067,488</u>	<u>864,682,728</u>

The Group's sales of gold bullion are mainly through cash sales or receipt in advance. The sales of gold bullion through cash sales are settled on the transaction dates. Sales of other products such as copper cathodes, zinc bullion and ore concentrates, etc. adopt receipt 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 receivables. Overdue balances are reviewed regularly. As mentioned above and because of 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.

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**13. TRADE RECEIVABLES (continued)**

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

	At 1 January		Additions		Reversal during the year		Write-off		At 31 December		
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
2016	<u>6,816,697</u>		<u>7,973,614</u>		<u>-</u>		<u>(8,360,777)</u>		<u>6,429,534</u>		
2015	<u>4,135,644</u>		<u>2,834,823</u>		<u>(111,269)</u>		<u>(42,501)</u>		<u>6,816,697</u>		
	2016				2015						
	Carrying amount		Bad debt provision		Net book value		Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and for which bad debt provision has been assessed individually	504,497,224	63.90	-	-	504,497,224	618,112,522	70.93	-	-	618,112,522	
Individually not significant but for which bad debt provision has been assessed individually	<u>284,999,798</u>	<u>36.10</u>	<u>6,429,534</u>	<u>2.26</u>	<u>278,570,264</u>	<u>253,386,903</u>	<u>29.07</u>	<u>6,816,697</u>	<u>2.69</u>	<u>246,570,206</u>	
	<u>789,497,022</u>	<u>100.00</u>	<u>6,429,534</u>	<u>0.81</u>	<u>783,067,488</u>	<u>871,499,425</u>	<u>100.00</u>	<u>6,816,697</u>	<u>0.78</u>	<u>864,682,728</u>	

**14. TRADE PAYABLES**

As at 31 December 2016, an ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2016	2015
Within 1 year	4,340,091,089	4,090,194,880
Over 1 year but within 2 years	200,570,475	173,463,348
Over 2 years but within 3 years	97,067,546	160,961,200
Over 3 years	<u>89,665,448</u>	<u>18,221,079</u>
	<u>4,727,394,558</u>	<u>4,442,840,507</u>

Trade payables are interest-free and repaid within three months in general.

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**15. RETAINED EARNINGS**

	2016	2015
At 1 January	17,521,563,160	17,591,716,635
Net profit attributable to owners of the parent	1,839,798,820	1,655,671,617
Less: Appropriation for the statutory reserve	-	-
Dividends distribution	<u>1,292,444,619</u>	<u>1,725,825,092</u>
At 31 December	<u>18,068,917,361</u>	<u>17,521,563,160</u>

On 20 June 2016, the 2015 annual general meeting of the Company approved the final cash dividend of RMB0.06 (tax included) per ordinary share in aggregate of RMB1,292,444,619.

On 11 May 2015, the 2014 annual general meeting of the Company approved the final cash dividend of RMB0.08 (tax included) per ordinary share in aggregate of RMB1,725,825,092.

**16. NET CURRENT LIABILITIES**

	2016	2015
Current assets	24,140,208,828	21,794,847,042
Less: Current liabilities	<u>33,851,986,645</u>	<u>31,526,388,423</u>
Net current liabilities	<u>(9,711,777,817)</u>	<u>(9,731,541,381)</u>

**17. TOTAL ASSETS LESS CURRENT LIABILITIES**

	2016	2015
Total assets	89,217,700,259	83,914,033,655
Less: Current liabilities	<u>33,851,986,645</u>	<u>31,526,388,423</u>
Total assets less current liabilities	<u>55,365,713,614</u>	<u>52,387,645,232</u>

**18. PROVISION FOR DEPRECIATION**

	2016	2015
Fixed assets	3,326,329,933	2,663,154,043
Investment properties	<u>12,299,162</u>	<u>7,378,872</u>

**19. PROFIT DISTRIBUTION**

According to the relevant regulations of the CSRC, if listed companies with a plan for issuance of shares have any profit distribution proposal or conversion of capital reserve into share capital proposal which are not submitted to shareholders' general meeting for voting, or when such proposals have been approved by the shareholders' general meeting but have not been implemented yet, the issuance of shares can only be proceeded after such proposals have been implemented. As the Company is currently carrying out the additional issuance of A Shares, in order to speed up the progress, the Board proposed that: no profit distribution will be carried out for the year of 2016 and there will be no conversion of capital reserve into share capital; an interim profit distribution will be carried out in 2017, for which the approval procedure shall be carried out in compliance with the articles of association of the Company and the relevant laws and regulations. The profit distribution proposal will be proposed to the 2016 annual general meeting for consideration. The Company's independent directors have provided independent opinion for the aforesaid matters.

## OVERVIEW OF THE COMPANY'S OPERATION

### 1. 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 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, and other metals, such as tungsten and iron, are developed as side products. 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. It has a diversity of mining project investments across 22 provinces and regions in China and 9 overseas countries.

#### (2) Business model

**Obtain mineral resources by exploration or acquisition.** The Company prioritises mineral resources as the key strategy, and emphasises mineral resources as the foundation for corporate survival and further development. Its solid mineral surveying is qualified as grade A by authoritative institutions in the PRC. Over 60% of domestic resources are obtained from self-exploration, which ensures low cost and sustainability of mineral reserves. Resource acquisition is proceeded amid adverse industrial cycles to maintain the Company's low-cost advantage against subdued market trends.

**Obtain mineral resources by development of mines.** The Company always focuses on mineral resources development and utilisation as its key business, with gold, copper and zinc being the most advantageous products, and strives to take full advantage of its technological and managerial strength. Aiming to develop mines in a low-cost, high-tech and efficient manner, the Company insists a 100% ownership or dominating controlling interests in mines and introduces new technology and innovative management concepts into the operation. In 2016, the number of large-scale productive mines within and outside the PRC held by the Company under controlling holdings or associates were 13 and 5 respectively.

**Achieve value enhancement by refining and processing.** To achieve greater synergy and properly branch out its business, the Company also carries on refining and processing business of gold, copper and zinc in an optimal scale to supplement its mining business. Steps were taken to perfect the industry chain and expand business scale, in order to realise extra income by value creation, maintain higher security for the business, and benefit from the protection offered by a combination of income from mineral products and refining products at different stages.

**Combine mining with finance and trade.** The Company makes the best use of its 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, strives to reduce financing costs for the corporation, and enhances the platform for selling, trading and marketing gold and other metal products.

**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. It also owns A grade designing entities and a strong construction capacity for mines.

#### (3) Industry position

In 2016, the Company ranked the 1,175th place in "Forbes Global 2000 Leading Companies", the 9th place in global metal mining companies, the 3rd place in global gold corporations, and the 13th place in PwC's "40 Largest Mining Companies in the World". It was also honoured as the "Best Mining Company in Asia" by a league of authoritative global mining magazines in April 2016.

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. It is at the forefront in the aspects of geological exploration, hydrometallurgy of gold, comprehensive recovery and utilisation of refractory resources, and large-scale engineering development. Apart from a higher gold production volume than other listed domestic gold corporations, the Company's production volume 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 Company	Total volume of mines in the PRC	% of China's total volume
Retained gold resources reserve (tonnes)	1,347	11,563.5	11.65%
Volume of mine-produced gold (tonnes)	42.6 (including 18.3 tonnes from overseas mines)	394.9	10.79%



Retained copper resources reserve (million tonnes)	30.06	99.102	30.33%
Volume of mine-produced copper (tonnes)	155,000	1,850,000	8.38%
Retained zinc resources reserve (million tonnes)	8.01	149.852	5.35%
Volume of mine-produced zinc (tonnes)	250,000	4,630,000	5.40%

Note: China's total reserve volume of gold, copper and zinc resources are extracted from the "2016 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 extracted from the statistical report of China Gold Association, and China's total production volume of mine-produced copper and mine-produced zinc are extracted from the non-ferrous metal production data released by the Ministry of Industry and Information Technology of the PRC.

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

The total assets of the Company as at 31 December 2016 was RMB89.218 billion, representing a 6.32% growth compared with the same period last year. In which, overseas assets amounted to RMB21.130 billion, representing 23.68% of the total assets.

In 2016, the Company achieved a 100% ownership in Heilongjiang Duobaoshan Copper Company Limited after acquiring an additional 49% equity interest from the company's other shareholders. Orebodies nos. 1, 2, 4 of the Duobaoshan copper mine and the interest in the Tongshan copper mine were also acquired. These allow the Company to realise full acquisition of the Duobaoshan copper mine and its surrounding resources on top of the Duobaoshan copper mine main orebody no. 3 which it already owns. Phase 2 construction of the copper mine is currently underway, an ancillary refinery may be built in Qiqihar.

Kamoa Holding Limited, a joint venture between the Company and Ivanhoe Mines Ltd. of Canada, completed the transfer of 15% interest of Kamoa Copper SA to the government of the DR Congo; the Kakula Deposit at the Kamoa copper mine discovered high grade, thick orebodies, with copper resources volume reaching 9.39 million tonnes. Accordingly it increased the copper resources volume of Kamoa copper mine from 23.95 million tonnes to 33.34 million tonnes and further raised the value of the mine. The Company currently holds 9.9% shares in Ivanhoe Mines Ltd. and 39.6% interest in Kamoa Copper SA.

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

## 3. 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 achievement of oneself for more innovative breakthroughs.

The Company possesses core competitive technology in the industry in the aspects of geological exploration and survey, hydrometallurgy, comprehensive recovery and utilisation of low-grade, refractory resources, large-scale engineering development and so on. It also has other apparent competitive edges in the industry, which are:

#### Advantages in system and structure

Being a mixed ownership enterprise, the Company has the full confidence and support from shareholders, a separation of ownership and management, and a variety of other advantages, which align the operation and compliance of the Company with modern corporate standard.

#### Advantage of a professional management team

The Company has a dedicated, professional and loyal management team. Many of the management personnel are experts in their own fields with leadership talents.

#### Advantage in strategic planning and execution

The Company follows a right strategic direction, clear goals and precise positioning. Corporate strategies are executed in a persistent and firm manner. Market opportunities are wisely grasped with minimal deviation.

#### Advantage in technological innovation

The Company owns several high-level research and development platforms and design entities for scientific research including the one and only State Key Laboratory in gold industry, the national enterprise technology centre, workstations for academicians' scientific research, workstations for post-doctors' scientific research, design and 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 has been formed. **A remarkable development was that** in 2016, the first ever hot-pressure pre-oxidation facility in China was developed by Guizhou Zijin and achieved mass industrial production, which successfully changed the long-standing monopoly of hot-pressure pre-oxidation technology by foreign companies. The technical bottleneck presented by a massive amount of refractory gold ores in China is thereby tackled, the technology having been recognised by authoritative experts as reaching “internationally advance standard”. A new breakthrough in the Company’s core competitive strength is realised.

#### **Advantage in cost control**

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

#### **Advantage in the integration of business and finance**

Good access to the capital market and a positive market image encourage a more dynamic use of the Company’s capital, promoting a favourable interaction with the Company’s excellent operating results.

#### **Advantage in supervision**

The Company has established a relatively independent and effective supervisory system. This ensures a compliant and orderly operation of the Company in the course of leaping development.

#### **Advantage in corporate culture**

A corporate culture centered on innovation is fostered. Moreover, the ability of innovation in technology and management is high, and a collaborative, harmonious and multi-lateral development belief has earned broad recognition and support from all aspects of the society.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Management discussion and analysis**

#### **Market overview during the reporting period**

In 2016, momentum of global economic recovery was still weak, with an economic growth rate of 2.2%, the lowest since 2009. On the other hand, China emphatically proceeded with supply-side structural reform and introduced a series of measures to drive economic growth, such as the policy of “cutting excessive industrial capacity, de-stocking, de-leveraging, lowering corporate costs and improving weak links”, successfully maintained stability of the economy in the pursuit of growth. This also stimulated the bottom-out of bulk commodity prices.

Gold was one of the best performing assets in 2016. Owing to the recovery of the US economy, continued strengthening of the US dollar and the US Federal Reserve ushering in interest rate hike, gold being a commodity settled in US dollar came under pressure. On the other hand, greater uncertainty as a result of Brexit, Donald Trump becoming the US president and more intense geopolitical conflicts, etc., lent strong support to gold price. Throughout the year, gold price remained volatile in a broad range but sustained an upward trend in general. Gold price in London began to escalate from US\$1,061/ounce at the beginning of 2016, reached the highest point at US\$1,375/ounce or equivalent to an 8.92% increase, and averaged US\$1,246/ounce throughout the year, representing a 7.78% growth from the average price of US\$1,156/ounce in 2015.

In 2016, substantial increase in price was recorded across the base metals on London Metal Exchange (LME). Copper price in London kept hovering and consolidating from US\$4,716/tonne at the beginning of the year, but saw a considerable rebound in November, and reached the highest point at US\$6,046/tonne, representing an increase of 17%. The average price throughout the year was US\$4,867/tonne, still 11.51% lower year-on-year.

In 2016, zinc outperformed other non-ferrous metals. Zinc price in London followed a continuous rise from US\$1,610/tonne at the beginning of the year, to an almost 8-year high at US\$2,985/tonne in late November, representing an increase of 60%. The average price throughout the year was US\$2,094/tonne, representing an 8.64% increase year-on-year.

### **Condition of the industry**

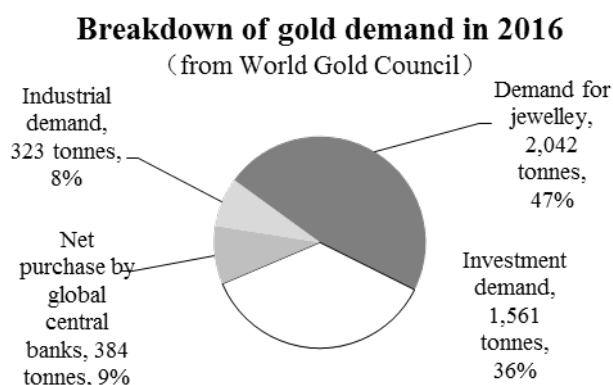
#### **Gold**

In 2016, the uptick of gold price led to a steady increase in the output of gold corporations. Frequent occurrence of “black swan” events, such as Donald Trump being elected as the US president, Brexit and the currency ban in India, etc.,

stirred up investment sentiment for safe haven and contributed to a higher demand for gold investment. This was evident from a net purchase of gold for 7 straight years by global central banks.

According to the statistics of World Gold Council, in 2016, global gold production was 3,236 tonnes, basically flat over the same period last year. Aggregate global demand for gold was 4,309 tonnes, representing an increase of 2% compared with the same period last year.

China took up the biggest share in the world's gold market. According to the latest statistics of China Gold Association, in 2016, the national gold production was 454 tonnes (among which 394.9 tonnes were mine-produced and 58.6 tonnes were non-ferrous by-product), representing a slight increase of 0.76% compared with the same period last year. Gold consumption was 975 tonnes, representing a decrease of 6.74% compared with same period last year. China has been the largest gold producing country and gold consuming country for a succession of 10 years and 4 years respectively. Since July 2015, the People's Bank of China has been increasing its gold reserves, having reached 1,843 tonnes at the year-end of 2016.



In 2016, total transaction volume for all varieties of gold product reached 48,700 tonnes on the Shanghai Gold Exchange, making it the world's largest physical gold exchange market offering floor trade. Total transaction volume for gold futures reached 69,500 tonnes on the Shanghai Futures Exchange, ranking 3rd in the world. In April 2016, the Shanghai Gold Exchange launched the "Shanghai Gold" fixing to offer a Renminbi denominated, new instrument for gold transaction to the global investors, it is also a new type of safe haven for gold investors. These developments further improved the pricing mechanism of Renminbi gold market and accelerated the internationalisation of China's gold market.

#### **Copper, zinc and other non-ferrous metals**

According to the statistics of International Copper Study Group ("ICSG"), the global mine-produced copper was 20.16 million tonnes in 2016, representing an increase of 5.27% compared with the same period last year; the global production of refined copper was 23.41 million tonnes in 2016, representing an increase of 2.33% compared with the same period last year; the global consumption of refined copper was 23.46 million tonnes in 2016, representing an increase of 1.85% compared with the same period last year.

According to the statistics of International Lead and Zinc Study Group ("ILZSG"), the global mine-produced zinc was 13.225 million tonnes in 2016, representing an increase of 0.17% compared with the same period last year; the global production of refined zinc was 13.663 million tonnes in 2016, representing an increase of 0.09% compared with the same period last year; the global consumption of refined zinc was 13.949 million tonnes in 2016, representing an increase of 3.62% compared with the same period last year.

According to the statistics of Ministry of Industry and Information Technology, in 2016, the national production volumes of refined copper, copper concentrates, refined zinc and zinc concentrates were 8.44 million tonnes, 1.85 million tonnes, 6.27 million tonnes and 4.63 million tonnes respectively, representing an increase of 6%, 10.9%, 2% and 1.1% compared with the same period last year respectively. In 2016, China's non-ferrous metal industry realised operating income of RMB6 trillion, representing an increase of 5.6% compared with the same period last year; profit realised was RMB243 billion, representing an increase of 34.8% compared with the same period last year; the aggregate import and export value of key mineral products in China reached US\$117.14 billion, representing a decrease of 10.4% compared with the same period last year.

#### **Business overview**

During the reporting period, the Company closely followed the "clinging to reforms, maintaining growth and boosting development" main focus of work, to implement extensive reforms to the Company's management system, and carry out a series of effective measures to expand production scale and volume, enhance efficiency, lower costs and raise profit. Key highlights are:

The 3 main types of mineral products, namely gold, copper and zinc, achieved considerable growth in production volume. Among which, mine-produced gold reached 42.55 tonnes, representing an increase of 14.50% over the same period last year; mine-produced copper reached 155,000 tonnes, representing an increase of 3.09% over the same period last year; and mine-produced zinc reached 250,000 tonnes, representing an increase of 26.17% over the same period last year. Zijinshan copper mine's 25,000 tonnes/day flotation processing plant commenced production, realising an

additional copper production of 30,000 tonnes/year and signifying the beginning of large-scale copper production; an additional 21% interest in the Kolwezi copper mine of the DR Congo was acquired by the Company to achieve 72% ownership of the project, production is expected to commence in 2017; an additional 49% interest in the Duobaoshan copper mine was acquired to achieve 100% ownership of the project, and 100% interest of the adjacent Tongshan copper mine was also acquired, which overcame the difficult issues constraining further development of Duobaoshan Copper and began the large-scale construction and development of the project; the recovery of zinc price was rightly captured to significantly expand the productivity of Wulagen zinc mine in Xinjiang and Kyzyl-Tash Turk zinc and multi-metals mine in Tuva, Russia, and commenced the preparatory work for technology innovation and productivity expansion; earnings of the Company's refining segment reached record high, and the operation and management of overseas projects achieved promising results; the approach of "capturing the big targets and foregoing the small operations" was adhered to whereby merger, acquisition and reorganisation of certain subsidiaries were carried out, and a couple of projects or mining rights which are of minimal contribution were disposed of.

During the reporting period, the Group realised operating income of RMB78.851 billion, representing an increase of 6.12% when compared with the same period last year (2015: RMB74.304 billion); net profit attributable to owners of the parent was RMB1.840 billion, representing an increase of 11.12% when compared with the same period last year (2015: RMB1.656 billion). As at the end of 2016, the Group's total assets was RMB89.218 billion, representing an increase of 6.32% compared with the beginning of the year (beginning of the year: RMB83.914 billion); net assets was RMB31.117 billion, in which the net assets attributable to owners of the parent was RMB27.762 billion, representing an increase of 0.82% compared with the beginning of the year (beginning of the year: RMB27.537 billion).

During the reporting period, net profit attributable to the parent was comparatively moderate despite increase in the price and production volume of mineral products. This was mainly because that, for the purposes of maintaining sound and stable operation, the unsettled hedging contracts in 2015 were carried forward till the first half of 2016 to hedge the majority of the annual production volume of mineral products, hence the Company's earnings did not match with the increase in gold price and other metal prices. In the second half of 2016, the proportion of hedging was substantially reduced, and most of the positions had been settled as at the year-end (excluding the hedging for purchased raw materials attributable to refining and processing entities).

**Table comparing the production volume of the Company's major mineral products in 2014-2016**

	Mine-produced gold (tonnes)	Mine-produced copper ('000 tonnes)	Mine-produced zinc ('000 tonnes)
2014	33.73	138.5	96.3
2015	37.16	150.3	198.2
2016	42.55	155.0	250.0

## GOLD BUSINESS

During the reporting period, the Group produced a total of 214,604kg (6,899,674 ounces) of gold, representing a decrease of 13.24% compared with the same period last year (2015: 247,365kg).

Among which, 42,551kg (1,368,045 ounces) were mine-produced gold, representing an increase of 14.50% compared with same period last year (2015: 37,162kg).

Production volume of major mines (kg)	BNL	7,474
	Zijinshan gold mine	7,278
	Norton in Australia	6,169
	ZGC	3,301
	Longnan Zijin	2,927
	Hunchun Zijin	2,511
	Guizhou Shuiyindong gold mine	2,017
	Luoyang Kunyu	1,782
	Chongli Zijin	1,613
Total of other gold producing entities of the Group (kg)		7,479

172,053kg (5,531,628 ounces) of refinery, processed and trading gold was produced, representing a decrease of 18.15% when compared with same period last year (2015: 210,203kg).

Sales income from the gold business represented about 59.99% (after elimination) of the total operating income during the reporting period. Gross profit of the gold business represented about 39.28% of the gross profit of the Group.

(1 troy ounce = 31.1035g)

## COPPER BUSINESS

During the reporting period, the Group produced a total of 561,270 tonnes of copper, representing an increase of 35.44% compared with the same period last year (2015: 414,393 tonnes).

Among which, 154,958 tonnes of copper was produced from mines (including 25,671 tonnes of mine-produced copper cathodes), representing an increase of 3.09% compared with the same period last year (2015: 150,307 tonnes).

Production volume of major mines (tonnes)	Zijinshan copper mine	56,276	Including 25,261 tonnes of copper cathode
	Ashela copper mine	40,149	
	Duobaoshan copper mine	24,826	Including 410 tonnes of copper cathode
	Qinghai Deerni copper mine	14,900	Concentrates containing copper
	Hunchun Zijin	11,780	Concentrates containing copper
Total of other mines (tonnes)		7,027	

406,312 tonnes of copper from refinery were produced, representing an increase of 53.86% compared with the same period last year (2015: 264,086 tonnes).

Sales income from the copper business represented about 19.11% (after elimination) of the total operating income during the reporting period. Gross profit of the copper business represented about 25.29% of the gross profit of the Group.

## LEAD AND ZINC MINE BUSINESS

During the reporting period, the Group produced zinc of 464,537 tonnes, representing an increase of 11.42% compared with the same period last year (2015: 416,938 tonnes).

In which, the Group produced zinc concentrates containing zinc of 250,013 tonnes from mines, representing an increase of 26.17% compared with same period last year (2015: 198,156 tonnes).

Production volume of major mines (tonnes)	Xinjiang Zijin Zinc Industry	90,048
	Wulatehouqi Zijin	74,191
	Russia Longxing	73,731
	Ashela copper mine	9,675
Total of other mines (tonnes)		2,368

214,524 tonnes of zinc bullion from refinery was produced, representing a decrease of 1.95% compared with the same period last year (2015: 218,782 tonnes).

During the reporting period, the Group produced lead concentrates containing lead of 35,944 tonnes, representing an increase of 49.11% compared with the same period last year (2015: 24,105 tonnes).

Sales income from lead and zinc mine business represented about 6.48% (after elimination) of total operating income during the reporting period. Gross profit of the lead and zinc mine business represented about 16.61% of the gross profit of the Group.

## SILVER, IRON MINE AND OTHER BUSINESS

During the reporting period, the Group produced silver of 588,689kg, representing an increase of 45.94% compared with the same period last year (2015: 403,380kg), of which 368,606kg of silver was produced from refinery as by-product, representing an increase of 91.65% compared with the same period last year (2015: 192,335kg); 220,083kg of silver was produced from mines, representing an increase of 4.28% compared with the same period last year (2015: 211,045kg).

During the reporting period, the Group produced iron concentrates of 0.63 million tonnes, representing a decrease of

68.02% compared with the same period last year (2015: 1.97 million tonnes).

Sales income from silver and other products represented about 14.42% (after elimination) of total operating income during the reporting period, and the gross profit represented about 18.82% of the gross profit of the Group.

### Geological exploration and status of resources reserves

During the reporting period, the Group obtained fruitful results in mineral resources exploration and merger and acquisition of projects, enhancing the sustainability advantages of the Company.

In 2016, the Company and its controlling entities invested RMB205 million in geological exploration in aggregate, completed 208,900 meters of drilling, 2,300 meters of tunnel exploration, and 15,000 cubic meters of trench exploration. The aggregate volume of resources reserve of mineral resources (grade 333 or above, partially unreviewed) newly added from exploration were 50.72 tonnes of gold, 4.2064 million tonnes of copper, 30.15 tonnes of silver and 9,800 tonnes of lead and zinc. Among all, the overseas projects including Kakula Deposit of the Kamo copper mine in the DR Congo, the Kolwezi copper and cobalt mine, Paddington of Norton in Australia, the Porgera gold mine in Papua New Guinea, etc. achieved magnificent results in mineral resource prospecting. Domestic projects including the Fanshi Yixingzhai - Yilian gold mine in Shanxi Province, the Liba - Dujiagou gold mine in Gansu Province, etc. also achieved significant breakthroughs in resource prospecting.

As at the end of 2016, the Group owned 202 exploration rights covering a total area of 2,768.05 square kilometers and 235 mining rights covering a total area of 771.27 square kilometers.

The table below sets out the predicted retained resources reserve volume under complete equity method (reviewed) of the Group's major mines at the end of 2016.

**Summary of resources reserve volume of the Group's major mines in 2016**

Type of mineral	Resources reserve volume (grade 333 or above)		Growth rate over same period last year (%)
	End of 2016	End of 2015	
Gold (t)	1,183.25	1,170.00	1.13
Gold associated with other metals (t)	164.17	91.28	79.85
Sub-total of gold (t)	1,347.41	1,261.28	6.83
Copper (Mt)	30.0638	23.4640	28.13
Silver (t)	934.06	1,110.42	-15.88
Molybdenum (Mt)	0.6797	0.5746	18.29
Zinc (Mt)	8.0087	8.3968	-4.62
Lead (Mt)	1.4955	1.5415	-2.98
Tungsten (t)	80,000	80,300	-0.37
Tin (Mt)	0.1397	0.1397	0
Iron (Mt)	209	212	-1.42
Coal (Mt)	457	489	-6.54

Note: Since 2015, the Company's resources reserve data was compiled under complete equity method, i.e. the resources reserve for all projects/mines was calculated according to the actual percentage of ownership of the Group.

### Key measures during the reporting period:

#### Extensively promoted reform of the Company's management system and achieved promising results

During the reporting period, the Company completed the transition to a new term of the Board, supervisory committee, and management. The transition was carried out smoothly and the Board and senior management become more diligent and efficient in discharging their duties. After the reform, regional companies were removed from the structure, and business functions ascended to become core component of the management system, whereby three business divisions, namely the overseas division, mining division and refining division were established. This realised a shift from regional

control to business-focused control, and a more specialised and professional management. Moreover, a financial data sharing platform and procurement and sales centre were set up to strengthen capital and asset management, and take full advantage of concentrated bargaining. Reforms were also carried out on the six major systems comprising human resources, construction, technology, geological exploration, administration and back-office support, and supervision, for a full consolidation and optimisation of internal resources. Additionally, management was strengthened from the base level, policies and systems were amended and improved, a better management over financial budgeting, capital and tax planning was introduced, and more emphasis was placed on the application of modern information technology. As a result, the management reform achieved promising outcome in cost reduction and efficiency enhancement.

#### **Overseas projects operated smoothly, contributing to the acceleration of internationalisation progress**

During the reporting period, the Company's overseas projects operated smoothly. The gold output attributable to the parent of the Porgera gold mine in Papua New Guinea, which reached 7.47 tonnes in 2016, has become the key contributor to the Company's profit and gold output from mines; phase 1 of the Tuva zinc multi-metals mine project is getting on track and is planned to begin phase 2 expansion; other production projects were in good operating condition; construction of the Kolwezi copper mine in the DR Congo is in smooth progress and production is expected to commence in 2017; major breakthrough was achieved in the resource exploration of the Kamoia copper mine in the DR Congo, the resources reserve of copper metal in the mining area increased to 33.34 million tonnes, and the Kakula exploration area discovered a high-grading copper mine of 3.21%, being the largest copper mine discovered in Africa; the market value of the Company's shareholding in Ivanhoe Mines Ltd. tripled to approximately RMB780 million.

In 2016, the Company's overseas projects produced 18.32 tonnes of gold from mine, representing approximately 43.06% of the Company's total mine-produced gold output; 73,700 tonnes of zinc were produced from overseas mines, representing approximately 29.49% of the Company's total mine-produced zinc output; the gold, copper, lead and zinc resources reserve of overseas projects were 706.42 tonnes, 18.7261 million tonnes and 925,200 tonnes respectively, representing 52.43%, 62.29% and 9.73% of the Company's total resources reserve respectively. In the meanwhile, the Company is actively assessing multiple opportunities of overseas merger and acquisition to speed up its internationalisation progress.

#### **Achieved breakthroughs in technological innovation, with the hot-pressure pre-oxidation project securing a critical vantage point in the industry**

During the reporting period, the Company received 5 provincial-level and municipal-level awards for technological achievement, 13 authorised patents (in which 9 were invention patents), applied patents for 29 projects (in which 27 were invention patents), and drafted or participated in the drafting of more than 50 state-level or industrial technological standards. The Company's subsidiary, Guizhou Zijin, achieved material breakthrough for having successfully invented and developed hot-pressure pre-oxidation of refractory gold-arsenic carbonaceous ores, which is the first of its kind in China. With the help of the technique, toxic substances can be effectively separated, hence significantly boosting the recovery rate of gold and the effectiveness of comprehensive recovery and reuse of low-grade refractory gold resources. If the technique can be applied extensively to the industry in future, significant advancements will be realised in the environmental and ecological protection of domestic mining industry, also in the technological standard of the entire gold production industry and that of the related equipment manufacturing industry.

#### **Strived to enhance safety and environmental protection and actively discharged social responsibility**

Safety, environmental protection and discharge of social responsibility are the duties of the Company. In 2016, the Company endeavoured to enhance safety and environmental protection by adhering to targets such as "zero work casualty, zero environmental incident", eco-mining, energy conservation and emission reduction, etc. It also made much efforts to serve and help develop local communities, support poverty alleviation and carry out charity work. Please refer to the "2016 Social Responsibility Report of Zijin Mining Group Co., Ltd.\*" which is released on the same date with this announcement for more details.

## **STATUS OF MAIN BUSINESSES DURING THE REPORTING PERIOD**

During the reporting period, the Group recorded operating income of RMB78.851 billion, representing an increase of 6.12% as compared with the same period last year (2015: RMB74.304 billion); consolidated net profit was RMB1.687 billion, representing an increase of 25.66% as compared with the same period last year (2015: RMB1.343 billion), in which, net profit attributable to owners of the parent was RMB1.840 billion, representing an increase of 11.12% as compared with the same period last year (2015: RMB1.656 billion).

### **Analysis of main businesses**

#### **1. Operating results**

**The table below sets out the sales by products for the two years ended 31 December 2015 and 2016:**

Item	2016 (Jan – Dec)					2015 (Jan – Dec)					% increase/decrease in unit price
	Unit price (tax excluded) RMB		Sales volume		Amount (RMB'000)	Unit price (tax excluded) RMB		Sales volume		Amount (RMB'000)	
Mine-produced gold	234.53	/g	41,624	kg	9,762,130	214.95	/g	35,633	kg	7,659,090	9.11%
Refinery and processed gold	264.46	/g	173,080	kg	45,772,090	234.62	/g	210,158	kg	49,306,530	12.72%
Mine-produced silver	2.38	/g	216,383	kg	513,940	2.16	/g	212,047	kg	457,410	10.19%
Mine-produced copper	26,656	/t	151,236	t	4,031,380	29,052	/t	151,161	t	4,391,480	-8.25%
Refinery copper	32,567	/t	405,931	t	13,220,030	34,874	/t	258,600	t	9,018,410	-6.62%
Mine-produced zinc	8,079	/t	244,407	t	1,974,460	7,186	/t	177,230	t	1,273,570	12.43%
Refinery zinc	14,081	/t	216,358	t	3,046,630	13,002	/t	217,537	t	2,828,450	8.30%
Iron concentrates	368	/t	1.7180	Mt	632,280	419	/t	0.9040	Mt	379,010	-12.17%
Others (Note 1)					15,746,680					6,323,540	
Less: Internal sales					-15,848,480					-7,333,920	
Total					78,851,140					74,303,570	

Note 1: During the reporting period, other sales income mainly included: RMB7.031 billion from copper metal trading and RMB1.534 billion from other trading, RMB1.184 billion from refinery and processed silver, RMB572 million from copper pipe, RMB559 million from copperplate, RMB440 million from gold manufacturing products, RMB315 million from lead concentrates, RMB184 million from tungsten concentrates, RMB155 million from vitriol, RMB3.773 billion from other products, intermediate services and other services.

In 2016, the production and sales volume of the Group's mineral products increased substantially. The unit price of mine-produced zinc increased significantly compared with the same period last year. Increase in operating income this year was mainly due to the increase in sales volumes of the Group's refinery copper and mine-produced zinc and the increase in copper trading income as 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 2015 and 2016. (Note 1)

Item	Unit cost of sales (RMB)				Gross profit margin (%)	
	2016 (Jan - Dec)	2015 (Jan - Dec)	Unit	Compared with same period last year (%)	2016 (Jan - Dec)	2015 (Jan - Dec)
Mine-produced gold (Note 2)	154.91	135.62	/g	14.23	33.95	36.91
Refinery and processed gold	262.26	234.26	/g	11.95	0.83	0.15
Mine-produced silver	1.31	1.51	/g	-13.40	44.83	29.86
Mine-produced copper	16,563	17,504	/t	-5.38	37.86	39.75
Refinery copper	30,470	34,238	/t	-11.01	6.44	1.82
Mine-produced zinc	3,946	3,800	/t	3.85	51.15	47.12
Refinery zinc	12,268	12,584	/t	-2.51	12.87	3.22
Iron concentrates	165.26	173.42	/t	-4.70	55.10	58.64



Overall					11.50	8.47
Overall (refinery and processing enterprises excluded)					37.95	38.03

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

Note 2: Among the mine-produced products, the unit cost of sales of mine-produced gold and mine-produced zinc slightly increased compared with the same period last year, while the unit cost of sales of mine-produced copper decreased compared with the same period last year.

Note 3: Affected by the unit cost of sales, gross profit margin of mine-produced gold decreased by 2.96 percentage points compared with the same period last year.

The Group's overall gross profit margin was 11.50%, representing an increase of 3.03 percentage points compared with the same period last year. The overall gross profit margin of mineral products (excluding processed and refined products) was 37.95%, representing a decrease of 0.08 percentage point compared with the same period last year, which was mainly due to lower contribution to total production volume from certain lower-cost mines.

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

Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Changes (%)
Operating income	78,851,137,811	74,303,573,739	6.12
Operating costs	69,782,246,837	68,007,729,583	2.61
Selling expenses	667,483,736	691,861,398	-3.52
Administrative expenses	2,822,472,260	2,620,740,626	7.70
Financial expenses	581,525,541	945,668,268	-38.51
Net cash flow from operating activities	8,601,671,878	10,269,413,955	-16.24
Net cash flow used in investing activities	-8,478,855,949	-8,693,155,627	N/A
Net cash flow used in financing activities	-507,890,305	-273,017,707	N/A
Research and development expenditure	437,940,000	358,340,800	22.21
Investment income	-1,973,336,425	1,312,774,399	-250.32
Share of profits/(losses) of associates and joint ventures	92,415,676	-44,237,294	N/A
Non-operating income	262,363,612	419,019,949	-37.39
Gains on disposal of non-current assets	10,747,371	8,862,317	21.27
Losses on disposal of non-current assets	296,510,681	46,337,101	539.90
Net losses attributable to non-controlling interests	-152,530,918	-312,983,853	N/A
Changes in fair value of available-for-sale investments	236,688,217	-37,135,047	N/A
Exchange differences arising from translation of financial statements denominated in foreign currencies	119,025,748	-345,701,137	N/A

Explanations:

- (1) Operating income/operating costs: Due to the increase in sales volume of products;
- (2) Selling expenses: Please refer to the analysis in "Expenses";
- (3) Administrative expenses: Please refer to the analysis in "Expenses";

- (4) Financial expenses: Please refer to the analysis in “Expenses”;
- (5) Net cash flow from operating activities: Please refer to the analysis in “Cash Flows”;
- (6) Net cash flow used in investing activities: Please refer to the analysis in “Cash Flows”;
- (7) Net cash flow used in financing activities: Please refer to the analysis in “Cash Flows”;
- (8) Research and development expenditure: Mainly due to the increased investment in research and development for utilisation of refractory ores by Guizhou Zijin;
- (9) Investment income: Please refer to the analysis in “Expenses”;
- (10) Share of profits/(losses) of associates and joint ventures: The increase in profitability of investees resulted in a growth in the investment income attributable to the Group compared with the same period last year;
- (11) Non-operating income: Mainly due to the disposal of debt for equity swap of Bindi Potash during the same period last year;
- (12) Gains/(losses) on disposal of non-current assets: Mainly due to the increase in disposals of idle and obsolete assets compared with the same period last year;
- (13) Net losses attributable to non-controlling interests: Mainly due to the increase in profitability of the non-wholly owned subsidiaries compared with the same period last year;
- (14) Changes in fair value of available-for-sale investments: Mainly due to rising prices of stock investments;
- (15) Exchange differences arising from translation of financial statements denominated in foreign currencies: Due to the fluctuation of exchange rate of Renminbi.

#### 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 sales of these products.

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

Unit: RMB'000

Status of main businesses by product						
By product	Operating income	Operating costs	Gross profit margin (%)	Changes in operating income compared with last year (%)	Changes in operating costs compared with last year (%)	Changes in gross profit margin compared with last year (percentage point)
Mine-produced gold	9,762,130	6,448,140	33.95	27.46	33.43	Decreased by 2.96 percentage points
Refinery, processed and trading gold	45,772,090	45,392,250	0.83	-7.17	7.80	Increased by 0.68 percentage point
Mine-produced silver	513,940	283,520	44.83	12.36	-11.63	Increased by 14.97 percentage points
Mine-produced copper	4,031,380	2,504,920	37.86	-8.20	-5.33	Decreased by 1.89 percentage points
Refinery copper	13,220,030	12,368,680	6.44	46.59	39.70	Increased by 4.62 percentage points
Mine-produced zinc	1,974,460	964,510	51.15	55.03	43.21	Increased by 4.03 percentage points
Refinery zinc	3,046,630	2,654,390	12.87	7.71	-3.04	Increased by 9.65 percentage points
Iron concentrates	632,280	283,920	55.10	66.82	81.11	Increased by 3.54 percentage points
Others	15,746,680	14,395,820	8.58	149.02	165.15	
Less: Internal sales	-15,848,480	-15,513,900				
Total	78,851,140	69,782,250	11.50	6.12	2.61	Increased by 3.03 percentage

						points
<b>Status of main businesses by region</b>						
<b>By region</b>	<b>Operating income</b>	<b>Operating costs</b>	<b>Gross profit margin (%)</b>	<b>Changes in operating income compared with last year (%)</b>	<b>Changes in operating costs compared with last year (%)</b>	<b>Changes in gross profit margin compared with last year (percentage point)</b>
Mainland China	89,391,140	81,781,750	8.51	13.15	11.82	Increased by 1.09 percentage points
Outside Mainland China	5,308,480	3,514,400	33.80	101.26	101.44	Decreased by 0.05 percentage point
Less: Internal sales	-15,848,480	-15,513,900				
<b>Total</b>	<b>78,851,140</b>	<b>69,782,250</b>	<b>11.50</b>	<b>6.12</b>	<b>2.61</b>	<b>Increased by 3.03 percentage points</b>

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

Approximately 92% of the Company's operating income was originated from customers in Mainland China, in which 52% 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**

<b>Major product</b>	<b>Production volume</b>	<b>Sales volume</b>	<b>Inventory volume</b>	<b>Changes in production volume compared with last year (%)</b>	<b>Changes in sales volume compared with last year (%)</b>	<b>Changes in inventory volume compared with last year (percentage point)</b>
Mine-produced gold (kg)	42,551	41,624	3,689	14.50	16.81	26.92
Refinery, processed and trading gold (kg)	172,052	173,080	240	-18.15	-17.64	-81.22
Mine-produced silver (kg)	220,083	216,383	4,165	4.28	2.04	796.04
Mine-produced copper (tonne)	154,958	151,236	5,149	3.09	0.05	260.74
Refinery copper (tonne)	406,312	405,931	6,070	53.86	56.97	6.10
Mine-produced zinc (tonne)	250,013	244,407	15,979	26.17	37.90	54.04
Refinery zinc (tonne)	214,524	216,358	1,472	-1.95	-0.54	-55.47
Iron concentrates (million tonnes)	0.6290	1.7180	0.2308	-68.09	90.04	-82.51

Explanation on the status of production and sales volume:

Except refinery and processed gold, refinery zinc and iron concentrates, the production and sales volume of other products increased by various extent. It was mainly due to the Group's measures of unleashing potentials and expanding capacity 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 2015 and 2016

Breakdown by product							
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 (%)	Explanation
Mine-produced gold	Raw materials	2,411,640	37.40	2,219,410	45.93	8.66	
	Salary	927,670	14.39	503,880	10.43	84.11	
	Depreciation	1,212,990	18.81	753,360	15.59	61.01	
	Energy consumption	547,250	8.49	485,590	10.05	12.70	
	Others	1,348,590	20.91	870,260	18.00	54.96	
Mine-produced silver	Raw materials	132,420	46.71	162,320	50.60	-18.42	
	Salary	33,610	11.86	37,650	11.73	-10.73	
	Depreciation	60,480	21.33	50,570	15.76	19.60	
	Energy consumption	32,170	11.35	36,420	11.35	-11.67	
	Others	24,840	8.75	33,860	10.56	-26.64	
Mine-produced copper	Raw materials	743,290	29.67	1,159,090	43.81	-35.87	
	Salary	473,540	18.90	205,400	7.76	130.55	
	Depreciation	431,310	17.22	396,870	15.00	8.68	
	Energy consumption	332,680	13.28	363,300	13.73	-8.43	
	Others	524,100	20.93	521,270	19.70	0.54	
Mine-produced zinc	Raw materials	440,090	45.63	354,580	52.65	24.12	
	Salary	73,960	7.67	45,280	6.72	63.34	
	Depreciation	268,130	27.80	110,010	16.34	143.73	
	Energy consumption	99,310	10.30	78,000	11.58	27.32	
	Others	83,020	8.60	85,600	12.71	-3.01	
Iron concentrates	Raw materials	147,740	52.03	149,650	95.46	Not comparable	Not comparable with the current operating period as production was suspended in 2015
	Salary	41,970	14.78	900	0.58	Not comparable	
	Depreciation	34,530	12.16	2,450	1.56	Not comparable	
	Energy consumption	36,850	12.98	2,440	1.56	Not comparable	
	Others	22,830	8.05	1,320	0.84	Not comparable	
Refinery copper	Raw materials	11,687,540	94.49	6,914,020	78.09	69.04	
	Salary	95,790	0.77	247,040	2.79	-61.22	
	Depreciation	244,800	1.98	366,380	4.14	-33.18	
	Energy consumption	242,540	1.96	1,182,560	13.36	-79.49	
	Others	98,010	0.80	144,040	1.62	-31.96	
Refinery zinc	Raw materials	1,986,220	74.83	1,632,180	59.62	21.69	
	Salary	76,680	2.89	151,980	5.55	-49.55	
	Depreciation	112,350	4.23	326,290	11.92	-65.57	
	Energy consumption	422,760	15.93	237,780	8.69	77.79	
	Others	56,380	2.12	389,250	14.22	-85.52	

Other explanations on the analysis of costs:

- Note: 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 RMB46.140 billion, representing 58.52% 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 RMB17.966 billion, representing 25.74% 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, the Australian Mint, Shanghai Huiao Non-ferrous Metals Company Limited, Fujian Shanghang Taiyang Copper Company Limited, etc.; the major suppliers included Shanghai Gold Exchange, Louis Dreyfus Commodities Metals Trading Co., Ltd., Glencore International AG, MRI Trading AG, etc.

### 5. Expenses

#### Selling expenses

During the reporting period, the Group's selling expenses was RMB667.48 million, representing a decrease of 3.52% compared with the same period last year (2015: RMB691.86 million). The decrease in selling expenses was mainly due to the decrease in transportation expenses in 2016 compared with the same period last year.

#### Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB2.82247 billion, representing an increase of 7.70% compared with the same period last year (2015: RMB2.62074 billion). It was mainly because the Group increased the investment in exploration which led to increase in exploration expenses, and the increase in depreciation and amortisation of assets due to the commencement of business of some enterprises.

#### Financial expenses

During the reporting period, the Group's financial expenses was RMB581.53 million, representing a decrease of 38.51% compared with the same period last year (2015: RMB945.67 million). It was mainly due to the increase in exchange gains during the period.

#### Impairment losses on assets

During the reporting period, the Group's impairment losses on assets was RMB560.84 million, representing an increase of 19.15% compared with the same period last year (2015: RMB470.69 million). The details of the provision for impairment on assets in 2016 are as follows: bad debt provision of RMB33.28 million, provision on decline in the value of inventories of RMB73.42 million, impairment on available-for-sale investments of RMB3.89 million, impairment on fixed assets of RMB334.19 million, impairment on construction in progress of RMB22.63 million, impairment on intangible assets of RMB52.15 million, impairment on goodwill of RMB33.16 million, impairment on other current assets of RMB5.53 million and impairment on other non-current assets of RMB2.6 million.

#### Investment income

During the reporting period, the investment losses of the Group was RMB1.97334 billion, the income decreased by RMB3.28611 billion as compared with the same period last year (2015: income of RMB1.31277 billion). It was mainly due the losses from hedging of products during 2016.

#### Gains/(losses) on changes in fair value

As at 31 December 2016, the Group's unrealised gains from stocks, funds, futures contracts, gold leasing spot and gold leasing hedging contracts was RMB756.64 million (2015: unrealised losses of RMB125.51 million).

### 6. Research and development expenditure

#### Table of research and development expenditure

	Unit: RMB million
Expensed research and development expenditure for the year	195.23

Capitalised research and development expenditure for the year	242.71
Total research and development expenditure	437.94
Percentage of total research and development expenditure to operating income (%)	0.56
Number of research and development staff	292
Number of research and development staff to number of total staff of the Company (%)	1.67
Percentage of capitalised research and development expenditure (%)	29.41

## 7. Cash flows

As at 31 December 2016, the Group's cash and cash equivalents was RMB4.713 billion, representing a decrease of RMB133 million or 2.74% 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 RMB8.602 billion, representing a decrease of RMB1.667 billion as compared with the same period last year, in which, the cash inflow generated from operating activities was RMB85.956 billion, representing an increase of RMB3.927 billion as compared with the same period last year; cash outflow used in operating activities was RMB77.354 billion, representing an increase of RMB5.595 billion compared with the same period last year. The decrease in net cash flow from the Group's operating activities was mainly due to increase in inventories.

During the reporting period, net cash outflow used in the Group's investing activities was RMB8.479 billion, representing a decrease of RMB214 million as compared with the same period last year. The main investing expenditures in 2016 included: (1) cash payment of RMB5.521 billion for purchase and construction of fixed assets, intangible assets and other long-term assets; (2) net cash outflow of RMB1.624 billion for acquisition and disposals and recovery of investments.

During the reporting period, net cash outflow used in the Group's financing activities was RMB508 million, while the net cash outflow during the same period last year was RMB273 million. It was mainly due to decrease in the amount of new borrowings for the year.

As at 31 December 2016, the Group's total borrowings amounted to RMB42.979 billion (31 December 2015: RMB36.410 billion). Among which, the amount repayable within one year was approximately RMB20.101 billion, the amount repayable within one to two years was approximately RMB4.476 billion, the amount repayable within two to five years was approximately RMB14.998 billion, and the amount repayable more than five years was approximately RMB3.404 billion. The interest rates of all borrowings ranged from 0.40% to 4.9% per annum (2015: ranged from 0.65% to 6.15% 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 RMB138.5 billion provided by banks.

## Gearing Ratio

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2016, the Group's consolidated total liabilities was RMB58,101,192,073 (RMB51,985,778,403 as at 31 December 2015), and the Group's consolidated total equity was RMB31,116,508,186 (RMB31,928,255,252 as at 31 December 2015). As at 31 December 2016, the Group's gearing ratio was 1.867 (1.628 as at 31 December 2015).

## Non-recurring profit or loss items and their amounts

Non-recurring profit or loss items	Amount for 2016 (RMB)	Note (If applicable)	Amount for 2015 (RMB)
Gains or losses on disposal of non-current assets	-285,763,310		-37,474,784
Government grants recognised in the statement of profit or loss, 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	169,989,699		184,276,134
Capital utilisation fee received from non-financial enterprises recognised in profit or loss for the current period	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	53,053,260		66,814,497

subsidiaries, associates and joint ventures at the acquisition date			
Gains or losses on changes in fair value from held-for-trading financial assets and financial liabilities, 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	869,141,461	Including the gains on changes in fair value of investment including trading stocks, funds and currency swaps, etc. amounted to RMB793,390,793 and gains on disposal of stocks, funds and currency swaps amounted to RMB75,750,668.	-399,707,750
Non-operating income and expenses other than the aforesaid items	-123,144,367		-189,038,961
Impairment losses on available-for-sale investments	-3,888,677		-740,039
Gains on debt for equity swap of Bindi Potash			117,106,400
Impact on the non-controlling interests	-21,775,878		13,839,467
Impact on income tax	23,731,593		35,413,711
Total	849,724,307		-209,511,325

#### 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)	405,084,290	1,173,290,127	768,205,837	899,498,634
Derivative financial assets	143,268,440	78,489,803	-64,778,637	-24,804,363
Available-for-sale investments	425,110,763	533,450,722	108,339,959	
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	-6,411,589,909	-20,178,616	6,391,411,293	-974,014,082
Derivative financial liabilities	-393,282,945	-72,961,871	320,321,074	-1,117,374,896
Total	-5,831,409,361	1,692,090,165	7,523,499,526	-1,216,694,707

#### ANALYSIS OF ASSETS AND LIABILITIES

##### Status of assets and liabilities

Unit: RMB

Item	Amount at the end of 2016	Proportion to total assets as at the end of 2016 (%)	Amount at the end of 2015	Proportion to total assets as at the end of 2015 (%)	Percentage change in the amount at the end of 2016 compared with the amount at the end of 2015 (%)	Reasons for the change
Financial assets at fair value through profit or loss	1,251,779,930	1.40	548,352,730	0.65	128.28	Change in fair value of stocks
Bills receivable	875,760,717	0.98	264,373,037	0.32	231.26	Certain subsidiaries increased the amount of settlements by bills

Other current assets	1,970,998,795	2.21	1,151,678,678	1.37	71.14	Purchase of wealth management products
Construction in progress	3,984,843,811	4.46	6,160,763,924	7.34	-35.32	Attained usable status and transferred to fixed assets
Short-term borrowings	12,350,040,250	13.82	5,394,474,750	6.43	128.94	Gold leasing business was reclassified to short-term borrowings
Financial liabilities at fair value through profit or loss	93,140,487	0.10	6,804,872,854	8.11	-98.63	Gold leasing business was reclassified to short-term borrowings
Dividends payable	27,165,124	0.03	119,000,981	0.14	-77.17	Payment of dividends
Current portion of non-current liabilities	4,218,609,112	4.72	6,053,652,249	7.21	-30.31	Repayment of due payables
Other current liabilities	5,000,000,000	5.60	1,004,821,498	1.20	397.60	Increase in issuance of ultra short-term financing bonds
Long-term borrowings	5,775,423,277	6.46	9,251,188,420	11.02	-37.57	Repayment of due borrowings
Bonds payable	16,270,310,335	18.21	8,300,000,000	9.89	96.03	Increase in issuance of corporate bonds
Long-term payables	397,617,073	0.44	1,171,224,739	1.40	-66.05	Repayment of long-term payables and reclassification to current portion of long-term payables

Other explanations

Nil

## 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 gold, copper and zinc mineral resources, and completed the acquisition of equity interest in Heilong Mining. For the purpose of pushing forward the constructions of Duobaoshan copper (molybdenum) mine phase 2 and refinery project, the Company completed the capital enlargement of Duobaoshan Copper and established Heilongjiang Zijin Copper Company. The Company further acquired 21% equity interest in the Kolwezi copper mine in the DR Congo and sped up the projects’ construction progress. At the same time, the Company continued to pay attention to and keep track of a batch of important mining projects in preparation for increasing the future reserve, production volume and value of the Group.

#### (1) Key equity investments

The Company entered into a share transfer agreement (the “Agreement”) with the other 3 shareholders of Heilong Mining Group Company Limited (“Heilong Mining”), namely Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited (collectively the “Transferors”), and Hangzhou Nabel Group Company Limited, as the guarantor, on 3 June 2016. The Company acquired 100% equity interest in Heilong Mining (after detaching certain assets pursuant to the Agreement) held by the Transferors with cash consideration of RMB1.56122 billion. Heilong Mining held 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited (“Duobaoshan Copper”), 100% equity interest in Heilongjiang Tongshan Mining Company Limited (“Tongshan Company”), 100% equity interest in Heilongjiang Baoshan Mining Company Limited (“Baoshan Company”), 100% equity interest in Nenjiang County Survey and Mapping and Mineral Products Company Limited (“Survey and Mapping Company”) and 100% equity interest in Heilongjiang Heilong



Resources Investment Company Limited (“Resources Company”) respectively. Pursuant to the Agreement, Heilong Mining detached the 100% equity interests it held in Baoshan Company, Survey and Mapping Company and Resources Company respectively. The Company originally held 51% equity interest in Duobaoshan Copper. After completion of the transaction, the Company held 100% equity interest in Duobaoshan Copper, Tongshan Company and Heilong Mining respectively. The major assets of the above 3 companies include the headquarters building of Heilong Mining, 11 exploration rights and 3 mining rights, etc. As at the end of the reporting period, the aforesaid transactions were all completed.

The seventh extraordinary meeting in 2016 of the fifth Board of the Company considered and approved “Proposal in relation to the Enlargement in the Registered Capital of Duobaoshan Copper”. Pursuant to the resolution, the Company enlarged the capital of its wholly-owned subsidiary, Duobaoshan Copper from registered capital of RMB800 million to RMB2 billion.

The seventh extraordinary meeting in 2016 of the fifth Board of the Company considered and approved “Proposal in relation to the Investment and Establishment of Heilongjiang Zijin Copper Company Limited”. Pursuant to the resolution, the Company’s wholly-owned subsidiary, Duobaoshan Copper, established a wholly-owned subsidiary, Heilongjiang Zijin Copper Company Limited, with registered capital of RMB800 million during the reporting period. Heilongjiang Zijin Copper Company Limited is mainly responsible for the construction of copper refinery project which supports the large-scale development of the Duobaoshan copper (molybdenum) mine.

On 8 July 2016, the Company and Jin Cheng Mining Limited (“Jin Cheng Mining”), a wholly-owned subsidiary of the Company, jointly entered into a share acquisition agreement with Zhejiang Huayou Cobalt Co., Ltd. (“Huayou Cobalt”). Jin Cheng Mining acquired 21% equity interest in La Compagnie Minière de Musonoie Global SAS of the DR Congo (“Musonoie”) held by Huayou Cobalt with a consideration of US\$34 million. After completion of the acquisition, the Company held 72% equity interest in Musonoie through Jin Cheng Mining. Musonoie owns the Kolwezi copper mine project in the DR Congo. The construction of the project is speeding up and proposed to commence production in 2017. The planned production capacity is 58,000 tonnes of copper per year.

## (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 preoxidation were completed. Internal approval has been obtained and external approval is proceeding smoothly; stripping of mining infrastructure is in progress.	0.088	0.583	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.
The Kolwezi copper mine project in the DR Congo	3.529	The construction of the project is speeding up. Major equipment such as crushing and grinding system and flotation processing system were completed in turn and put into trial operation in one	0.985	1.11	Annual production capacity planned to reach 7,212 tonnes of sulphuric copper concentrates (containing 60% copper), 43,616 tonnes of crude copper (containing 90% copper) and 8,203 tonnes of copper cathode.

		production line; the stripping of infrastructure proceeded in an orderly manner; the first-stage mining area for high-grade ores has been determined.			
40,000 tonnes (25,000 tonnes for flotation processing, 15,000 tonnes for heap leaching) processing plant at the Zijinshan gold and copper mine	0.875	Put into trial production in October 2016.	0.316	0.531	Upon completion of the project, the annual production capacity is expected to reach 30,000 tonnes of copper concentrates containing copper, 1 tonne of gold associated with other metals and 26 tonnes of silver.
Construction of Duobaoshan copper mine phase 2	2.477	The project construction is under preliminary preparation, approval for land use right is in progress.	0.184	0.184	Upon completion of construction of phase 2 and technological innovation of phase 1, the annual production capacity is expected to increase to 80,000 tonnes of copper.
Heilongjiang Zijin Copper refinery project	1.788	First draft of copper refinery project technical study is completed, construction is expected to commence during mid-2017.	0.006	0.006	Annual production capacity of 450,000 tonnes of copper concentrates, annual production of 100,000 tonnes of copper cathode with high purity.

## ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

### Analysis on operating status and results of major subsidiaries/associates

Unit: RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Barrick (Niugini) Limited (Note 1)	Gold	AUD443,320,000	3,171,760	1,039,770	496,540
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	3,105,400	1,537,860	397,570
Zijin Copper Company Limited	Copper cathode	2,116,300	7,540,500	2,100,480	293,370
Hunchun Zijin Mining Company Limited	Copper concentrates	200,000	5,124,260	1,860,750	243,320
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	2,133,700	777,420	147,580
Longnan Zijin Mining Company Limited	Gold	242,220	975,890	406,930	135,840
Xinjiang Zijin Zinc Industry Co., Ltd.	Zinc concentrates	346,500	1,060,770	555,140	107,020
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	1,255,870	634,280	91,610
Bayannaoer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,168,720	899,430	46,730
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,352,760	1,246,870	32,800

Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	2,000,000	2,880,740	1,090,030	31,360
Wenshan Malipo Zijin Tungsten Group Company Limited	Tungsten products	1,000,000	1,948,520	1,094,720	-52,430
Xinjiang Aletai Jinhao Iron Company Limited	Spheroidal graphite iron	810,000	1,873,420	-210,090	-130,850

#### Operations status and results of subsidiaries/associates affecting the Company's net profit for over 10%

Unit: RMB'000

Company name	Total assets	Net assets	Operating income	Operating profit	Net profit
Jin Heng Mining Company Limited (Note 2)	1,003,060	465,940	-	734,890	734,890
Barrick (Niugini) Limited	3,171,760	1,039,770	2,011,650	544,570	496,540
Gold Mountains (H.K.) International Mining Co., Ltd. (Note 3)	17,732,050	1,140,520	750,820	440,390	459,810
Xinjiang Ashele Copper Company Limited	3,105,400	1,537,860	1,237,680	501,430	397,570
Zijin Copper Company Limited	7,540,500	2,100,480	19,076,660	378,260	293,370
Hunchun Zijin Mining Company Limited	5,124,260	1,860,750	5,083,390	333,920	243,320

Note 1: Data listed are based on the 50% shareholding proportion of the Company;

Note 2: Net profit was mainly generated from gains on changes in fair value from the shares of Ivanhoe Mines Ltd. held;

Note 3: Net profit was mainly generated from exchange gains arising from RMB borrowings.

## DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

### (1) Landscape and development trend in the industry

Gold is a time-proof, irreplaceable global strategic assets. Being a pillar asset in the financial reserves of various countries, gold has an indispensable function for maintaining national financial stability and economic security. As the world economy is cloaked in greater uncertainty, with an increasing outbreak of "black swan" events, higher risks of geopolitical conflicts and subdued performance of major economies, the sentiment for safe haven is on the rise, the need for value preservation of assets is getting keener, and the international gold market continues to see a strong demand. These will only accentuate the monetary characteristics of gold and lead to effective support to gold price. Nevertheless, following a new period of interest rate hike in the United States, the strong US dollar position would create greater pressure on gold price.

In 2017, the US economy will see more dynamics owing to series of initiatives, such as a US\$1 trillion infrastructure improvement plan, extensive tax reduction and a push for American manufacturing. In China, the central government is targeting about 6.5% GDP growth for 2017, to be achieved by focusing on "achieving progress while ensuring stability", continuing proactivity in fiscal policy and stability in monetary policy, and adhering to the implementation of a series of measures for supply-side reform. Favourable developments such as squeezing out of excess capacity and large-scale infrastructure constructions are anticipated, which will be positive to the performance of bulk commodities, particularly likely to benefit the ongoing price trend of copper, zinc and other metal products in 2017. However, it is also noticeable that certain copper producers may come under pressure to slash or cease production, as a result of the trade barrier rivalry between copper producing countries, constraints imposed by local communities and trade unions, etc. These could significantly impact the supply and price of copper. According to the statistics of International Copper Study Group ("ICSG"), the growth rate of global copper output from mines stood at 4% in the last 5 years, the pace is likely to slow down, with an overall oversupply of copper going forward.

Under a global supply shortage, the reduced production of zinc mines has resulted a tight supply for zinc concentrates. In the next 2 years, it is likely that there will be more upside and limited downside for zinc metal price and subject to drastic volatility. A constraining factor for excessive rise in zinc price is the high inventory level of zinc as seen presently.

Implementation of technological upgrade, integration of informationalisation and industrialisation and enhancement of technological innovation have become the necessary trend for mining corporations. The giant mining companies, mostly from developed countries, have secured a predominant position in the control of global mineral resources and

production technology. Better quality and larger quantity of gold, copper, zinc and other non-ferrous metal resources are usually found overseas, their production scales also tend to be larger. Domestically, the competitiveness of mining companies are usually constrained by resource quality, production technology, profitability, etc. They are also confronted with issues such as low industrial concentration and irrational industrial structure.

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

## **(2) Development strategies of the Company**

The Board considers that the Company had already accomplished the second step of its strategic goal to “achieve a leading position in domestic metal mining industry” in 2013, and is now possessed with strong competitive strength and capabilities to advance the next target of becoming one of the top international mining companies. The Company has begun a new round of business development characterised by internationalisation, project upsizing and asset securitisation, with the ultimate 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”.

In this regard, the Board is of the view that the Company ought to have strong faith in its strategic goals, capability and corporate culture, unflaggingly take its own path for innovation and development, continue to promote innovation in technology and management, strengthen core competitiveness, and relentlessly seek breakthrough; on strategic positioning, the Company ought to adhere to a combination of: its core business, being gold and copper, with other types of metal mineral businesses; the integration of mining, finance and trade; priority to resources with priority to structural needs; proactivity with rigour in risk control; marketisation reform with scientific management; innovation and development with compliance operation; human-orientation with value creation; and Zijin corporate culture with international norms and projects’ local actual conditions.

## **(3) Business plans**

### **Business environment**

The Company is continuously optimistic about its business outlook in 2017. Gold price is anticipated to remain volatile with slightly increase, given the functions of gold both as a financial tool and a safe haven; copper and zinc price bottomed and consolidated before 2016, an upward trend is anticipated going forward and a strong momentum is likely to sustain in the broad market environment; favourable prices of tungsten, iron, etc. will also contribute to the Company’s performance.

In 2017, the price trends of gold and base metals will be deeply influenced by macro policies, the economic condition, geopolitical factors and so on. The Company’s operating environment is likely to be impacted by tighter control of China over mineral resources and environment, rising labour cost, and a series of challenges to be faced by overseas enterprises including political risks, resources barriers, conflicts with local communities, etc.

### **Business plans**

The planned production volumes of major mineral products of the Company for year 2017 are: mine-produced gold of 41 tonnes, mine-produced copper of 200,000 tonnes, mine-produced lead and zinc of 300,000 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.

### **Specific business strategies for 2017**

Under the leadership of a new term of the Board and management, the Company will continue to focus on “clinging to reforms, maintaining growth and boosting development”, deepen economic accountability and appraisal, strengthen management over net operating cash flow in addition to the pursuit of better volume, cost and profit, improve assessment of sustainability indicators, and fully accomplish the operating and production targets for 2017.

### **1. Carry on thorough reform of management, stimulate corporate vitality for further development**

The Company will follow market standards and value creation principle to carry on and improve the reform of management, and stimulate corporate vitality for further development. It will also keep modifying corporate governance structure, fully motivate the enthusiasm and creativity of all members, constantly improve management system to ensure scientific decision-making, strong execution, efficacious supervision and effective regulation, promote the value creation ability of construction and logistic management, thoroughly incorporate informationalisation and automation to

the operation and management of mining business, and enhance the quality and efficiency of operation and management.

## **2. Fully implement all the measures for maintaining growth, ensure achievement of operational and production targets for the year**

**Mining entities:** endeavor to achieve the production and efficiency targets and standards for a number of projects, namely the Zijinshan copper mine 25,000 tonnes floatation processing plant, Wulatehouqi Zijin 10,000 tonnes processing plant, Duobaoshan Copper, Guizhou Zijin hot pressure pre-oxidation, etc., accelerate the phase 2 expansion of Duobaoshan copper mine and new technological innovation project for comprehensive utilisation of low-grade resources at Wulagen lead and zinc mine. Each and every mining entities will strive to achieve the targets pragmatically to tap and raise efficiency, strengthen the awareness of better planning and development according to the life of mines, striking good balance between short-term benefits and long-term goals, and carry out mining development and construction in accordance with a holistic, scientific and high-level roadmap.

**Refining and processing entities:** benchmark against best practices, advance technological upgrade and intelligent transformation, enhance management at the base level, and seek efficiency from the management of details; control inventory level by the strictest standards, tighten capital and liquidity management and reduce financing costs; make good use of financial instruments to secure profits.

**Overseas entities:** operating entities such as the Porgera gold mine in Papua New Guinea, ZGC gold mine in Tajikistan, Zuoan gold mine in Kyrgyzstan and zinc multi-metals mine in Tuva, Russia should strive to achieve year-on-year growth in production volume; the Kolwezi copper mine in the DR Congo should ensure smooth commencement of production; and Norton should endeavour to achieve material breakthroughs in the processing of low-grade gold ores. Overseas projects will continue to make profound contributions to the Company's "maintaining growth" target.

**Other types of entities:** further optimise management structure, allocate resources by market standard and enhance management efficiency; entities that are up to market standard should realise self-reliance.

## **3. Actively advance and accelerate internationalisation, lay a solid foundation in resources for further development**

The Company will enhance the operation and management of overseas entities in all aspects. When it comes to merger and acquisition, consideration will be first given to projects of enormous resources volume, which has real production, promising profitability and low P/E. Those capable of making immediate contribution to the Company's operating results and enhance its market value are preferred. Moreover, to ensure good value of investment, the Company will also put more effort to seek for new deposits through the presently owned mines, and carry out supplementary survey on the developable and usable areas near the deep border and outer ring of mines.

## **4. Enhance finance, asset management and asset securitisation level, improve capital efficiency**

The Company will continue to uphold the management concept of "focusing on financial management in corporate management, and focusing on capital management in financial management". It will also fully improve asset management by following market criteria in measuring asset efficiency and profitability, maintain tight control on inventory level, and activate obsolete assets. Moreover, asset structure will be constantly improved by focusing on the big targets and forgoing the small operations, and maintaining flexibility in accelerating the disposal of minor projects, especially the non-mining, small-size projects, the size of which fails to meet the Company's development needs. By determining to eliminate projects that are unable to create value for the Company, efficiency of assets can be improved. Additionally, more efforts will be made to enhance asset securitisation and motivate the deep integration of mining, finance and capital.

## **5. Adhere to innovation and development belief, improve technology and management abilities**

The Company will unswervingly pursue its course of innovation and development. Technological innovation should be achieved by seeking breakthroughs in key technology and extensive application of successful outcomes. Perfection and innovation of engineering projects should follow and comply rules of science. Infrastructure for innovation will be provided both in policy and application aspects, encouraging atmosphere for innovation will be fostered, and the idea of sharing outcomes with the value creators will be promoted. Moreover, staff engaged in innovation development will be protected with exemption from liability. If their work involve innovation of immense value, trial and error will be encouraged. The focus of work assessment will depend on the extent of efficiency enhancement by technological innovation and managerial innovation, and value creation.

## **6. Emphasise safety and environmental protection, and ensure compliance in operation**

Achievement of “zero work casualty, zero environmental incident”, and ensuring the meeting of intrinsic safety and environmental protection standards are the basic requirements which the Company reinforces and cautiously carries out to ensure safety and environmental protection. Accordingly multiple steps will be taken by the Company, which include extension of the production safety score-based system to all employees, continuing to standardise the requirements for safety, occupational health and safety management system, advancing eco-mining, and incorporating maintenance of environmental orderliness as part of the Company’s ordinary function. External counterparts are also included in the Company’s safety management system, their safety track record will become one of the Company’s key considerations when seeking cooperation, and their performance is measured according to stipulations in economic contracts. Overall, the Company will strengthen the discharge of obligations, emphasise appraisal, rewards and penalties, and ensure performance align with the Company’s economic responsibility system. Application of license and completion of formalities will be closely monitored, and compliance in operation will be the key criteria for assessing management performance in various entities.

### **Possible risks**

The Group’s major sources of risks are mainly from the following three aspects:

#### **Metals price risk**

The fluctuation in prices of gold, copper and zinc has direct and substantial effects on the Company’s operating results. Gold is an industrial material which also has monetary characteristics. Its price generally has a negative correlation with the US dollar. Attention should be paid closely to geopolitics, demand on investment and the reserve volumes of different countries. The prices of copper and zinc are mainly affected by supply and demand structure, and are also closely related to the macroeconomic situation of the world and China. Investment in national infrastructure and real estate industry has important influences on prices of base metals.

In view of the aforesaid risks, the Company will closely monitor the price trend of the US dollar, supply and demand imbalance, changes of the global macroeconomic policies, to strengthen the analysis and research on policies and factors which affect gold and base metals; the Company will also continuously carry out innovation in technology and management, enhance efficiency, boost volume and profit, reduce costs and increase efficiency, further minimise controllable expenses, maintain a highly efficient operation with low costs. At the same time, the Company will use derivative financial instruments to avoid price fluctuation, foreign currency risk and interest rate risk.

#### **Safety and environmental protection risks**

Being a traditional production industry, mining has relatively higher safety and environmental protection risks. The Company has a significant number of mines. Some of them have a long history and their intrinsic safety level is not very high. They have certain hidden safety dangers. Most of the mines are situated at remote regions. Their environmental protection facilities are subject to renewal and improvement pursuant to the changes in policies, especially the amendments made to the “Environmental Law of the PRC”, which contains material changes regarding the standards of mining enterprises’ emission of pollutants and definition of dangerous solid wastes. It increases the costs of production and raises difficulties in management of enterprises.

In order to deal with the above risks, the Company will uphold the “life comes first” safety principle and advance the building of a management system for standardised work safety practice and occupational health and safety, include outsourced engineering teams to the Company’s safety management system, put the most stringent safety production responsibility into practice, constantly raise the safety awareness and increase the inherent safety; implement the basic mindset of “priority for the environment” to fulfill the responsibilities of environmental protection and ecological rehabilitation throughout the development of the mines, strengthen the construction of green and civilised mines, combine the treatments for wastewater, exhaust gas and solid waste, reinforce the recycle of valuable metals and develop eco-mining business.

#### **Policy and community risks**

The current mining policies in the PRC were mostly formulated during the peak of the mining industry. There are many barriers for the setting up and transfer of mining rights. The level of difficulties in land leasing and resettlement is very high, which adversely affects the merger and acquisition and development of the mining industry. For the Company’s overseas mining enterprises, more talents with global exposure are required. The laws and policies of some of the countries are not well-established. Non-tax administrative expenses rise, and some anti-mining communities oppose to mine development. Certain country and community risks may exist.

In order to deal with the above risks, the Company will proactively study the state policies and advocate amendments to those current policies which hinder the development of the mining industry through industry associations; strengthen the communication with local governments to create a better condition for the development and construction of projects; actively implement the strategy of recruiting global talents, combine the policies of “internationalisation of Zijin

talents” and ““Zijinisation” of talents”, elevate the operation and management standards of overseas projects; strengthen the study of laws and policies of the countries where the projects are situated, proactively seek solutions to problems and difficulties which hinder the development of overseas enterprises through diplomatic means at the state level, and lower the risks in community development through fulfillment of social responsibilities.

## Others

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

In accordance with the Company’s preliminary plan, it is expected that in 2017, the Company will invest approximately RMB4.345 billion in project construction (including technological innovation. The allocation of investment is, RMB2.636 billion will be in the PRC and RMB1.709 billion will be in foreign countries); approximately RMB10.97 billion in investment and merger and acquisition (in which RMB1.45 billion will be in the PRC and RMB9.52 billion will be in foreign countries); and RMB354 million in geological exploration (in which RMB152 million will be in the PRC and RMB202 million will be in foreign countries). All the capital expenditures mentioned above will be financed by the Group’s internal funds, direct financing from the capital market, bank borrowings, issuance of bonds and notes and other feasible financing methods.

## Significant matters

### 1. Profit distribution proposal or the plan for converting capital reserve into bonus shares

#### 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 “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 2015 annual general meeting of the Company considered and approved the profit distribution plan of the Company for 2015. Based on the total number of 21,540,743,650 shares of the Company (after deduction of the repurchased H Shares), a dividend of RMB0.6 (tax included) per every 10 shares (a total of RMB1,292,444,619 in cash) was distributed, and the undistributed profit was retained for future distribution. The above profit distribution was completed on 22 July 2016. The profit distribution plan of the Company for 2015 complied with the relevant provisions in the articles of association of the Company and the Profit Distribution and Return Plan.

### The Company’s profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan for the latest three years (including the reporting period)

Currency: 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 (%)
2016		0		0	1,839,798,820	0
2015		0.6		1,292,444,619	1,655,671,617	78.06
2014		0.8		1,725,825,092	2,345,062,669	73.59

In the event that a company generated profits during the reporting period and the profits of the parent company

**distributable to ordinary shareholders is positive but cash profit distribution for ordinary shares is not proposed, the company should disclose the reasons in detail and the use and plan for use of the undistributed profits**

Reasons of not proposing cash profit distribution for ordinary shares despite of the fact that the company generated profits during the reporting period and the profits of the parent distributable to ordinary shareholders is positive	The use and plan for use of the undistributed profits
The Company's application for non-public issuance of A Shares was reviewed and approved by the Issuance Review Committee of the CSRC on 7 December 2016, but currently the CSRC's written approval documents have not yet been obtained. According to Article 18 of the "Administration Measures on Securities Issuance and Underwriting" of the CSRC, if listed companies with a plan for issuance of shares have any profit distribution proposal or conversion of capital reserve into share capital proposal which has not yet been submitted to shareholders' general meeting for voting, or when such proposal has been approved by the shareholders' general meeting but has not been implemented yet, the issuance of shares can only be proceeded after such proposal has been implemented. As the Company is currently carrying out the additional issuance of A Shares, in order to speed up the progress, the Board proposed that: no profit distribution will be carried out for the year of 2016 and there will be no conversion of capital reserve into share capital.	The Board proposes an interim profit distribution for 2017, for which the corresponding approval procedure shall be carried out in compliance with the articles of association of the Company and the relevant laws and regulations. The profit distribution proposal will be proposed to the 2016 annual general meeting for consideration. The independent Directors of the Company have expressed independent opinions on the above matters.

**2. Performance of undertakings**

**Undertakings by the actual controller, shareholders, related parties, acquirers of the Company and the Company 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 offer	Avoidance of competition within the same industry	Minxi Xinghang State-owned Assets Investment Co., Ltd.	During the period of being the substantial shareholder of the Company, Minxi Xinghang and its wholly-owned or controlling enterprises will not engage in any business that is in competition with or constitutes a competitive threat to the Company's main business or main products within or outside the PRC, including investing, acquiring, merging or entrusting to operate and manage locally or globally a company, business or other economic association which main business or product is the same with or similar to that of the Company. If the Company develops any new business segment in the future, the Company will have the priority to enter that business industry while Minxi Xinghang and its other wholly-owned or controlling enterprises will not	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



			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 intending to participate 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
Other undertaking made to minority shareholders of the Company	Restriction on selling of shares	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	From 11 July 2015 to 10 January 2016	Yes	Yes
	Restriction on selling of shares	The Directors, Supervisors and senior management of the Company	Not to reduce the number of shares of the Company held within 6 months from the date of the undertaking	From 11 July 2015 to 10 January 2016	Yes	Yes
	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 the undertaking to 31 December 2016	From 8 January 2016 to 31 December 2016	Yes	Yes

## Major litigation and arbitration

### (1) Litigation, arbitration which have been published in provisional announcements and without further progress

Summary and type of event	Index for details
<p>On 21 September 2010, the collapse of Yinyan Tin Mine Gaoqiling tailing pool dam of Xinyi Zijin Mining Company Limited (“Xinyi Zijin”) and the collapse of the dam of Shihuadi hydropower station in Qianpai Town, Xinyi City were affected by the extreme weather brought by typhoon “Fanapi”, resulting in casualties and property damage downstream. The local government and the victims sued Xinyi Zijin and other defendants in the People’s Court of Xinyi City. Most of the litigations arising from this incident were settled by way of mediation in 2011 and 2012.</p> <p>6 hydropower plants (including Shihuadi in Xinyi City) and a water treatment plant sued the defendants (including Xinyi Zijin) for liability of damages due to collapse of structures. On 31 December 2015, Xinyi Zijin</p>	<p>For details, please refer to the Company’s announcements disclosed on HKEXnews website (<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>) dated 9 March 2012 and 13 September 2012.</p>

<p>received the first instance judgment from the People’s Court of Xinyi City, which imposed a compensation of RMB27.519 million in total on Xinyi Zijin for the property loss of the plaintiffs in 7 cases. Fujian Jinma Construction Engineering Company Limited was jointly liable for 50% of the abovementioned compensation while the Company bore a supplementary liability for the compensation. Xinyi Zijin and the Company objected to the first instance judgment and made an appeal to the Intermediate People’s Court in Maoming City. The Intermediate People’s Court in Maoming City conducted a hearing on 14 June 2016, and the second instance judgment has yet to be made.</p> <p>For the proceeding initiated by Xinyi Zijin against defendants including Shihuadi hydropower plant for recovery of damages (the court determined the cause was a dispute on the liability of damages due to collapse of structures), the People’s Court of Xinyi City conducted a hearing in September 2014, Xinyi Zijin made an aggregate claim of RMB49.9 million to all the defendants. A judgment has yet to be handed down in the aforementioned case.</p>	
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**(2) Litigation, arbitration which have not been published in provisional announcements or without further progress**

Currency: RMB’000

During the reporting period:									
Plaintiff(s)/ Applicant(s)	Defendant(s)/ Respondent(s)	Jointly liable parties	Type of proceedings/ arbitration	Basic information of the proceeding/ arbitration	Amount involved in the proceedings/ arbitration	Whether provisions are made for the proceedings/ arbitration	Progress of the proceedings/ arbitration	Hearing results and impacts of the proceeding arbitration	Enforcement progress of judgment of the proceedings/ arbitration
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	Wang Yan, Wang Shaoyan, Northeast Tiger Pharmaceutical Company Limited	Civil	On 28 April 2010, the plaintiff entered into a Share Transfer Framework Agreement with the defendant. Since the defendant failed to refund the deposit on time, the plaintiff filed the claims.	45,000	Fully impaired for the year ended 2012	The judgment in the second hearing ordered the defendant to refund RMB45 million to the plaintiff and bear the relevant interest costs and legal fee.	Judgment was for the Company and the Company has applied to enforce the court order. Both parties have entered into a settlement agreement, pursuant to which all the amount owed to the Company shall be paid off by 30 April 2017.	In progress

**Material connected transactions**

**Connected transactions related to daily business operation**

**Matters which have been published in provisional announcements and without further progress**

Summary of event	Index for details
The Company’s subsidiary, Xinjiang Ashele Copper Co., Ltd. (“Xinjiang Ashele”), entered into a copper concentrates supply contract and a supplemental agreement to the copper concentrates supply contract with Xinjiang Non-ferrous Metal 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 20 June 2016 and 8	For details, please refer to the Company’s announcements disclosed on HKEXnews website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> ) dated 21 June 2016 and 8 September 2016.

September 2016 respectively. One of Xinjiang Ashele's ordinary businesses is selling copper concentrates and the contracts were entered into under normal commercial terms, which reflects the principles of fairness and reasonableness. During the reporting period, the total amount of the transaction was RMB503 million.	
Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is a subsidiary of Minxi Xinghang, the Company's substantial shareholder, and an associate of Zijin Finance, the Company's subsidiary. Zijin Finance provided financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB7.50 million to Ting River Hydropower.	For details, please refer to the Company's announcement disclosed on HKEXnews website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> ) dated 9 January 2014.

## THE WORK IN THE ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITIES

### (1) Poverty alleviation work of the Company

#### 1. Targeted poverty alleviation plan

##### Fundamental strategy

According to the national general scheme of poverty elimination, the Company comprehensively implemented the important work instruction and spirit on targeted poverty alleviation, adhered to the fundamental strategy of "six targets of precision, five beneficiary groups" on targeted poverty reduction and elimination, and insisted in combining measures of providing assistance and fostering self-reliance. Through the implementation of targeted poverty alleviation activities, the Company helped the economic development and poverty elimination for the people who live at where the Company's enterprises are located by sustaining a steady increase of income for poor households and enhancing their self-development capacity.

##### General objective

The enterprise should undertake its 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, a long-term and effective mechanism of the Company for targeted poverty alleviation was gradually established.

##### Key work

Through cooperating with the government organisations of poverty alleviation and Zijin Mining Charity Foundation (the Company as its founder), the Company put its emphasis on remote mountain areas to drive economy development of poor villages and reduce poverty by ways of donation, creating employment, industry development, education and so on.

##### Safeguarding measures

Following the lead of the Board of the Company, the management of the Company formulated scientific plan for targeted poverty alleviation, set up a specific fund for poverty reduction, which was included in the annual financial budget. The Company appointed its social responsibility department to be responsible for poverty elimination and used 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 reduction work can be carried out accurately and thoroughly.

#### 2. Overview of targeted poverty alleviation work for the year

In 2016, the Company, together with the government and Zijin Mining Charity Foundation, launched targeted poverty alleviation activities in remote rural areas where the Company's mines are located across Fujian, Gansu, Xinjiang, Yunnan, Shanxi, Hebei, Jilin, etc. To improve living conditions and rebuild confidence for the groups living in poverty and to drive economy development in the remote villages, the Company sponsored them by living allowance, helped them improve production conditions and realise their capacities of poverty self-alleviation and development.

In 2016, the Company carried out a series of activities for targeted poverty alleviation, namely "improving infrastructure for surrounding poor villages in Shanghang County, Fujian Province", "living allowance project for the elderly and the orphans", "assistance to students and teachers in Shanghang County, Fujian Province", "poverty reduction for poor surrounding villages in Laoshanqianxian, Tianbao Town, Malipo County, Yunnan Province", "assistance to farmers and agriculture development in Dongping Village, Chongli County, Hebei Province", "assistance to construction of water diversion project for Wangshi Village, Luoba Town, Li County, Gansu Province", "assistance to build new rural area in Habahe County, Xinjiang Province", "building of tourism platform for poverty reduction of Tanyisuoyigan Village, Habahe County, Xinjiang Province", "poverty alleviation for Guoluo Prefecture, Qinghai Province", etc. These activities covered assistance projects of poverty alleviation from the aspects of livelihood

improvement, infrastructure construction and industrial development, etc., and improved the living condition and production condition for the local poor groups.

### 3. Statistics of targeted poverty alleviation of the Company in 2016

Unit: RMB'000

Indicator	Amount and progress
(1) General	More than 80 projects have been launched by the Company, together with the government and Zijin Mining Charity Foundation, for targeted poverty alleviation activities in remote rural areas in various provinces, such as Fujian, Gansu, Xinjiang, Yunnan, Shanxi, Hebei, Jilin, etc. Projects were carried out in the ways of donation, creating employment, industry development, education, etc.
Including: Subsidised amount:	28,000
(2) Amount of subsidy by categories	
1. Industrial development for poverty alleviation	“Assistance to farmers and agriculture development in Dongping Village, Chongli County”, “assistance to industrial development in Xiabadacheng Village, Wuping County”, “building of tourism platform for poverty reduction of Tanyisuoyigan Village, Habahe County, Xinjiang Province”.
Including: 1.1 Industrial development projects for property alleviation by category	<input checked="" type="checkbox"/> Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input type="checkbox"/> Asset return <input type="checkbox"/> Technology <input checked="" type="checkbox"/> Others
1.2 Number of projects	3
1.3 Amount of subsidy for industrial development projects	2,350
2. Transformation to non-farming employment for poverty alleviation	Cooperated with Shanghang Science and Technology Institution to launch a series of popular science campaigns such as trainings inside the communities and practical farming technology for communities, e.g., farming projects of peanut, fruit trees, rabbit, pig, chicken, etc.
Including: 2.1 Amount of subsidy for vocational skill training	150
3. Education for poverty alleviation	Mainly including: “subsidies for poor students in Zijin Mining College of Fuzhou University”, “subsidies for undergraduates and high school students who are impoverished Shanghang residents in 2016”, “2016 Project Hope of Longyan City”, “educational infrastructure improvement in Shanghang County”, etc.
Including: 3.1 Amount of subsidy for impoverished students	2,000
3.2 Number of impoverished students supported (person)	500
3.3 Amount of subsidy for improving educational resources in poor areas	4,700
4. Minimum protection	Housing project for the disabled in Shanghang County
4.1 Amount of subsidy for the disabled living in poverty	1,500
4.3 Number of the disabled living in poverty subsidised (person)	200
5. Other projects	“Improving infrastructure for surrounding poor villages in Shanghang County, Fujian Province”, “assistance to students and teachers in Shanghang County, Fujian Province”, “poverty reduction for poor surrounding villages in Laoshanqianxian, Tianbao

	Town, Malipo County, Yunnan Province”, “assistance to farmers and agriculture development in Dongping Village, Chongli County, Hebei Province”, “assistance to construction of water diversion project for Wangshi Village, Luoba Town, Li County, Gansu Province” , “assistance to build new rural area in Habahe County, Xinjiang Province”, “poverty alleviation for Guoluo Prefecture, Qinghai Province”, etc.
Including: 5.1 Number of projects	52
5.2 Other details of the projects	To assist the poor areas in developing livelihood project and improving infrastructure by way of donations.
(3) Honors received (subject and level)	
1. Zijin Mining Group Co., Ltd.*: Project Hope Special Contribution Award (Municipal level); 2. Wulatehouqi Zijin Mining Co., Ltd.: Advanced Units for Assistance to the Development of New Rural and New Pastoral Work; Caring Charity Enterprise; 3. Wuping Zijin Mining Co., Ltd.: Charity Work Advanced Unit (County level); 4. Zijin Mining Charity Foundation: World Public Charity Forum Targeted Poverty Alleviation Model Institution.	

#### 4. Plan for future targeted poverty alleviation work

##### Principal work

In 2017, the Company will cooperate with the government organisations of poverty reduction and Zijin Mining Charity Foundation to carry out targeted poverty alleviation activities. Principal work focus will be on: “poverty alleviation and subsidising in poor mountain areas in Shanghang County, Fujian Province”, “assistance to poverty reduction of poor villages in Habahe County, Xinjiang Province”, “targeted poverty alleviation action for Xiachun Village, Wuping County, Fujian Province”, “targeted poverty alleviation and subsidising in Xitumenzi Village, Chunhua Town, Hunchun City”, “targeted poverty alleviation project in Li County, Longnan City”, etc. In these ways, the Company will make contributions to overall improvement of infrastructure conditions and economic development in the poor villages, effective change of living conditions for poor groups, and steady enhancement of their living standards.

##### Safeguarding measures

The Company will strengthen the organisation and leadership of targeted poverty alleviation activities. Following the lead of the Board of the Company and according to the operation situation of the Company, the Company and its subsidiaries will actively carry out targeted poverty alleviation activities. The management team of the Company will be responsible for organising and ensuring targeted poverty alleviation work, including making annual plan, selecting projects, coordinating with governments, supervising, disclosing information, etc.

##### (2) Social responsibility work

Please refer to the 2016 Social Responsibility Report of the Company on the website of Shanghai Stock Exchange, [www.sse.com.cn](http://www.sse.com.cn).

##### (3) Explanations on environmental protection of the companies and their subsidiaries which are the key pollutant discharging units identified by the Environmental Protection Department

According to the requirement “ecological environment should be protected in the same way we protect our eyes and ecological environment should be respected in the same way as we respect lives”, the Company firmly establishes the concept of green development and efficient utilisation of resources. The Company continually adheres to the policy of “environmental protection and development go together” and the environmental protection principle of “protecting the green mountains and clear water while developing treasured mines”, regards “zero environmental incident” as the basic requirement, strives to create corporate brand and reputation of environmental protection, and achieves win-win solution between the corporate development and environment protection.

##### Emission of pollutants meeting the standards

In 2016, according to the supervisory monitoring reports about the sources of pollution issued by the local environmental protection departments, all of the wastewater, exhaust gas and noise at plant boundary produced by the branch companies (subsidiaries) of the Group met the emission standards, which were in compliance with, including but not limited to, the “Integrated Wastewater Discharge Standard” (GB 8978-1996), “Integrated Emission Standards of Air Pollutants” (GB 16297-1996), the “Emission Standard for Industrial Enterprises Noise at Boundary” (GB 12348-2008), “Emission Standard of Pollutants for Copper, Nickel, Cobalt Industries” (GB 25467-2010), and “Emission Standard of Pollutants for Lead and Zinc Industries” (GB 25466-2010).

##### Environmental impact assessment and the implementation of the “three simultaneous” system

In 2016, the branch companies (subsidiaries) of the Group strictly followed the “Environmental Protection Law of the

People's Republic of China", "Environmental Impact Assessment Law of the People's Republic of China", etc. to carry out construction projects' environmental impact assessment. The pollution controlling facilities were designed, constructed and put into use simultaneously with the main part of construction projects.

#### **Treatment and disposal of general industrial solid waste and hazardous waste**

In 2016, the branch companies (subsidiaries) of the Group safely disposed or comprehensively utilised general industrial solid waste and hazardous waste at the treatment rate of 100%.

#### **Payment of sewage charges**

In 2016, the branch companies (subsidiaries) of the Group 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. issued by the local environmental protection administration departments.

#### **Vigorous promotion of environment order management and establishment of good corporate image**

To enhance the overall level of corporate management of environment order, the Company promoted environmental changes through environmental order management, achieved corporate management standardisation, and created a pleasant working environment. The Company began to implement environmental order rectification in the whole group, required the branch companies (subsidiaries) to strengthen the management of environmental order, set up daily supervision and management institutions. The duties and responsible areas were refined layer by layer in order to ensure that responsibilities are discharged. The trainings for environmental order and standards were conducted and strengthened to cultivate the consciousness of environment protection and order keeping among the employees so that each member of the management and employees can recognise the importance of environmental order, form serious standards, and develop good habits in long term. In this way, a refreshing corporate image will be established, and the "Beautiful Zijin" dream will be realised.

#### **Ecological restoration and protection of bio-diversity**

The Company develops mines according to various local conditions. In accordance with the "stabilising one piece of land, restoring one piece of land" approach, the Company conducts vegetation restoration step by step and adapts to local conditions. "Stratified water control, truncated slope, soil improvement, and plant selection," these engineering measures and biological measures are taken simultaneously to quickly rehabilitate vegetation for comprehensive treatment to the tailing yards, waste residues, and tailing slopes. As at the end of 2016, the Group had 9 subsidiaries awarded as the "National Green Mine Pilot Unit", namely Zijinshan gold and copper mine, Wuping Zijin, Tongling Zijin, Ashele Copper, etc. Among these subsidiaries, Guizhou Zijin and Ashele Copper passed the assessment of "National Green Mine Pilot", Zijin Copper was determined as the "National Water and Soil Conservation Ecological Civilisation Project" and the first batch of "Pilot Enterprises for National Industrial Products' Ecological Design".

#### **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)**

Using the number of shares before repurchase for calculation, the Company's earnings per share for 2016 (rounded to the nearest two decimal places, the same shall apply hereinafter) was RMB0.09 and the net assets per share was RMB1.29. The above financial indicators are generally consistent with the indicators based on the number of shares after deduction of the repurchased shares. The repurchase does not have any significant impact on the Company's major financial indicators.

#### **Other information which the Company considered necessary or are required to be disclosed by the securities regulatory authorities**

The Company issued the Plan for the Non-public Issuance of A Shares on 8 July 2016. The maximum number of A Shares to be issued under such plan will be 1,553,398,058 shares (1,553,398,058 shares inclusive), the subscription price shall not be less than 90% of the average trading price of the Company's A Shares in the 20 trading days preceding the base day for pricing (i.e. not less than RMB3.09 per share) and the total amount of proceeds to be raised (issuance expenses inclusive) will not exceed RMB4.8 billion. Since the Company carried out the profit distribution proposal for 2015, the Company issued an announcement in relation to adjustment of minimum subscription price and number of shares to be issued on 22 July 2016. After the adjustment, the minimum subscription price was adjusted from RMB3.09 per share to RMB3.03 per share, and the maximum number of A Shares to be issued was adjusted from 1,553,398,058 shares (1,553,398,058 shares inclusive) to 1,584,158,415 shares (1,584,158,415 shares inclusive).

Taking into account the actual situations of the projects to be invested by the proceeds raised, the Company issued an announcement on 28 November 2016 and adjusted the total amount of proceeds to be raised. Due to deduction of the amount of interest expenses of RMB164.622 million arising from the construction period in the construction of the Kolwezi copper mine project in the DR Congo, which was originally proposed to be funded by the proceeds raised, the

total amount of proceeds to be raised was adjusted from RMB4.8 billion to RMB4.635378 billion and the number of A Shares to be issued was correspondingly reduced based on the above adjustment. After the adjustment, the maximum number of A Shares to be issued will be 1,529,827,722 shares (1,529,827,722 shares inclusive) and the total amount of proceeds to be raised (issuance expenses inclusive) will not exceed RMB4.635378 billion.

The application for the non-public issuance of A Shares was reviewed and approved by the Issuance Review Committee of the CSRC on 7 December 2016, but the approval documents in writing have not yet been obtained. Please refer to the relevant announcements on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for more details.

## Information of corporate bonds

### Overview of corporate bonds

Currency: 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

### Settlement of interests and principals of the corporate bonds during the reporting period

Date of payment of the initial interest accrued of 2016 Corporate Bonds (the First Tranche) of Zijin Mining Group Co., Ltd.\* was 18 March 2017 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.\* will be 15 July 2017. 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. During the reporting period, the designated account for the proceeds raised was well operated.

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

Name	Position	Change	Reasons for the change
Wang Jianhua	Director	Resignation	Resigned from the position of Director due to change of term
Wang Jianhua	President	Resignation	Resigned from the position of president due to change of term
Lan Fusheng	Vice-chairman	Election	Appointed to the position of vice-chairman due to change of term
Lan Fusheng	President	Appointment	Appointed to the position of president due to change of term
Qiu Xiaohua	Vice-chairman	Resignation	Resigned from the position of vice-chairman due to change of term
Lin Hongying	Director	Election	Appointed to the position of Director due to change of term
Lin Hongying	Vice-president, financial controller (concurrent)	Appointment	Appointed to the position of vice-president and financial controller due to change of term
Qiu Guanzhou	Independent Director	Resignation	Resigned from the position of independent Director due to personal work reasons
Zhu Guang	Independent Director	Election	Appointed to the position of independent Director at the election in the 2015 annual general meeting, continuously appointed to the position of independent Director due to change of term
Cai Meifeng	Independent Director	Election	Appointed to the position of independent Director due to change of term
Ding Shida	Independent Director	Resignation	Resigned from the position of independent Director due to change of term
Zhang Yumin	Supervisor representing workers and staff	Resignation	Resigned from the position of Supervisor representing workers and staff due to change of term
Lan Liying	Supervisor representing workers and staff	Election	Appointed to the position of Supervisor representing workers and staff due to change of term
Huang Xiaodong	Vice-president	Resignation	Resigned from the position of vice-president due to change of term
Xie Xionghui	Vice-president	Appointment	Appointed to the position of vice-president due to change of term

Resigned Directors Mr. Wang Jianhua, Mr. Qiu Xiaohua, Mr. Ding Shida and Mr. Qiu Guanzhou confirmed that they have no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to their resignations.

For the constitution of the Directors, Supervisors and senior management, please refer to the Company's 2016 annual report.

#### Details of the shareholders' general meetings

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions
The first extraordinary general meeting in 2016, the first A Shareholders' class meeting in 2016 and the first H Shareholders' class meeting in 2016 of the Company	11 January 2016	www.hkexnews.hk	11 January 2016
2015 annual general meeting of the Company	20 June 2016	www.hkexnews.hk	20 June 2016
The second extraordinary general meeting in 2016, the second A Shareholders'	25 August 2016	www.hkexnews.hk	25 August 2016



class meeting in 2016 and the second H Shareholders' class meeting in 2016 of the Company			
The third extraordinary general meeting in 2016 of the Company	30 December 2016	www.hkexnews.hk	30 December 2016

### **Purchase, redemption or sale of listed securities of the Company**

For the year of 2016, the Company repurchased 2,500,000 H Shares in aggregate at the Hong Kong Stock Exchange. Details as follow:

At the 2014 annual general meeting, the first A Shareholders' class meeting in 2015 and the first H Shareholders' class meeting in 2015 convened by the Company on 11 May 2015, a resolution in relation to the proposal of granting a general mandate to the Board to repurchase H Shares was approved. The effective period of the resolution was from the date of the shareholders' general meeting passing the resolution to the date of 2015 annual general meeting convened in 2016. According to the authorisation, the Company continued to implement repurchases of H Shares in the first half of 2016 and repurchased 2,500,000 H Shares in aggregate with the total amount paid of HK\$4,845,000 (excluding commission and other expenses). Up to the present, the cancellation of the H Shares repurchased in the first half of 2016 was completed at Computershare Hong Kong Investor Services Limited, and the change of business registration in the PRC for the cancellation of the repurchased H Shares was also completed.

Save as disclosed above, for the year ended 31 December 2016, the Board confirmed that neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities up to 31 December 2016.

### **Corporate Governance**

As required by provision A.1.8 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 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.

Save as disclosed above, for the year ended 31 December 2016, 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 Group's 2016 annual report)

### **Independent Non-executive Directors**

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which provide that the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting related financial management expertise. The Company appointed four independent non-executive Directors and one of them possesses accounting and related financial management expertise. For details of the independent non-executive Directors, please refer to the Company's 2016 annual report.

### **Securities transactions by Directors and Supervisors of the Company**

The Group 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 Directors of the Group. The effective date was 23 December 2003. Having made specific reasonable enquiries with all Directors and

Supervisors of the Company, the Group confirmed that all Directors and Supervisors have complied with the provisions of the Model Code for the year ended 31 December 2016.

### Shareholdings of the Directors and Supervisors in the Company

As at 31 December 2016, 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 2016 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 2016 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.

### Appointment and dismissal of auditors

Currency: RMB million

	Currently appointed
Auditors in Mainland China	Ernst & Young Hua Ming (LLP)
Remuneration for auditors in Mainland China this year	8.46
Appointment term of the auditors in Mainland China	Renew once a year
Auditors outside Mainland China	Nil

	Name	Remuneration
Internal control auditors	Ernst & Young Hua Ming (LLP)	Already included in the audit fee
Financial advisor	Nil	Nil
Sponsor	Essence Securities Co., Ltd.	0.98

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

### Definition

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

A Share(s)	The domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange
A Shareholder(s)	Holder(s) of A Share(s)
Ashele Copper	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Bindi Potash	Lenghu Bindi Potash Co., Ltd.
BNL	Barrick (Niugini) Limited, a company under joint operation of the Company
Board, Board of Directors	The board of Directors of the Company
Chongli Zijin	Chongli Zijin Mining Company Limited, 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
Duobaoshan Copper	Heilongjiang Duobaoshan Copper Co., Ltd., a wholly-owned subsidiary 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
H Shareholder(s)	Holder(s) of H Share(s)

Heilong Mining	Heilong Mining Group Company Limited, a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hunchun Zijin	Hunchun Zijin Mining Company Limited, a wholly-owned 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
Luoyang Kunyu	Luoyang Kunyu Mining Co., Ltd., a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, a substantial shareholder of the Company
Norton	Norton Gold Fields Limited, a wholly-owned subsidiary of the Company
Russia Longxing	Russia Longxing Company Limited, a subsidiary of the Company
Supervisor(s)	The supervisor(s) of the Company
Ting River Hydropower	Fujian Shanghang Ting River Hydropower Co., Ltd., an associate of the Company
Tongshan Company	Heilongjiang Tongshan Mining Company Limited, a wholly-owned subsidiary of the Company
Wulatehouqi Zijin	Wulatehouqi Zijin Mining Company Limited, a subsidiary of the Company
Wuping Zijin	Wuping Zijin Mining Company Limited, a subsidiary of the Company
Xinjiang Zijin Zinc Industry	Xinjiang Zijin Zinc Industry Co., Ltd., 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 Finance	Zijin Mining Group Finance Co., Ltd., a subsidiary of the Company

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

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

Fujian, PRC 24 March 2017

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