ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招 金 礦 業 股 份 有 限 公 司

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

(Stock Code: 1818)

INTERIM REPORT 2013

*For identification purposes only

Contents

CORPORATE INFORMATION

Name of the Company

招金礦業股份有限公司

English Name of the Company

Zhaojin Mining Industry Company Limited*

Legal Representative

Mr. Lu Dongshang

Executive Directors

Mr. Lu Dongshang *(Chairman)*
Mr. Weng Zhanbin *(Vice Chairman)*
Mr. Li Xiuchen

Non-executive Directors

Mr. Liang Xinjun *(Vice Chairman)*
Mr. Cong Jianmao
Mr. Ye Kai
Mr. Kong Fanhe

Independent Non-executive Directors

Mr. Ye Tianzhu
Ms. Chen Jinrong
Mr. Choy Sze Chung Jojo
Mr. Xie Jiyuan

Supervisory Committee Members

Mr. Wang Xiaojie
(Chairman of Supervisory Committee)
Ms. Jin Ting
Mr. Chu Yushan

Secretary to the Board

Mr. Wang Ligang

Company Secretary

Ms. Mok Ming Wai

Qualified Accountant

Mr. Ma Ving Lung Nelson

Authorized Representatives

Mr. Lu Dongshang
Mr. Weng Zhanbin

Board Committees

Audit Committee Members

Ms. Chen Jinrong *(Chairman of Audit Committee)*
Mr. Ye Kai
Mr. Choy Sze Chung Jojo

Strategic Committee Members

Mr. Lu Dongshang *(Chairman of Strategic Committee)*
Mr. Liang Xinjun
Mr. Weng Zhanbin

Nomination and Remuneration Committee Members

Mr. Choy Sze Chung Jojo *(Chairman of Nomination and Remuneration Committee)*
Mr. Liang Xinjun
Mr. Cong Jianmao
Mr. Ye Tianzhu
Ms. Chen Jinrong

Geological and Resources Management Committee Members

Mr. Ye Tianzhu *(Chairman of Geological and Resources Management Committee)*
Mr. Weng Zhanbin
Mr. Xie Jiyuan

* *For identification purpose only*

Safety and Environmental Protection Committee Members

Mr. Li Xiuchen *(Chairman of Safety and Environmental Protection Committee)*
Mr. Cong Jianmao
Mr. Xie Jiyuan

Auditors

International Auditors

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

PRC Auditors

Shulun Pan Certified Public Accountants
4/F, New Whampoa Finance Building
No. 61 Nanjing Road East
Shanghai
PRC

Legal Advisers

PRC Law Adviser

King & Wood PRC Lawyers
17th Floor, One ICC
Shanghai International Commercial Center
999 Middle Huai Hai Road
Shanghai 200031
PRC

Hong Kong Law Adviser

Eversheds LLP
21/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Registered Office

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Zhaoyuan City
Shandong Province, PRC

Principal Place of Business in Hong Kong

8th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Hong Kong H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Bank of China
78 Fuqian Road
Zhaoyuan City
Shandong Province
PRC

Agricultural Bank of China
298 Wenquan Road
Zhaoyuan City
Shandong Province
PRC

Company Website

www.zhaojin.com.cn

Stock Code

1818

MANAGEMENT DISCUSSION AND ANALYSIS

I. PRINCIPAL BUSINESS

For the six months ended 30 June 2013 (the "Period"), Zhaojin Mining Industry Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the exploration, mining, ore processing, smelting and sale of gold products and other metallic products in the People's Republic of China (the "PRC"). The principal products include "Au9999" and "Au9995" standard gold bullions and other gold products under the brand name of "Zhaojin".

II. INTERIM RESULTS

Revenue

During the Period, the Group generated revenue of approximately RMB2,371,095,000 (corresponding period of 2012: approximately RMB1,929,766,000), representing an increase of approximately 23% as compared to the corresponding period of last year.

Net profit

During the Period, the net profit of the Group was approximately RMB321,481,000 (corresponding period of 2012: approximately RMB525,201,000), representing a decrease of approximately 39% as compared to the corresponding period of last year.

Gold production

During the Period, the Group had attained an aggregate gold production of approximately 12,351.6 kg (approximately 397,112.87 ozs), representing a decrease of approximately 1.35% as compared to the corresponding period of last year. Of which, gold output from the Group's mines accounted for 8,624.1 kg (approximately 277,271.05 ozs), representing an increase of approximately 10.99% as compared to the corresponding period of last year and gold output from smelting and tolling arrangement accounted for approximately 3,727.5 kg (approximately 119,841.82 ozs), representing a decrease of approximately 21.53% as compared to the corresponding period of last year.

Profit attributable to owners of the parent

During the Period, the profit attributable to owners of the parent was approximately RMB299,663,000 (corresponding period of 2012: approximately RMB495,398,000), representing a decrease of approximately 40% as compared to the corresponding period of last year.

Earnings per share

During the Period, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent amounted to approximately RMB0.10 (corresponding period of 2012: approximately RMB0.17), representing a decrease of approximately 41% as compared to the corresponding period of last year.

Net assets per share

As at 30 June 2013, the consolidated net assets per share attributable to the owners of the parent was approximately RMB2.98 (30 June 2012: approximately RMB2.37), and the yield to net assets during the Period was approximately 3.64% (corresponding period of 2012: approximately 7.77%).

III. INTERIM DIVIDEND

The board of Directors of the Company (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2013 (corresponding period of 2012: nil).

IV. ACQUISITIONS

(1) On 2 November 2011, Qinghe Jindu Mining Company Limited ("Qinghe Mining", a subsidiary of the Company) entered into a framework agreement on transfer of mining rights and acquisition of Assets ("Framework Agreement") with Xinjiang Hangjun Mining Company Limited ("Hangjun Mining"). On 15 April 2012, Qinghe Mining entered into a supplemental agreement to the Framework Agreement with Hangjun Mining, to acquire the 49% interest held by Hangjun Mining in the gold mine exploration right in North Kubusu, Qinghe County. The remaining 51% interest of the gold mine exploration right was held by the Eighth Gold Detachment of Chinese People's Armed Police Force. The exploration right covers an area of 74.5 km^2, with a reserve of 2.51 million tonnes of gold ores of 333 grade and the gold content is 11,679.48 kg. The consideration for the 49% interest in the exploration right and the underlying assets is RMB200,000,000. The completion of property right transfer will provide surrounding exploration and a certain level of resource assurance for the geological exploration of Qinghe Mining and its production capacity of 2,000 tonnes per day.

As at the date of this report, the procedures of change of exploration rights of the project are still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(2) On 28 June 2012, the Company entered into an agreement of merger and reorganization and the supplemental agreement in connection with the Exploitation Right Project of Luerba Gold Mine Bojigou Section in Minxian, Gansu Province, which is adjacent to Minxian Tianhao Gold Company Limited ("Minxian Tianhao") with the Second Geological and Mineral Exploration Institute (the "Second Institute") under the Geology and Mineral Resources Reconnaissance and Development Bureau of Gansu Province. Minxian Tianhao underwent a reorganization process by consolidating the Luerba Gold Mine Bojigou Section, which was owned by Minxian Shengyuan Mining Company Limited (a wholly-owned subsidiary of the Second Institute). Upon completion of the reorganization, Minxian Tianhao will be held as to 74% by the Company and 26% by the Second Institute. The exploitation right acquired upon the reorganization covers an area of 6.06 km^2. Based on the Report of General Survey, the estimated resource reserve of ores amounted to 1.92 million tonnes, with a gold content of 4,827 kg and the average gold grade is 2.51 gram per tonne.

As at the date of this report, the procedures of the merger and reorganization of the project are still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(3) As at 13 December 2012, the Company entered into an equity transfer agreement with Shenzhen Histan Investment Group Limited (深圳市海仕通投資集團有限公司) ("Histan") and The Third Institute of Geological and Mineral Exploration of Gansu Provincial Bureau of Geology and Mineral Resources (甘肅省地質礦產勘查開發局第三地質礦產勘查院) ("No.3 Exploration Institute"), pursuant to which the Company agreed to acquire 51% equity interests in Gansu Xinrui Mining Industry Company Limited (甘肅鑫瑞礦業有限公司) ("Xinrui Mining") at a consideration of RMB255,000,000. Xinrui Mining owns the Ge Lou Ang Exploration Right covering an explorable area of 19.13 km^2. There are 11,187,300 tonnes of ore reserve and 27,381 kg of gold in the explored area with an average gold grade of 2.45 gram per tonne. Upon completion of the equity transfer, Xinrui Mining will become a non wholly-owned subsidiary of the Company.

As at the date of this report, the procedures of the equity transfer of the project are still in progress.

Histan is a shareholder of Zhaojin Precious Metal Smelting (Gansu) Co., Ltd (甘肅招金貴金屬冶煉有限公司) and No.3 Exploration Institute is a shareholder of Zhaojin Precious Metal Smelting (Gansu) Co., Ltd and Gansu Hezuo Zaozigou Gold Mine Company Limited. Accordingly, they are connected persons of the Company. The transaction constitutes a connected transaction of the Company, but is exempt from the reporting, announcement and independent shareholders' approval requirements. Relevant details were set out in the announcement of the Company dated 13 December 2012 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

(4) On 17 December 2012, the Company entered into an equity transfer agreement with CITIC Mining Technology Development Co., Ltd. (中信礦業科技發展有限公司) ("CITIC Mining"), pursuant to which the Company agreed to acquire 51% equity interests in Jinying Gold Company Limited in Subei County held by CITIC Mining at a consideration of RMB91,800,000. The mining right and exploration right covers an area of 0.432 km^2 and 23.02 km^2 respectively. There are 1,084,200 tonnes of ore reserves, the gold content is 7,564.23 kg with the gold grade of 6.98 gram per tonne and the associated silver content is 33,285 kg.

On 28 June 2013, the procedures relating to the change of industrial and commercial registration in respect of the equity transfer of the project were completed.

CITIC Mining is a shareholder of Ruoqiang County Changyun Sanfengshan Gold Mine Limited Liability Company and therefore, it is a connected person of the Company. The transaction constitutes a connected transaction of the Company, but is exempt from reporting, announcement and independent shareholder's approval requirements.

(5) On 26 December 2012, the Company entered into an equity transfer agreement with two natural persons, Gao Yanlin and Li Jining, pursuant to which the Company agreed to acquire 46.07% equity interests in Jin's Bonanza (Resource) Holding Limited at a consideration of RMB223,341,800 so as to indirectly hold 34.85% equity interests in Shandong Wucailong Investment Company Limited and 38.13% equity interests in Xinjiang Xinbaolai Mining Company Limited. The acquired interests involved 2,467,000 tonnes of ore reserves, with the gold content of 6,574.4 kg and the associated silver content of 10,748.15 kg. The exploration right covers an area of 29.33 km^2.

On 31 January 2013, the procedures relating to the change of industrial and commercial registration in respect of the equity transfer of the project were completed.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(6) On 28 August 2012, the Company announced that it would subscribe for 100,000,000 shares at the price of AUD$0.04 per share from the 625 million shares placement announced and approved by the shareholders of Norseman Gold PLC in Australia, which accounted for approximately 8.95% equity interests in the share capital of Norseman Gold PLC, through its wholly-owned subsidiary Gold Vein International Investment Limited. The Norseman gold mine owned by Norseman Gold PLC is an operating gold mine with the longest history of gold production in Australia. In accordance with the JORC Code, the Norseman gold mine has an ore reserve of 22,000,000 tonnes with a grade of 4.7 gram per tonne, i.e. 3,400,000 ounces of gold resources.

As at the date of this report, the transaction was completed on 16 January 2013.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 28 August 2012 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

V. BUSINESS REVIEW

During the first half of the year, international gold prices were highly fluctuating and had shown a downward trend due to the overall global economic downturn and expectations over scaling back of QE monetary policies in the US. International spot gold prices plummeted from US$1,676 per ounce at the beginning of the year to as low as US$1,180 per ounce, representing a decrease of approximately 30% at most. Facing the severe market conditions, the Board of the Company timely adjusted its operating strategies and the Company made concerted efforts to tackle these challenges by strengthening management and implementing stricter risk control so that its operations maintained a good momentum of steady yet fast growth.

Reducing costs and enhancing efficiencies to actively adjust the growth strategies of the Company

In the first half of the year, the Group endeavored to optimize the internal operational control and continued to enhance the quality and efficiency of its development. On the one hand, the Group has taken a series of measures to optimize the production deployment, implemented dynamic management on underground mining and increased the investment in machinery to maintain grading and improve efficiency. On the other hand, the Group has endeavored to cut down production costs and increase economic returns. The Group has reduced capital expenditure of a total sum of RMB256 million through stringent control over unproductive costs and termination or suspension of construction of some of the projects. In order to enhance the quality of management, the Group has simplified the approval procedures and learnt from high-quality enterprises in a timely manner by focusing on certain target areas and generating synergies with a view to maximizing the benefits of the enterprise through management.

Utilizing scientific deployment to steadily enhance production and operation

The Group managed proactive production deployment and achieved steady growth in gold production by overcoming difficulties caused by negative factors such as production suspension during the Spring Festival and limited explosives rationing. In the first half of the year, the Group achieved an aggregate gold output of 12,351.6 kg (approximately 397,112.87 ozs), representing a decrease of approximately 1.35% compared to the corresponding period of last year; an aggregate gold output from its mines of 8,624.1 kg (approximately 277,271.05 ozs), representing an increase of approximately 10.99% compared to the corresponding period of last year; and an aggregate gold output from smelting and tolling arrangement of 3,727.5 kg (approximately 119,841.82 ozs), representing a decrease of approximately 21.53% compared to the corresponding period of last year. Among them, gold output from mines located outside Zhaoyuan increased significantly to 2,435.8 kg (approximately 78,312.73 ozs), representing an increase of approximately 33.33% as compared to the corresponding period of last year.

Making concerted efforts for firm advancement of key infrastructure technology renovation projects

The Company made timely adjustments to the infrastructure technology renovation proposals according to the strategic planning of the Group. There are a total of 38 projects after the adjustment and the planned investment amount is RMB1,350 million, down by RMB151 million as compared with the original investment. During the Period, the Group invested a total of RMB607 million and completed an aggregated digging volume of 187,000 m^3 with construction area of 12,700 m^2. The Group purchased 554 sets of equipment and installed 97 sets of equipment. As at 30 June 2013, the Group had a total 22 projects in progress where 17 key projects accomplished their scheduled targets in a sound manner, which effectively facilitated the capacity expansion and technology upgrade of the mines. Of which, the site selection and expansion projects of enterprises including Tianzhuang Gold Mine and Fengning Jinlong were completed in advance.

Adopting an innovative approach and achieving breakthroughs in resource ownership

In the first half of the year, the Group adhered to the principle of "unified planning, unified scientific research, unified exploration, unified management and unified development", focused on the key areas and stepped up its prospecting and exploration efforts. During the Period, the Group completed investment of approximately RMB108 million in geological exploration, tunnel exploration of 26,700 meters and drilling exploration of 176,400 meters, which brought gold resources explored amounting to approximately 40,447 kg. In particular, the gold reserves explored in Xiadian Gold Mine, Dayingezhuang Gold Mine and Zaozigou Gold Mine exceeded 28 tonnes. Exploration and prospecting in the key metallogenic zone achieved significant progress. Meanwhile, in the area of scientific research, the Group adjusted its strategy and implemented a series of targeted key scientific research projects. The Company established a team to tackle problematic processing and smelting and stepped up its processing and smelting efforts to increase the recovery rate in processing. The Company carried out a public scientific research and innovation campaign and completed 144 small-scale reforms and promoted 8 "Four New Technologies", evidencing its scientific research achievements. In the first half of the year, the Company successfully passed the evaluation of the Ministry of Finance on the model infrastructure development and fund appropriation in 2012 and ensured that a total funding of RMB100 million was secured for the year.

Devoting more efforts for a harmonious and steady development between the enterprise and the environment

As to production safety and environmental protection, the Group utilised total production safety expenses of approximately RMB43,510,000 and purchased 32 sets of new underground mechanized equipment for the development of the "four-model mines". The Group successively carried out a series of activities including a two-month safety major check outside Zhaoyuan city, comprehensive safety training, safety partnership pairing, prevention of typhoon and heavy rain, floods, thunders and high heat in summer and safety production month to eliminate major production accidents and environmental pollution incidents. The Company actively participated in building the "four platforms" on living, growth, politics and sharing of economic success for its employees to promote mutual development of employees and the enterprise. As to building a harmonious community, the Company launched different forms of village-enterprise interactive development activities, raising funds totaling RMB2,682,800. As to public safety and unexpected incidents, the Company set up an emergency team and put great efforts in talent selection, equipment deployment, practical training and onsite rescue, providing strong support to the steady operational development of the enterprise.

VI. FINANCIAL AND RESULTS ANALYSIS

Revenue

During the Period, the Group's revenue amounted to approximately RMB2,371,095,000 (corresponding period of 2012: approximately RMB1,929,766,000), representing an increase of approximately 23% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the significant increase in gold sales quantity during the Period over the corresponding period of last year.

Net profit

During the Period, net profit of the Group amounted to approximately RMB321,481,000 (corresponding period of 2012: approximately RMB525,201,000), representing a decrease of approximately 39% as compared to the corresponding period of last year. The decrease in net profit was primarily due to the significant decrease in gold price over the corresponding period of last year, resulting in the decrease in the gross profit of the Group's sales of gold bullion.

Integrated cost of gold per gram

During the Period, the Group's integrated cost of gold per gram was approximately RMB134.63 per gram (corresponding period of 2012: approximately RMB121.96 per gram), representing an increase of approximately 10.39% as compared to the corresponding period of last year. The increase in integrated cost of gold per gram was due to the increase in the labor costs, amortization and depreciation.

Cost of sales

During the Period, the Group's cost of sales amounted to approximately RMB1,329,292,000 (corresponding period of 2012: approximately RMB816,979,000), representing an increase of approximately 63% as compared to the corresponding period of last year. The increase was primarily attributable to the increase in the sales quantity of gold and integrated cost of gold per gram.

Gross profit and gross profit margin

During the Period, the Group's gross profit was approximately RMB1,041,803,000, representing a decrease of approximately 6% as compared to RMB1,112,787,000 of the corresponding period of last year. The decrease in gross profit was mainly due to the increase in the Group's cost of sales for the Period. The Group's gross profit margin decreased from approximately 57.66% in the corresponding period of last year to approximately 43.94% for the Period. The decrease in gross profit margin was mainly due to the significant decrease in gold price during the Period as compared to the corresponding period of last year.

Other income and gains

During the Period, the Group's other income and gains were approximately RMB82,291,000 (corresponding period of 2012: approximately RMB40,278,000), representing an increase of approximately 104% as compared to the corresponding period of last year. The increase was mainly due to the significant increase in government grants and sale of auxiliary materials as compared to the corresponding period of last year.

Selling and distribution costs

During the Period, the Group's selling and distribution costs were approximately RMB41,338,000 (corresponding period of 2012: approximately RMB32,406,000), representing an increase of approximately 28% as compared to the corresponding period of last year. The increase was mainly due to the increase in the transportation cost as a result of the increase in the sales quantity of copper, and gold concentrate.

Administrative and other operating expenses

During the Period, the Group's administrative and other operating expenses were approximately RMB520,992,000 (corresponding period of 2012: approximately RMB353,758,000), representing an increase of approximately 47% as compared to the corresponding period of last year. Such increase was mainly due to the acquisition of a subsidiary in this Period, the incremental staff costs and increase in provision for inventories during the Period.

Finance Costs

During the Period, the Group's finance costs amounted to approximately RMB162,415,000 (corresponding period of 2012: approximately RMB96,498,000), representing an increase of approximately 68% as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in the Group's borrowings during the Period.

Liquidity and capital resources

The working capital and funding required by the Group were mainly generated from its cash flows from operations and borrowings, while the Group's capital was primarily used to fund its capital expenditures, operations and repayment of borrowings.

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB926,445,000, representing a decrease of approximately 31% as compared to approximately RMB1,349,084,000 as at 31 December 2012. The decrease was mainly due to the acquisition of property, plant and equipment, other intangible assets, acquisition of a subsidiary and an associate company and the payment of 2012 final dividends in the first half of 2013.

As at 30 June 2013, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB46,651,000 (31 December 2012: RMB15,461,000) and those denominated in United States dollars amounted to RMB4,161,000 (31 December 2012: RMB13,374,000). All other cash and cash equivalents held by the Group are denominated in Renminbi.

The RMB is not freely convertible into other currencies, however, pursuant to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulation, the Group is permitted to exchange RMB for other currencies through those banks which were authorized to conduct foreign exchange business.

Borrowings

As at 30 June 2013, the Group had outstanding bank borrowings and other borrowings of RMB5,456,377,000 (31 December 2012: RMB3,224,553,000), of which RMB5,350,177,000 (31 December 2012: RMB3,167,645,000) was repayable within 1 year, RMB95,833,000 (31 December 2012: RMB45,832,000) was repayable within 2 to 5 years and RMB10,367,000 (31 December 2012: RMB11,076,000) was repayable after 5 years. As at 30 June 2013, the Group had outstanding corporate bonds of approximately RMB2,684,592,000 (31 December 2012: RMB2,682,886,000). The bond should be repaid within 2 to 5 years. The increase in the Group's borrowings during the Period was mainly attributable to the demand for funds as a result of the increasing resource acquisition activities, capital expenditure and working capital of the Group.

All bank borrowings and other borrowings held by the Group are denominated in RMB. As at 30 June 2013, approximately 90% of interest bearing bank borrowings were in fixed rates.

Income tax

The effective income tax rate (i.e., the total income tax divided by profit before tax) of the Group during the Period was approximately 21% (corresponding period of 2012: approximately 21%).

Total assets

As at 30 June 2013, the total assets of the Group were approximately RMB20,211,532,000, representing an increase of approximately 13% as compared to approximately RMB17,917,038,000 as at 31 December 2012. Among which, total non-current assets amounted to approximately RMB15,359,951,000, accounting for approximately 76% of the total assets, and representing an increase of approximately 14% as compared to approximately RMB13,517,176,000 as at 31 December 2012. As at 30 June 2013, total current assets were approximately RMB4,851,581,000, accounting for approximately 24% of the total assets, and representing an increase of approximately 10% as compared to approximately RMB4,399,862,000 as at 31 December 2012.

Net assets

As at 30 June 2013, the net assets of the Group were approximately RMB8,832,006,000, representing a decrease of approximately 4% as compared to approximately RMB9,247,625,000 as at 31 December 2012.

Total liabilities

As at 30 June 2013, the total liabilities of the Group were approximately RMB11,379,526,000, representing an increase of approximately 31% as compared to approximately RMB8,669,413,000 as at 31 December 2012. As at 30 June 2013, the gearing ratio (i.e., the net debt divided by the total equity plus net debt. Net debt includes interest bearing bank and other borrowings and corporate bond less balance of cash and cash equivalents) was approximately 45% (31 December 2012: 33%).

Contingent liabilities

As at 30 June 2013, the contingent liabilities of the Group did not have any change as compared to those as at 31 December 2012.

Market risks

The Group is exposed to various types of market risks, including fluctuation in gold prices and other commodities prices, changes in interest rates and foreign exchange rates.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest bearing bank and other borrowings, corporate bond and short-term commercial papers. The Group manages its interest rate risk exposure from its cash holdings and interest bearing bank and other borrowings, corporate bond and short-term commercial papers through placing them into appropriate short-term deposits at a mixture of floating and fixed rates and manages the exposure from all of its interest-bearing bank borrowings through the use of fixed or floating rates.

During the Period, the Group had not used any interest rate swaps to hedge its exposure to interest rate risk.

Foreign exchange risk

All of the transactions conducted in the ordinary course of the Group are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuation of foreign exchange rate may have a material and adverse effect on net assets, earnings and any dividend declared of the Group, which shall be converted or translated into Hong Kong dollars.

During the Period, the Group had not entered into any hedging activities due to fluctuation of foreign exchange rate.

Gold price and other commodities price risks

The Group's exposure to price risk relates principally to the fluctuations in the market price of gold, silver and copper, which may affect the Group's results of operations. During the year, under certain circumstances, the Group entered into AU (T+D) arrangements, which substantially are forward commodity contracts, on the SGE to hedge potential price fluctuations of gold. Under those arrangements, the Group can forward buy or sell gold at the current day's price by depositing 10% of the total transaction amount. Subsequently, it can close the deal by either physically delivering the gold or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the Period, the Group had not entered into any long position under the AU (T+D) framework.

The price range of the forward commodity contracts is closely monitored by management of the Group. The management supposed to settle the entire forward commodity contracts of the Group through physical delivery of gold and accordingly, as at 30 June 2013 and for the period ended, any change in commodity prices would not have any impact on the Group's and the Company's profit and equity.

Pledge

As at 30 June 2013, except for the following assets pledged for the bank borrowings of the Group, the Group had not pledged any assets: (1) property, plant and equipment, mining rights and mining assets with net carrying amount of approximately RMB230,705,000 (31 December 2012: RMB349,882,000).

VII. BUSINESS OUTLOOK

Looking into the future, the Group will continue to face various uncertainties including the movements in gold price. We will actively evaluate and revise the development model. Looking ahead, we will start with the following areas and continue to enhance its ability and quality, building its momentum for future growth.

Fortifying foundation of production safety and environment protection to guarantee steady development

In the second half of the year, the Group will adhere to the safety concept of "gold is precious but life is priceless" and the environmental protection concept of "prioritizing environmental protection over gold/silver mining", and exert all its strength to build an intrinsically safe and modernized mine. The Group will devote more efforts to improve safety and environmental protection and intends to invest RMB145 million in this respect for the year; and promote the work of building a national green mine. The Group will consolidate the fundamentals of onsite safety management, carry out special safety rectification activities, improve and perfect emergency plans, and make efforts in staff safety training and education to strengthen staff's safety awareness and skills.

Highlighting production upgrade and innovating production deployment

In the second half of the year, the Group will follow closely the annual production and operating objectives, continue to optimize production deployment and explore new ways to enhance production capability. While devoting efforts to increase productivity and efficiency, the Group will look into the problems of falling feed grade, unbalanced production, abnormal cessation of production and technology management weakness outside Zhaoyuan, and resolve such production bottlenecks. At the same time, the Company will provide more assistance by designating quality employees in the subsidiaries within the Zhaoyuan to the subsidiaries outside Zhaoyuan to enhance the integrated management level of the subsidiaries outside Zhaoyuan with a view to achieving mutual assimilation and promoting mutual growth.

Highlighting refined management to achieve intensive management

In the second half of the year, by strictly adhering to the principle of "cost is king", the Group will take refined management as a starting point and implement comprehensive measures to achieve cost reduction and efficiency improvement. The Company will strengthen the basic management capability, financial management capability, marketing management capability and risk management capability so as to further improve the quality of economic operation. It will continue to proactively promote mechanization, automation and information technology across the Group, thus actually reducing labor intensity and improving production efficiency by relying on mechanization. The Company will endeavor to reduce costs and improve efficiencies as a whole by reducing labor costs, implementing effective cost control over financial expenses, enhancing the logistics and energy management levels, accelerating the disposal of low-efficiency assets and commencing the upgrade of management targets.

Relying on scientific research in mining and achieving mining breakthroughs

In the second half of the year, by adhering to the principle of scientific research and major breakthrough, the Group will utilize a comprehensive and multidisciplinary integrated geological scientific research approach to accelerate the upgrade of reserves and ensure balance between the three categories of mining reserves so as to maintain the normal operation of mines. Meanwhile, the Company will strictly monitor the geological exploration risks and step up the efforts of exploration and reserve expansion both vertically and horizontally with a view to achieving breakthroughs in deep exploration and achieving the target annual exploration and reserve expansion of 70 tonnes.

Highlighting sound operation and managing merger and acquisition risks

In the second half of the year, the Group will adhere to the principle of sound investment and prudent observation, and closely monitor the high-quality large-scale resources and projects. The Company will focus on following up the mining project outside Zaozigou Gold Mine and achieving new breakthroughs for merger and acquisition of projects in the external regions. At the same time, the Company will continue to adhere to the principle of "low-cost exploration, high-level cooperation and large-scale operation" and actively and steadily advance projects with favorable acquisition conditions, and put more efforts in negotiations and acquisitions, with a view to constructing a strategic pattern of "reinforcing its position in old areas, making breakthrough in new areas and developing in external regions". We aim to acquire gold resources of 50 tonnes for the year.

Focusing on key projects and accelerating expansion of production capacity

In the second half of the year, the Group intends to invest RMB743 million in infrastructure technology renovation. The Group will endeavor to coordinate with the key projects and attach great importance to the three issues of the projects, i.e. quality of construction, technology and progress of construction. As to the key construction projects confirmed by the Company, we must follow the scheduled construction in reverse chronological order and implement the projects in a sound manner. We will actively carry out and create the "benchmark" construction activities and enhance the management level of the construction projects comprehensively.

Promoting scientific research and innovation and enhancing production efficiency

In the second half of the year, the Group will focus on implementing the scientific research and innovation activities at three levels. Firstly, to enhance the economic technology indicators, we will accelerate the recovery rate of problematic processing and smelting in Gansu to ensure that the feed grade of all producing subsidiaries across the Company increases by 0.2 gram/tonne over that in 2012 and that the recovery rate of processing increases by 0.2 percentage point. Secondly, to increase production efficiency, we will devote more efforts to carry out mechanization and "Four New Technology" application activities to increase the operating rate of mechanization in drilling exploration. Thirdly, to increase management efficiency, we will accelerate the progress of information development. We will focus on the marketing application of the supply chain and equipment management system and accelerate the development of Zhaojin's e home system to drive productivity utilizing technology.

Fulfilling social responsibility and achieving sustainable development

As an enterprise, we not only have to maximize economic returns, productivity and profitability, we must take the initiative to take the corporate social responsibilities and continue to enhance operational and management conditions to achieve harmonious and win-win development. In the second half of the year, the Group will further take the five major responsibilities of production safety, green ecology, caring for employees, community development and maintaining stability where the Group will prioritize production safety of mines, solidly strengthen the environmental-friendly development of mines, share the success of the enterprise with its employees, actively participate in community development and maintain the stability of society so as to contribute to the enterprise development and social progress.

OTHER INFORMATION

I. CHANGES IN SHAREHOLDING OF SHAREHOLDERS AND SHARE CAPITAL STRUCTURE

1. *Number of shareholders*

The details of the number of shareholders of the Company recorded in the register of members as at 30 June 2013 are as follows:

Classification	Number of shareholders
Domestic share	6
Overseas-listed foreign share – H share	1,977
Total number of shareholders	1,983

2. *Substantial shareholders*

To the best knowledge of the Directors, supervisors and chief executives of the Company, as at 30 June 2013, the interests and short positions of substantial shareholders in the issued share capital of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong), to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which were required to be notified to the Company were as follows:

	Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
1	Shandong Zhaojin Group Company Limited	Domestic shares	Beneficial owner	1,086,514,000 *(Note 1)*	36.63	51.95	–	Long position
		Domestic shares	Interest of controlled corporation	50,967,195 *(Note 7)*	1.72	2.44	–	Long position
		H shares	Beneficial owner	16,510,000 *(Note 1)*	0.56	–	1.89	Long position
2	Shanghai Yuyuan Tourist Mart Co., Ltd.	Domestic shares	Beneficial owner	742,000,000	25.02	35.48	–	Long position
		Domestic shares	Interest of controlled corporation	21,200,000 *(Note 1 and Note 2)*	0.71	1.01	–	Long position

	Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
3	Shanghai Fosun Industrial Investment Co., Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
4	Shanghai Fosun High Technology (Group) Company Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
5	Fosun International Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
6	Fosun Holdings Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
7	Fosun International Holdings Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
8	Guo Guangchang	Domestic shares	Interest of controlled corporation	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
9	Atlantis Capital Holdings Limited	H shares	Interest of controlled corporation	70,000,000 *(Note 4)*	2.36	–	8.01	Long position
10	Liu Yang	H shares	Interest of controlled corporation	70,000,000 *(Note 4)*	2.36	–	8.01	Long position

	Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
11	JPMorgan Chase & Co.	H shares	Beneficial owner	95,234,669	3.22	–	10.90	Long position
		H shares	Beneficial owner	134,000 *(Note 5)*	0.00	–	0.02	Short position
		H shares	Custodian – corporation/ Approved lending agent	87,417,469 *(Note 5)*	2.95	–	10.00	Lending pool
12	BlackRock, Inc.	H shares	Interest of controlled corporation	50,987,664 *(Note 6)*	1.72	–	5.83	Long position
		H shares	Interest of controlled corporation	42,000 *(Note 6)*	0.00	–	0.00	Short position
13	Norges Bank	H shares	Beneficial owner	69,184,000	2.33	–	7.91	Long position

Notes:

(1) Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a shareholder's shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless certain criteria are fulfilled, therefore substantial shareholders' latest shareholding in the Company may be different to the shareholding filed with the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Shanghai Yuyuan") holds 95% equity interests in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 domestic shares held by Laomiao Gold in the Company is shown as long position of Shanghai Yuyuan.

(3) The 106,000,000 shares represent the same block of shares.

(4) The 70,000,000 shares represent the same block of shares.

(5) JPMorgan Chase & Co. holds equity interest in the shares of the Company through the companies controlled or indirectly controlled by it.

(6) BlackRock, Inc. holds equity interest in the shares of the Company through the companies controlled or indirectly controlled by it.

(7) Shandong Zhaojin Group Company Limited ("Shandong Zhaojin") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), therefore the 50,967,195 domestic shares held by Zhaojin Non-Ferrous in the Company is shown as long position of Shandong Zhaojin.

As at 30 June 2013, apart from the above disclosure and to the best knowledge of the directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or held 5% or above in the issued share capital of the Company which was required to be notified to the Company.

II. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2013, none of the directors, supervisors and chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (for such purposes, the relevant provisions in the SFO were also construed as applicable to the supervisors).

III. RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND SUPERVISORS

At no time during the Period had the directors or supervisors held any shares of the Company. None of the directors and supervisors had any interests in the share capital or debt securities of the Company or any of its associated corporations (as defined in the SFO). None of the directors, supervisors and their spouses and children below eighteen years old was granted rights to subscribe for the interests in the share capital or debt securities of the Company or any of its associated corporations and there was no exercise of any of such rights by any of such persons.

At no time during the Period had the Company or any of its subsidiaries, holding companies or any fellow subsidiaries entered into any arrangements which enable the directors and supervisors to have the rights to acquire benefits by means of acquisition of shares or debentures in the Company or any other legal entities.

IV. SUFFICIENT PUBLIC FLOAT

Based on the information available to the Company and so far as the directors were aware, the Company confirmed that during the Period and up to the date of this interim report, sufficient public float of the shares of the Company was maintained.

V. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

VI. CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the Period, the Company did not issue any convertible securities, share options, warrants or similar rights.

During the Period and up to the date of this interim report, the Group has no share option scheme.

VII. EMPLOYEES

The Group remunerates its employees according to their performance, experience and prevailing industry practices. Other benefits offered to the employees include retirement benefits plans, medical benefits plans and housing fund plans. The Group also provides opportunities for further education and training to its employees. The Group offers competitive remuneration packages to its employees and reviews employee remuneration annually with reference to the prevailing labour market and human resources market trends and laws.

VIII. IMPORTANT EVENTS

1. On 27 May 2013, the 2012 annual general meeting considered and passed, among other things, the following resolutions:

(1) the Company's profit distribution proposal for the year ended 31 December 2012 to distribute a cash dividend of RMB0.24 (before taxation) per share to all shareholders. On 25 June 2013, the Company distributed the 2012 cash dividend of RMB0.24 (before taxation) per share to all shareholders;

(2) authorizing the Board to allot, issue or deal with shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares and existing domestic shares of the Company as at the date of passing such resolution;

(3) authorizing the Board to repurchase shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;

(4) amending Article 3.4, Article 9.8 and Article 10.1 of the Articles of Association of the Company, which are mainly related to the requirements of overseas listing of unlisted shares, the scenarios that are not applicable to the voting of class shareholders and adjustment of the number of vice chairmen.

Relevant details are set out in the circular, notice, supplemental notice and announcement of the Company dated 8 April 2013, 9 May 2013 and 27 May 2013 respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 27 May 2013, the domestic shares class meeting and H shares class meeting respectively considered, among other things, the following proposals:

(1) authorizing the Board to repurchase H shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;

(2) amending Article 3.4 of the Articles of Association of the Company, which is mainly related to the requirements of overseas listing of unlisted shares;

(3) amending Article 9.8 of the Articles of Association of the Company, which is mainly related to the scenarios that are not applicable to the voting of class shareholders.

All of the three proposals were approved at the domestic shares class meeting and H shares class meeting.

Relevant details are set out in the circular, notice, supplemental notice and announcement of the Company dated 8 April 2013, 9 May 2013 and 27 May 2013 respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Changes in Senior Management

The Company held the first meeting of the fourth session of the Board on 26 February 2013. Being nominated by the chairman, Mr. Weng Zhanbin was appointed as president of the Company for a term commencing from 26 February 2013 until the expiry of this session of the Board. Being nominated by the president, Mr. Li Xiuchen was appointed as executive president of the Company, whereas Mr. Sun Xiduan, Mr. Cong Peizhang, Mr. Wang Ligang and Mr. Dong Xin were appointed as vice presidents of the Company for a term commencing from 26 February 2013 to the expiry of this session of the Board. Being nominated by the chairman, the Board agreed to appoint Mr. Wang Ligang as secretary to the Board for a term commencing from 26 February 2013 to the expiry of this session of the Board.

4. Change of Company Secretary

The Company held the fifth meeting of the fourth session of the Board on 26 August 2013. The Board approved the resignation of Ms. Ma Sau Kuen Gloria as company secretary and authorized representative as required pursuant to Hong Kong Companies Ordinance with effect from 26 August 2013. Ms. Ma has confirmed that she has no disagreement with the Board and that there are no other matters that need to be brought to the attention of the Stock Exchange and the Shareholders of the Company. The Board approved the appointment of Ms. Mok Ming Wai as company secretary and authorized representative as required pursuant to Hong Kong Companies Ordinance with effect from 26 August 2013.

Ms. Mok is a director of KCS Hong Kong Limited. She has over 15 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

Relevant details are set out in the announcement of the Company dated 26 August 2013 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Changes in Composition of the Board

The Company held the first extraordinary general meeting for 2013 on 26 February 2013, at which Mr. Lu Dongshang, Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai, Mr. Kong Fanhe, Mr. Ye Tianzhu, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo and Mr. Xie Jiyuan were elected as members of the fourth session of the Board of the Company. Mr. Yan Hongbo, an independent non-executive director of the third session of the Board, has served as an independent non-executive director of the Company for three successive terms. His term will have lasted for nine years upon expiry of his term for the third session of the Board. Taking into consideration of the requirements of code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), Mr. Yan shall cease to be an independent non-executive director for the fourth session of the Board of the Company and shall resign as chairman of Nomination and Remuneration Committee, chairman of Safety and Environmental Protection Committee and member of Geological and Resources Management Committee of the Company.

The Company held the fourth meeting of the fourth session of the Board on 7 June 2013, at which Mr. Weng Zhanbin was elected as vice chairman of the Company.

Details of the changes in the composition of the Board are set out in the circular and notice of the Company dated 11 January 2013 and 26 February 2013 respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

IX. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code during the period from 1 January 2013 to 30 June 2013. No director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules by the Company during any time of the Period.

X. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' and supervisors' securities dealings.

After making specific enquiries with the directors and supervisors, all directors and supervisors of the Company have fully complied with the standards required according to the Model Code during the Period.

XI. AUDIT COMMITTEE

On 26 February 2013, at the first meeting of the fourth session of the Board of the Company, the Board members have been re-elected. The current members of the Audit Committee are independent Non-executive directors Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and the Non-executive director Mr. Ye Kai. Each member of the Audit Committee is appointed for a term of three years and its Chairman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for the matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed internal control affairs and reviewed the Company's unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2013, and the committee is of the view that the unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2013 are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XII. INVESTOR RELATIONS

Since its listing, the Company's Investor Relations Division has been endeavoring to provide the most effective and direct means of communication for the shareholders and investors, which has deepened investors' understanding and knowledge of the business development, operating strategy, industry conditions and development prospects of the Company.

During the Period, gold prices were highly volatile and plummeted, which had considerable impacts on the profitability of the Company. In light of this, the Company's Investor Relations Division adopted a proactive approach to strengthen its routine and regular information disclosure as well as foster its communication and relationship with investors through various means and channels including roadshows, onsite surveys, face-to-face meetings and teleconferences to clear the doubts of investors and stabilize market sentiments.

During the Period, following the publication of annual results, the Company organized a series of roadshows and visited the shareholders and investors of the Company under the leadership of Mr. Lu Dongshang (Chairman) and Mr. Weng Zhanbin (President) along with the management. Through various meetings, the Company explained the development of the Company to the shareholders in details, and at the same time, actively received and considered the opinions and advice of the shareholders on the development of the Company. Moreover, press releases are regularly published through the Company's website and other media so that investors can obtain the latest updates on the Company in a timely manner through various media. In addition, during the Period, the management of the Company actively participated in investor conferences and forums held by a number of investment banks such as BOCI and BOCOM International to explain to overseas and local investors on the business development and financial conditions of the Company through the conferences.

The Company, by strictly observing the requirements of the Stock Exchange, discloses information on significant events in a timely manner and makes announcements on a regular basis. During the Period, a total of 44 announcements were published. The Company has long maintained close relationship and effective communication with institutional investors and research analysts and provided detailed answers to the inquiries raised by the investors about the Company through emails, telephone conferences or meetings. In addition, the Company also arranged analysts and fund managers to make site visits to mine subsidiaries of the Group to deepen their understanding of the scale of operation, business mode and production procedures of the Company. During the Period, the Company received more than 30 phone enquiries from investors, analysts and fund managers; organized 5 teleconferences with investors; and actively received 10 investor visits.

Having been devoted to collecting investors' opinions and recommendations on the Company for long, the Investors Relations Division of the Company maintains good communication with the investors. Such opinions and recommendations regularly collected are reported in writing to the management, the Supervisory Committee and the Board so as to continuously optimize the corporate governance structure and improve the corporate governance level. During the Period, the Company was again awarded the Gold Award for Corporate Social Responsibility & Investor Relations by The Asset magazine, an encouragement from the professionals and investors in recognition of the outstanding performance of the Company.

By order of the Board
Zhaojin Mining Industry Company Limited
LU Dongshang
Chairman

Zhaoyuan, the PRC, 26 August 2013

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of
Zhaojin Mining Industry Company Limited
(A joint stock company established in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 25 to 48 which comprises the condensed consolidated statement of financial position of Zhaojin Mining Industry Company Limited and its subsidiaries (the "Group") as at 30 June 2013 and the condensed consolidated income statement, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

26 August 2013

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Notes	For the six months ended 30 June **2013** ***RMB'000*** **(Unaudited)**	 2012 *RMB'000* (Unaudited and Restated*)
REVENUE	*4*	**2,371,095**	1,929,766
Cost of sales		**(1,329,292)**	(816,979)
Gross profit		**1,041,803**	1,112,787
Other income and gains		**82,291**	40,278
Selling and distribution costs		**(41,338)**	(32,406)
Administrative expenses		**(360,497)**	(317,285)
Other expenses	*5*	**(160,495)**	(36,473)
Finance costs	*6*	**(162,415)**	(96,498)
Share of profit of associates		**3,738**	6,045
Share of profit/(loss) of a joint venture		**2,390**	(9,623)
PROFIT BEFORE TAX		**405,477**	666,825
Income tax expense	*7*	**(83,996)**	(141,624)
PROFIT FOR THE PERIOD		**321,481**	525,201
Attributable to:			
Owners of the parent		**299,663**	495,398
Non-controlling interests		**21,818**	29,803
		321,481	525,201
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the Period (RMB)	*9*	**0.10**	0.17

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial statements as at 30 June 2012 and reflect adjustments made as detailed in Note 2.2 and Note 16.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**321,481**	525,201
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(215)**	124
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(215)**	124
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(215)**	124
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**321,266**	525,325
Attributable to:		
Owners of the parent	**299,448**	495,522
Non-controlling interests	**21,818**	29,803
	321,266	525,325

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 *RMB'000* (Unaudited)	31 December 2012 *RMB'000* (Audited and Restated*)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**8,135,324**	7,311,824
Prepaid land lease payments		**307,206**	240,815
Goodwill		**829,015**	813,942
Other intangible assets	*10*	**3,757,777**	3,647,966
Investment in associates		**272,910**	45,830
Investment in a joint venture	*16*	**110,918**	108,528
Available-for-sale investments		**26,935**	–
Long-term deposits		**52,984**	31,729
Deferred tax assets		**238,264**	203,994
Other long-term assets	*11*	**1,628,618**	1,112,548
Total non-current assets		**15,359,951**	13,517,176
CURRENT ASSETS			
Inventories		**2,535,424**	2,009,289
Trade and notes receivables	*12*	**318,897**	139,616
Prepayments, deposits and other receivables		**1,002,174**	869,464
Equity investments at fair value through profit or loss		**38,858**	32,409
Derivative financial instruments		**9,783**	–
Available-for-sale investments		**20,000**	–
Cash and cash equivalents		**926,445**	1,349,084
Total current assets		**4,851,581**	4,399,862
CURRENT LIABILITIES			
Trade payables	*14*	**521,541**	405,417
Other payables and accruals		**1,584,809**	996,691
Interest-bearing bank and other borrowings	*15*	**5,350,177**	3,167,645
Tax payable		**100,545**	318,728
Financial liabilities at fair value through profit or loss		**29,203**	–
Current portion of other long-term liabilities		**28,262**	19,421
Provisions		**8,767**	20,095
Total current liabilities		**7,623,304**	4,927,997
NET CURRENT LIABILITIES		**(2,771,723)**	(528,135)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,588,228**	12,989,041

* *Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2012 and reflect adjustments made as detailed in Note 2.2 and Note 16.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2013

	Notes	**30 June 2013 *RMB'000* (Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated*)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	**106,200**	56,908
Corporate bonds		**2,684,592**	2,682,886
Deferred tax liabilities		**620,268**	597,036
Deferred income		**229,534**	248,635
Provisions		**71,254**	70,631
Other long-term liabilities		**44,374**	85,320
Total non-current liabilities		**3,756,222**	3,741,416
NET ASSETS		**8,832,006**	9,247,625
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2,965,827**	2,965,827
Reserves		**5,025,838**	4,726,390
Proposed final dividend	*8*	**–**	711,799
		7,991,665	8,404,016
Non-controlling interests		**840,341**	843,609
TOTAL EQUITY		**8,832,006**	9,247,625

* *Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2012 and reflect adjustments made as detailed in Note 2.2 and Note 16.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the parent									
	Issued capital *RMB'000*	**Capital reserve** *RMB'000*	**Special reserve– safety fund** *RMB'000*	**Statutory and distributable reserve** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Retained profits** *RMB'000*	**Proposed final dividend** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2013	**2,965,827**	**1,209,435**	**13,185**	**615,805**	**(7,926)**	**2,895,891**	**711,799**	**8,404,016**	**843,609**	**9,247,625**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**299,663**	**–**	**299,663**	**21,818**	**321,481**
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(215)**	**–**	**–**	**(215)**	**–**	**(215)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(215)**	**299,663**	**–**	**299,448**	**21,818**	**321,266**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(98,806)**	**(98,806)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**73,720**	**73,720**
Transfer to reserves	**–**	**–**	**2,883**	**–**	**–**	**(2,883)**	**–**	**–**	**–**	**–**
Dividends – 2012 final paid	**–**	**–**	**–**	**–**	**–**	**–**	**(711,799)**	**(711,799)**	**–**	**(711,799)**
At 30 June 2013 (Unaudited)	**2,965,827**	**1,209,435***	**16,068***	**615,805***	**(8,141)***	**3,192,671***	**–**	**7,991,665**	**840,341**	**8,832,006**

For the six months ended 30 June 2012

	Attributable to owners of the parent									
	Issued capital *RMB'000*	Capital reserve *RMB'000*	Special reserve– safety fund *RMB'000*	Statutory and distributable reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2012	2,914,860	751,447	–	464,956	(7,932)	1,848,203	612,121	6,583,655	413,792	6,997,447
Profit for the period	–	–	–	–	–	495,398	–	495,398	29,803	525,201
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	124	–	–	124	–	124
Total comprehensive income for the period	–	–	–	–	124	495,398	–	495,522	29,803	525,325
Partial acquisition of an equity interest of a subsidiary from a non-controlling shareholder	–	(1,860)	–	–	–	–	–	(1,860)	(7,140)	(9,000)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(41,490)	(41,490)
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	30,325	30,325
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	118,578	118,578
Commitment of profit distribution to non-controlling shareholders	–	(87,307)	–	–	–	–	–	(87,307)	–	(87,307)
Dividends – 2011 final paid	–	–	–	–	–	–	(612,121)	(612,121)	–	(612,121)
At 30 June 2012 (Unaudited)	2,914,860	662,280	–	464,956	(7,808)	2,343,601	–	6,377,889	543,868	6,921,757

* *These reserve accounts comprise the consolidated reserves of RMB5,025,838,000 (31 December 2012: RMB4,726,390,000) in the consolidated statement of financial position.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated*)
Net cash inflow/(outflow) from operating activities	**37,036**	(80,375)
Net cash outflow from investing activities	**(1,901,256)**	(1,366,849)
Net cash inflow from financing activities	**1,442,303**	768,226
Decrease in cash and cash equivalents	**(421,917)**	(678,998)
Cash and cash equivalents at beginning of period	**1,349,084**	1,237,921
Effects of foreign exchange rate changes, net	**(722)**	316
Cash and cash equivalents at end of period	**926,445**	559,239
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances at end of period	**926,445**	559,239
Cash and cash equivalents as stated in the consolidated statement of cash flows	**926,445**	559,239

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial statements as at 30 June 2012 and reflect adjustments made as detailed in Note 2.2 and Note 16.*

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2013

1. CORPORATE INFORMATION

The Company was established as a joint stock limited liability company under the Company Law of the People's Republic of China (the "PRC" or "China") on 16 April 2004. It is principally engaged in the businesses of the mining, processing, smelting of gold and the sale of gold, silver and copper products.

In December 2006, the Company issued 198.7 million H shares to the public at a price of Hong Kong Dollar ("HKD") 12.68 per share (equivalent to approximately RMB12.74 per share) and the H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "IPO"). In addition, 19.8 million H shares converted from certain domestic shares were transferred to the National Council for the Social Security Fund.

During the six months ended 30 June 2013 (the "Period"), the Company and its subsidiaries were principally engaged in the exploration, mining, processing, smelting of gold, the sale of gold products and the mining, processing of copper and sale of copper products in Mainland China. In addition, the Company processed and sold silver in Mainland China. The registered office of the Company is located at 299 Jinhui Road, Zhaoyuan, Shandong, China.

As of 30 June 2013, Shandong Zhaojin Group Company Limited ("Zhaojin Group"), a state-owned enterprise established in the PRC, and its subsidiary held totally 38.91% of the issued share capital of the Company. Shanghai Yuyuan Tourist Mart Co., Ltd and its subsidiary held totally 25.73% of the issued share capital of the Company, the remaining issued share capital of the Company was held by H shareholders, Zhanyuan City State-owned Assets Management Limited and Shanghai Fosun Industrial Investment Co., Ltd.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2013 and the related interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the Period, have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

2.2 New standards, interpretations and amendments, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRS", which also include HKASs and Interpretations) as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKAS 19 (Revised 2011) *Employee Benefits*, HKFRS 13 *Fair Value Measurement* and amendments to HKAS 1 *Presentation of Financial Statements*. As required by HKAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of HKFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments, adopted by the Group (continued)

The nature and the impact of each new standard/amendment is described below:

HKAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1*

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

HKAS 1 *Clarification of the requirement for comparative information (Amendment)*

The amendment to HKAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under HKAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

HKAS 32 *Tax effects of distributions to holders of equity instruments (Amendment)*

The amendment to HKAS 32 *Financial Instruments*: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

HKAS 34 *Interim financial reporting and segment information for total assets and liabilities (Amendment)*

The amendment clarifies the requirements in HKAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in HKFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM. See Note 4.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments, adopted by the Group (continued)

HKAS 19 *Employee Benefits (Revised 2011) (HKAS 19R)*

HKAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The adoption of HKAS 19R had no impact on the Group's financial position or performance.

HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Amendments to HKFRS 7*

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32. As the Group is not setting off financial instruments in accordance with HKAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

HKFRS 10 *Consolidated Financial Statements* and HKAS 27 *Separate Financial Statements*

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and HK(SIC)-Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no impact on the consolidation of investments held by the Group.

HKFRS 11 *Joint Arrangements* and HKAS 28 *Investment in Associates and Joint Ventures*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. HKFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under HKFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of a joint venture in Ruoqiang Changyun Sanfengshan Mining Company Limited ("Sanfengshan") (see Note 16) with the equity method of accounting. HKFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of HKFRS 11 is described in more detail in Note 16, which includes quantification of the effect on the financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *New standards, interpretations and amendments, adopted by the Group (continued)*

HKFRS 12 *Disclosure of Interests in Other Entities*

HKFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

HKFRS 13 *Fair Value Measurement*

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by HKAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 13.

In addition to the above-mentioned amendments and new standards, HKFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of HKFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

(a) The gold operations segment consists of gold mining and smelting operations;

(b) The copper operations segment consists of copper mining and smelting operations; and

(c) The "others" segment comprises, principally, the Group's other investment activities.

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/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged deposits, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, deferred tax liabilities and other unallocated 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 then prevailing market prices.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

4. OPERATING SEGMENT INFORMATION (continued)

The Group's operation by business segment is as follows:

For the six months ended 30 June 2013 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	1,941,369	425,340	4,386	2,371,095
Segment results	459,895	126,170	(27,577)	558,488
Reconciliation:				
Interest income				9,404
Finance costs				(162,415)
Profit before tax				405,477
Segment assets	16,287,500	2,471,537	287,786	19,046,823
Reconciliation:				
Corporate and other unallocated assets				1,164,709
Total assets				20,211,532
Segment liabilities	2,425,215	186,894	6,178	2,618,287
Reconciliation:				
Corporate and other unallocated liabilities				8,761,239
Total liabilities				11,379,526
Other segment information				
Capital expenditure*	1,155,237	150,232	16,880	1,322,349
Investment in associates	272,910	–	–	272,910
Investment in a joint venture	–	110,918	–	110,918
Impairment losses recognised in the income statement	107,058	(156)	–	106,902
Share of profit of associates	3,738	–	–	3,738
Share of profit of a joint venture	–	2,390	–	2,390
Depreciation and amortisation	263,930	29,331	25	293,286

* *Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of a subsidiary.*

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2012 (Unaudited and Restated)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	1,540,773	388,993	–	1,929,766
Segment results	617,541	145,508	(6,334)	756,715
Reconciliation:				
Interest income				6,608
Finance costs				(96,498)
Profit before tax				666,825
Segment assets	11,888,932	1,984,737	22,154	13,895,823
Reconciliation:				
Corporate and other unallocated assets				827,077
Total assets				14,722,900
Segment liabilities	2,185,256	135,183	14,535	2,334,974
Reconciliation:				
Corporate and other unallocated liabilities				5,466,169
Total liabilities				7,801,143
Other segment information				
Capital expenditure*	1,367,927	298,799	89	1,666,815
Investment in an associate	48,265	–	–	48,265
Investment in a joint venture	108,528	–	–	108,528
Impairment losses recognised in the income statement	1,697	(712)	–	985
Share of profit of an associate	6,045	–	–	6,045
Share of loss of a joint venture	–	(9,623)	–	(9,623)
Depreciation and amortisation	250,872	22,285	469	273,626
Exploration assets written off	70	–	–	70

* *Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of a subsidiary.*

Geographical information

As over 99% of the assets of the Group are located in Mainland China and over 99% of the sales are made to customers in Mainland China, no further geographical segment information has been presented.

Information about a major customer

During the Period, revenue of approximately RMB1,742,745,000 (for the six months ended 30 June 2012: RMB1,174,719,000) was derived from sales by the gold operations segment to a single customer.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

5. OTHER EXPENSES

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Provision for inventories	**97,455**	–
Fair value losses of equity investments at fair value through profit of loss	**26,100**	8,112
Cost of sales of auxiliary materials	**21,744**	7,689
Impairment of receivables	**9,447**	985
Others	**5,749**	19,687
	160,495	36,473

6. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Interest on bank and other borrowings		
– wholly repayable within five years	**117,009**	63,790
– repayable over five years	**–**	114
Interest on short-term commercial papers	**24,568**	22,785
Interest on corporate bonds	**68,736**	38,698
Subtotal	**210,313**	125,387
Less: Interest capitalised	**(49,526)**	(30,982)
Incremental interest on provisions	**1,628**	2,093
Total	**162,415**	96,498

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity bases on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of income tax expense in the interim condensed income statement are:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Current – Hong Kong	**–**	–
Current – Mainland China		
– Charge for the Period	**119,470**	162,861
Deferred tax	**(35,474)**	(21,237)
Total tax charge for the Period	**83,996**	141,624

8. DIVIDENDS

The proposed 2012 final dividend of RMB0.24 per share (tax included), RMB711,799,000 in aggregate, was approved by the shareholders on 27 May 2013. As at 30 June 2013, RMB220,841,000 among 2012 final dividend has not been paid and the remaining amount was fully paid. No interim dividend is proposed for the Period (2012: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the Period of RMB299,663,000 (for the six months ended 30 June 2012: RMB495,398,000) by the number of ordinary shares in issue during the Period of RMB2,965,827,000 (for the six months ended 30 June 2012: RMB2,914,860,000).

Diluted earnings per share amounts are equal to basic earnings per share amounts for the Period and the six months ended 30 June 2012, as no diluting events existed during these periods.

10. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the Period, the Group acquired property, plant and equipment with a cost of RMB998,482,000 (for the six months ended 30 June 2012: RMB745,393,000) and other intangible assets with a cost of RMB47,959,000 (for the six months ended 30 June 2012: RMB72,062,000). In addition, the acquisition of property, plant and equipment and other intangible assets during the Period through the acquisition of a subsidiary is disclosed in Note 17.

During the Period, depreciation for property, plant and equipment was RMB232,846,000 (for the six months ended 30 June 2012: RMB222,336,000) and amortisation for other intangible assets was RMB55,902,000 (for the six months ended 30 June 2012: RMB45,458,000).

During the Period, property, plant and equipment with a net book value of RMB10,737,000 (for the six months ended 30 June 2012: RMB18,452,000) were disposed of by the Group resulting in a net loss on disposal of RMB2,444,000 (for the six months ended 30 June 2012: RMB4,606,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

11. OTHER LONG TERM ASSETS

	30 June 2013 ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Advance and deposits paid for purchases of subsidiaries and exploration rights and assets	**1,253,000**	886,000
Advance payment for purchases of property, plant and equipment	**375,618**	226,548
	1,628,618	1,112,548

The outstanding commitments in relation to the above acquisitions are disclosed in Note 19.

12. TRADE AND NOTES RECEIVABLES

	30 June 2013 ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Trade receivables	**313,957**	145,234
Notes receivable	**16,620**	–
	330,577	145,234
Provision	**(11,680)**	(5,618)
	318,897	139,616

An ageing analysis of trade and notes receivables, based on the invoice date, is as follows:

	30 June 2013 ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Outstanding balances within one year	**330,577**	145,234

Trade and notes receivables are non-interest-bearing. The credit term given to customers except Shanghai Gold Exchange is from 30 to 60 days.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

13. FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at 30 June 2013 are as follows:

	Carrying amounts *RMB'000*	Fair values *RMB'000*
Financial assets		
Long-term deposits	52,984	52,984
Available-for-sale investments		
– current	20,000	20,000
– non-current	26,935	26,935
Cash and cash equivalents	926,445	926,445
Trade and notes receivables	318,897	318,897
Financial assets included in prepayments, deposits and other receivables	528,489	528,489
Equity investments at fair value through profit or loss	38,858	38,858
Derivative financial instruments	9,783	9,783
Total	**1,922,391**	**1,922,391**
Financial liabilities		
Corporate bonds	2,684,592	2,727,600
Other long-term liabilities	72,636	72,636
Trade payables	521,541	521,541
Financial liabilities included in other payables and accruals	571,111	571,111
Interest bearing bank and other borrowings	5,456,377	5,533,785
Financial liabilities at fair value through profit or loss	29,203	29,203
Total	**9,335,460**	**9,455,876**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade and notes receivables, financial assets included in prepayments, deposits and other receivables, long-term deposits, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of interest-bearing bank and other borrowings, and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments having similar terms, credit risk and remaining maturities.

The fair values of available-for-sale investments, equity investments at fair value through profit or loss, derivative financial instruments, financial liabilities at fair value through profit or loss and corporate bonds are based on quoted market prices.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

13. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 30 June 2013, the Group held the following classes of financial instruments measured at fair value:

Financial assets measured at fair value

	Level 1 *RMB'000*
Equity investments at fair value through profit or loss	38,858
Available-for-sale investments	
– non-current	26,935
– current	20,000
Derivative financial instruments	9,783
Total	95,576

Financial liabilities measured at fair value

	Level 1 *RMB'000*
Corporate bonds	2,727,600
Financial liabilities at fair value through profit or loss	29,203
Total	2,756,803

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

14. TRADE PAYABLES

At 30 June 2013, the balance of trade payables mainly represents the amount regarding to the unsettled procurement of gold concentrate. The trade payables are non-interest-bearing and are normally settled on 60 days terms.

An ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Outstanding balances with ages:		
Within one year	**506,383**	389,181
Over one year but within two years	**14,428**	11,774
Over two years but within three years	**–**	2,275
Over three years	**730**	2,187
	521,541	405,417

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Unsecured:		
– Short-term commercial papers	**1,696,350**	–
– Bank loans	**3,338,119**	2,976,937
– Bank loan entrusted by a subsidiary of Zhaojin Group	**32,000**	–
– Other borrowings	**13,908**	14,616
	5,080,377	2,991,553
Secured:		
– Bank loans (a)	**283,000**	120,000
Guaranteed:		
– Bank loans (b)	**93,000**	113,000
Total	**5,456,377**	3,224,553
Portion classified as:		
– Current	**5,350,177**	3,167,645
– Non-current	**106,200**	56,908

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

All of the interest-bearing bank and other borrowings are denominated in Renminbi. The bank loans bear interest at an effective interest rate of 5.04%-9.00% (31 December 2012: 5.04%-6.56%) per annum. The other borrowings bear interest at an effective interest rate of 2.55% (31 December 2012: 2.55%) per annum. During the Period, the Group borrowed and repaid interest-bearing bank and other borrowings of RMB5,502,348,000 and RMB3,304,143,000, respectively. In addition, the acquisition of bank and other borrowings during the Period through the acquisition of a subsidiary is disclosed in Note 17.

(a) As at 30 June 2013, the Group's bank loans of RMB283,000,000 (31 December 2012: RMB120,000,000) were secured by the Group's property, plant and equipment, mining rights and mining assets, which had an aggregate carrying value at the end of the reporting period of approximately RMB230,705,000 (31 December 2012: RMB349,882,000).

(b) As at 30 June 2013, bank loans of the subsidiaries of the Company with carrying amounts of RMB51,150,000 (31 December 2012: RMB93,650,000) and RMB41,850,000 (31 December 2012: RMB19,350,000) are guaranteed by the Company and a non-controlling shareholder of a subsidiary, respectively.

16. SHARE OF INVESTMENT IN A JOINT VENTURE

Interest in a joint venture (transition to HKFRS 11)

The Group has a 50% interest in Sanfengshan, an unlisted company engaged in the mining, exploration of non-ferrous and ferrous metal, and processing of non-ferrous and ferrous metal products. Under HKAS 31 *Investment in Joint Ventures* (prior to the transition to HKFRS 11), the Group's interest in Sanfengshan was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of HKFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying HKFRS 11 is as follows:

Impact on the income statement

	For the six months ended 30 June 2012 *RMB'000* (Unaudited)
Decrease in the revenue	(20,430)
Decrease in the cost of sales	24,644
Increase in gross profit	4,214
Decrease in other income and gains	(469)
Decrease in administrative expenses	4,492
Decrease in other operating expenses	685
Increase in operating profit	8,922
Decrease in finance costs	392
Increase in share of loss of a joint venture	(9,623)
Decrease in profit before tax	(309)
Decrease in income tax expense	309
Net impact on profit for the period	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

16. SHARE OF INVESTMENT IN A JOINT VENTURE (continued)

Interest in a joint venture (transition to HKFRS 11) (continued)

Impact on the statement of financial position

	As at 31 December 2012 *RMB'000* (Audited)
Increase in net investment in a joint venture	108,528
Decrease in total assets	(159,135)
Decrease in total liabilities	50,607
Net impact on equity	–

There is no material impact on interim condensed consolidated statement of cash flow and there is no impact on the basic and diluted EPS.

17. BUSINESS COMBINATION

On 28 June 2013, the Group acquired 51% equity interests in Subei Province Jinying Gold Company Limited ("Jinying"), an unlisted company engaged in the mining, processing and sale of gold, at a consideration of RMB91,800,000, satisfied by cash. The acquisition was made as part of the Group's strategy to expand the gold business in Mainland China.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of Jinying at the date of acquisition were:

	Fair value recognised on acquisition *RMB'000* (Unaudited)
Assets	
Inventories	11,751
Cash and cash equivalents	1,743
Prepayments and other receivables	6,534
Other intangible assets	121,306
Prepaid land lease payments	59,048
Property, plant and equipment	68,601
	268,983
Liabilities	
Interest-bearing bank and other borrowings	(48,620)
Trade payables	(6,608)
Other payables and accruals	(37,376)
Tax payable	(1,495)
Deferred tax liabilities	(24,437)
	(118,536)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

17. BUSINESS COMBINATION (continued)

	Fair value recognised on acquisition *RMB'000* (Unaudited)
Net assets	150,447
Non-controlling interest (49% of the net asset fair value)	(73,720)
Total net assets acquired	76,727
Goodwill on acquisition	15,073
Purchase consideration transferred	91,800

Analysis of the cash flows on acquisition:

	RMB'000 (Unaudited)
Cash consideration	(91,800)
Cash and cash equivalents acquired	1,743
Net outflow of cash and cash equivalents included in cash flows from investing activities	(90,057)

Since the acquisition completed at the end of Period, the above subsidiary had no contribution to the Group's turnover and net profit before tax for the Period.

Had the combinations taken place at the beginning of the Period, the revenue and the profit before tax for the Period would have been RMB2,371,095,000 and RMB401,011,000, respectively.

The Group incurred no transaction costs for this acquisition.

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

18. CONTINGENT LIABILITIES

As at 30 June 2013, the contingent liabilities of the Group did not have any change as compared to those as at 31 December 2012.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

19. COMMITMENTS

Capital commitments

	30 June 2013 ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited and Restated)
Contracted, but not provided for:		
– Property, plant and equipment	**78,752**	90,387
– Prepayment for potential acquisitions	**328,514**	890,142
	407,266	980,529
Authorised, but not contracted for:		
– Property, plant and equipment	**1,015,149**	1,636,450
– Exploration and evaluation assets	**53,000**	243,000
	1,068,149	1,879,450

Operating lease commitments

The Group leases certain of its land and offices under operating lease arrangements, which are negotiated for terms ranging between one and sixteen years.

Future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	30 June 2013 ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Within one year	**5,479**	6,398
In the second to fifth years, inclusive	**6,217**	8,435
Beyond five years	**10,500**	11,500
	22,196	26,333

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

20. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Nature of relationships/transactions		
(i) Zhaojin Group		
Expenses:		
– Payment of rental of land use rights	**–**	4,583
– Payment of house rental	**309**	–
– Gold exchange commission fee	**713**	160
Other transactions:		
– Payment of interest expense	**–**	8,591
(ii) Subsidiaries of Zhaojin Group		
Sale of silver	**–**	69,402
Expenses:		
– Fees for refining services	**2,011**	5,100
Capital transactions:		
– Purchase of exploration services	**21,837**	45,387
– Purchase of digital mine construction technology services	**8,186**	767
– Purchase of property, plant and equipment	**2,361**	–
Other transactions:		
– Borrowing of bank entrusted loans	**32,000**	–
– Payment of interest expense	**421**	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2013

20. RELATED PARTY TRANSACTIONS (continued)

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
(iii) Associate – Aletai Zhengyuan International Mining Company Limited		
– Purchase of gold concentrate	**33,817**	36,554
(iv) Joint Venture – Sanfengshan		
– Purchase of copper concentrate	**36,976**	31,844

(v) As at 30 June 2013, the corporate bonds issued which amounted to RMB2,684,592,000 (31 December 2012: RMB2,682,886,000) are guaranteed by Zhaojin Group.

(vi) Certain guarantees for securing the Group's indemnity in relation to certain government levies and funding arrangements predating the Company's IPO were provided free of charge by Zhaojin Group.

21. EVENTS AFTER THE REPORTING PERIOD

No events occurring after the end of the reporting period that need to be disclosed were noted.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2013.