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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- During the Period, the revenue amounted to approximately RMB2,817,982,000, representing a decrease of approximately 1.76% as compared to the corresponding period of last year.

- During the Period, the net profit was approximately RMB255,923,000, representing a decrease of approximately 33.85% as compared to the corresponding period of last year.

- During the Period, the profit attributable to owners of the parent amounted to approximately RMB238,855,000, representing a decrease of approximately 20.81% as compared to the corresponding period of last year.

- During the Period, the basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.07, representing a decrease of approximately 22.22% as compared to the corresponding period of last year.

- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019.

The board (the "Board") of directors (the "Directors") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019 (the "Period") prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting", which have been reviewed by the Board's audit committee (the "Audit Committee") and the Company's auditors, Ernst & Young. Interim condensed consolidated financial information together with comparative figures for the corresponding period in 2018 are set out as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019

		For the six months ended 30 June	
		2019	2018
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	*5*	**2,817,982**	2,868,567
Cost of sales		**(1,746,346)**	(1,677,583)
Gross profit		**1,071,636**	1,190,984
Other income and gains	*5*	**157,917**	166,970
Selling and distribution expenses		**(33,466)**	(23,748)
Administrative expenses		**(443,056)**	(442,141)
Impairment losses on financial assets		**(9,604)**	(4,022)
Gain on disposal of financial assets		**52,040**	–
Other expenses		**(168,411)**	(165,452)
Finance costs		**(316,108)**	(236,119)
Share of profits and losses of:			
– Associates		**1,598**	1,680
– Joint ventures		**12,373**	(2,818)
PROFIT BEFORE TAX	*6*	**324,919**	485,334
Income tax expense	*7*	**(68,996)**	(98,452)
PROFIT FOR THE PERIOD		**255,923**	386,882
Attributable to:			
Owners of the parent		**238,855**	301,638
Non-controlling interests		**17,068**	85,244
		255,923	386,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
Earnings per share for the period *(RMB)*	*9*	**0.07**	0.09

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**255,923**	386,882
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**17,602**	66
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**17,602**	66
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	**–**	(2,000)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**17,602**	(1,934)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**273,525**	384,948
Attributable to:		
Owners of the parent	**256,209**	299,189
Non-controlling interests	**17,316**	85,759
	273,525	384,948

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**14,415,717**	14,221,347
Right-of-use assets		**754,701**	–
Prepaid land lease payments		**–**	683,906
Goodwill		**693,434**	693,434
Other intangible assets		**9,489,555**	9,399,297
Investments in joint ventures		**237,076**	172,416
Investments in associates		**682,207**	678,125
Deferred tax assets		**145,940**	147,827
Long-term deposits		**68,297**	72,882
Financial assets measured at amortised cost		**353,736**	241,753
Other long-term assets		**561,659**	589,864
Total non-current assets		**27,402,322**	26,900,851
CURRENT ASSETS			
Inventories		**4,242,938**	4,190,556
Trade and notes receivables	*10*	**252,382**	145,497
Prepayments, deposits and other receivables		**993,358**	657,929
Financial assets at fair value through profit or loss		**532,843**	598,007
Pledged deposits		**278,883**	352,756
Loans receivable		**2,102,266**	1,898,284
Cash and cash equivalents		**3,538,904**	1,143,299
Total current assets		**11,941,574**	8,986,328
CURRENT LIABILITIES			
Trade and notes payables	*11*	**404,845**	524,515
Other payables and accruals		**1,807,344**	1,707,054
Interest-bearing bank and other borrowings		**9,463,085**	8,365,787
Tax payable		**37,254**	64,705
Provisions		**7,205**	14,525
Deposits from customers		**1,240,205**	1,002,015
Current portion of other long-term liabilities		**133,749**	125,000
Lease liabilities		**14,427**	–
Total current liabilities		**13,108,114**	11,803,601
NET CURRENT LIABILITIES		**(1,166,540)**	(2,817,273)
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,235,782**	24,083,578

	Notes	**30 June 2019** ***RMB'000*** **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**228,630**	236,630
Corporate bonds		**8,150,645**	6,098,697
Deferred tax liabilities		**367,349**	361,989
Deferred income		**277,109**	305,238
Provisions		**62,941**	62,941
Other long-term liabilities		**191,003**	210,518
Lease liabilities		**42,250**	–
Total non-current liabilities		**9,319,927**	7,276,013
NET ASSETS		**16,915,855**	16,807,565
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,220,696**	3,220,696
Perpetual capital instruments		**2,677,300**	2,664,600
Reserves		**7,468,130**	7,413,181
		13,366,126	13,298,477
Non-controlling interests		**3,549,729**	3,509,088
TOTAL EQUITY		**16,915,855**	16,807,565

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

1. CORPORATE INFORMATION

Zhaojin Mining Industry Company Limited (the "Company") was established as a joint stock limited liability company under the Company Law of the People's Republic of China (the "PRC") on 16 April 2004. The registered office of the Company is located at 299 Jinhui Road, Zhaoyuan, Shandong, China.

The Company and its subsidiaries (the "Group") were principally engaged in the exploration, mining, processing, smelting of gold, the sale of gold products, and the mining and processing of copper and the sale of copper products in Mainland China. In addition, the Group processed and sold silver in Mainland China.

As of 30 June 2019, the major shareholders of the Company were Shandong Zhaojin Group Company Limited ("Zhaojin Group") and Shanghai Yuyuan Tourist Mart Co., Ltd., who held 36.32% and 23.70% of the issued share capital of the Company, respectively, with their subsidiaries.

The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 December 2006.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

Going Concern

As at 30 June 2019, the Group had net current liabilities of RMB1,166,540,000 (2018: RMB2,817,273,000). In view of this circumstance, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2019, by taking into account the Group's cash flow projection, including the Group's unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these financial statements have been prepared on a going concern basis.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

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

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

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

New definition of a lease

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

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land use right and building. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

(a) Adoption of HKFRS 16

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) *RMB'000* (Unaudited)
Assets	
Increase in right-of-use assets	750,483
Increase in deferred tax assets	652
Decrease in prepaid land lease payments	(683,906)
Decrease in other long-term assets	(5,219)
Increase in total assets	62,010
Liabilities	
Increase in lease liabilities	65,092
Decrease in retained earnings	3,082

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

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	88,231
Weighted average incremental borrowing rate as at 1 January 2019	4.90%
Discounted operating lease commitments as at 1 January 2019	65,092
Lease liabilities as at 1 January 2019	65,092

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

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

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

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease land use right for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim condensed consolidated statements of financial position and profit or loss

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

	Right-of-use assets *RMB'000* (Unaudited)	**Lease liabilities** *RMB'000* (Unaudited)
As at 1 January 2019	750,483	65,092
Additions	24,238	–
Depreciation charge	(20,020)	–
Interest expense	–	1,916
Payments	–	(10,331)
As at 30 June 2019	754,701	56,677

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

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;

(c) The "others" segment comprises, principally, the Group's other investment activities, a finance company operation, a hotel and catering operation and engineering design and consulting operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or 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, deferred tax assets, pledged deposits 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.

The Group's operating segments are as follows:

For the six months ended 30 June 2019 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenue from external customers	**2,505,031**	**238,301**	**74,650**	**2,817,982**
Segment results	**548,565**	**38,442**	**(21,561)**	**565,446**
Reconciliation:				
Interest income				**75,581**
Finance costs				**(316,108)**
Profit before tax				**324,919**
Segment assets	**30,538,039**	**2,533,779**	**2,308,351**	**35,380,169**
Reconciliation:				
Corporate and other unallocated assets				**3,963,727**
Total assets				**39,343,896**
Segment liabilities	**2,586,632**	**293,722**	**1,337,978**	**4,218,332**
Reconciliation:				
Corporate and other unallocated liabilities				**18,209,709**
Total liabilities				**22,428,041**
Other segment information				
Capital expenditure*	**819,375**	**34,982**	**10,693**	**865,050**
Investments in associates	**682,207**	**–**	**–**	**682,207**
Investments in joint ventures	**–**	**109,024**	**128,052**	**237,076**
Impairment losses(reversed)/recognised in the statement of profit or loss	**(1,818)**	**4,338**	**2,128**	**4,648**
Share of profits and losses of:				
– Associates	**1,598**	**–**	**–**	**1,598**
– Joint ventures	**–**	**4,473**	**7,900**	**12,373**
Depreciation and amortisation	**444,708**	**59,343**	**6,834**	**510,885**
Gain on disposal of equity investments at fair value through profit or loss	**5,098**	**–**	**46,942**	**52,040**

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and right-of-use assets.

For the six months ended 30 June 2018 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenue from external customers	2,540,395	307,477	20,695	2,868,567
Segment results	643,121	48,106	(19,790)	671,437
Reconciliation:				
Interest income				50,016
Finance costs				(236,119)
Profit before tax				485,334
Segment assets	29,473,049	2,543,005	1,269,063	33,285,117
Reconciliation:				
Corporate and other unallocated assets				2,484,829
Total assets				35,769,946
Segment liabilities	2,602,333	336,226	1,138,260	4,076,819
Reconciliation:				
Corporate and other unallocated liabilities				14,836,726
Total liabilities				18,913,545
Other segment information				
Capital expenditure*	1,191,378	51,182	11,661	1,254,221
Investments in associates	626,200	–	–	626,200
Investments in joint ventures	–	83,161	33,669	116,830
Impairment losses recognised in the statement of profit or loss	99,155	–	3,258	102,413
Share of profits and losses of:				
– Associates	1,680	–	–	1,680
– Joint ventures	–	(2,818)	–	(2,818)
Depreciation and amortisation	452,900	52,130	8,908	513,938
Gain on settlement of commodity derivative contracts	20,921	4,461	1,671	27,053
Fair value gain/(loss) on equity investments at fair value through profit or loss	10,980	–	(7,763)	3,217

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Geographical information

As over 91% 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

For the six months ended 30 June 2019, revenue of approximately RMB2,249,823,000 (for the six months ended 30 June 2018: RMB2,068,454,000) was derived from sales by the gold operations segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of goods	**2,796,895**	2,842,365
Rendering of services	**102,936**	98,188
	2,899,831	2,940,553
Less: Government surcharges	**(81,849)**	(71,986)
	2,817,982	2,868,567
Goods transferred at a point in time	**2,796,895**	2,842,365
Services transferred over time	**102,936**	98,188
	2,899,831	2,940,553
Less: Government surcharges	**(81,849)**	(71,986)
Total revenue from contracts with customers	**2,817,982**	2,868,567

Other income and gains

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**75,581**	50,016
Government grants	**30,659**	30,530
Sales of auxiliary materials	**38,637**	29,856
Gains on settlement of commodity derivative contracts	**–**	27,053
Others	**13,040**	29,515
	157,917	166,970

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,746,346**	1,677,583
(Reversal of provision for write-down of)/write-down of inventories to net realisable value	**(4,956)**	68,902
Impairment of loans receivable	**2,501**	3,186
Impairment of receivables	**7,103**	836
Impairment of property, plant and equipment	**–**	25,035
Impairment of intangible assets	**–**	4,247
Impairment of prepaid land lease payment	**–**	207
Exchange differences, net	**12,192**	(16,824)

7. INCOME TAX EXPENSE

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

Provision for current income tax in Mainland China is based on the statutory rate of 25% (2018: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain high and new technology enterprises and western-region-development enterprises of the Group in Mainland China, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
– Charge for the period	**61,097**	111,440
Deferred tax	**7,899**	(12,988)
Total tax charge for the period	**68,996**	98,452

8. DIVIDENDS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Ordinary:		
Proposed final – RMB0.04 per share (2018: RMB0.06 per share)	**128,828**	193,242

The proposed 2018 final dividend of RMB0.04 per share (tax included) in aggregate of RMB128,828,000 was approved by the shareholders on 14 June 2019. As at 30 June 2019, the final dividend of 2018 amounting to RMB34,768,000 has not been paid. No interim dividend was proposed for the period (2018: 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 RMB238,855,000 (for the six months ended 30 June 2018: RMB301,638,000) by the number of ordinary shares in issue during the period of 3,220,696,000 (for the six months ended 30 June 2018: 3,220,696,000).

The diluted earnings per share amounts were equal to the basic earnings per share amounts for the Period and the six months ended 30 June 2019 and 30 June 2018, as no diluting events existed during these periods.

10. TRADE AND NOTES RECEIVABLES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**244,713**	116,514
Notes receivable	**24,859**	40,288
Impairment	**(17,190)**	(11,305)
	252,382	145,497

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances due within one year	**214,301**	96,024
Outstanding balances due over one year but within two years	**14,752**	4,404
Outstanding balances due over two years but within three years	**–**	152
Outstanding balances due over three years	**15,660**	15,934
	244,713	116,514
Less: provision for impairment of trade receivables	**(17,190)**	(11,305)
	227,523	105,209

Trade and notes receivables are non-interest-bearing. As 80% of the sales of the Group for the period ended 30 June 2019 (for the six months ended 30 June 2018: 72%) were made through the Shanghai Gold Exchange without specific credit terms, there were no significant receivables that were overdue or impaired.

11. TRADE AND NOTES PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	**333,878**	367,885
Notes payable	**70,967**	156,630
	404,845	524,515

At 30 June 2019, the balance of trade and notes payables mainly represented the amount regarding the unsettled procurement of gold concentrates. The trade payables are non-interest-bearing and are normally settled on 60 days' terms.

An ageing analysis of the trade and notes payables, as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Outstanding balances are due as follows:		
Within one year	**364,729**	465,410
Over one year but within two years	**21,212**	43,961
Over two years but within three years	**10,334**	9,341
Over three years	**8,570**	5,803
	404,845	524,515

I. INTERIM RESULTS

Revenue

During the Period, the Group generated revenue of approximately RMB2,817,982,000 in total (corresponding period of 2018: approximately RMB2,868,567,000), representing a decrease of approximately 1.76% as compared to the corresponding period of last year.

Net profit

During the Period, the net profit of the Group was approximately RMB255,923,000 (corresponding period of 2018: approximately RMB386,882,000), representing a decrease of approximately 33.85% as compared to the corresponding period of last year.

Product production

During the Period, the Group attained an aggregate gold production of approximately 15,885.08 kg (approximately 510,716.69 ozs), representing a decrease of approximately 4.37% as compared to the corresponding period of last year. In particular, the gold output from the Group's mines amounted to 10,134.78 kg (approximately 325,840.62 ozs), representing an increase of approximately 0.36% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 5,750.29 kg (approximately 184,876.07 ozs), representing a decrease of approximately 11.71% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 9,781 tons (of which copper output from mines amounted to 5,971 tons, and copper output from smelting amounted to 3,810 tons), representing a decrease of approximately 19.69% 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 RMB238,855,000 (corresponding period of 2018: approximately RMB301,638,000), representing a decrease of approximately 20.81% 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 RMB0.07 (corresponding period of 2018: approximately RMB0.09), representing a decrease of approximately 22.22% as compared to the corresponding period of last year.

Net assets per share

As at 30 June 2019, the consolidated net assets per share was approximately RMB5.25 (30 June 2018: approximately RMB5.23), and the yield to net assets during the Period was approximately 1.51% (corresponding period of 2018: approximately 2.30%).

II. INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (corresponding period of 2018: Nil).

III. BUSINESS REVIEW

At the beginning of 2019, international gold price opened at US$1,281.70/oz, and then continued to rise, with the highest price reaching US$1,346.47/oz. Subsequently, it began to oscillate downwards at the end of February, with the lowest price at US$1,265.20/oz. Since the end of May, with rising trade tensions, heightened sentiment of aversion towards geopolitical risk and with the global central banks having entered an interest-reducing cycle, international gold price has risen again. Meanwhile, under the momentum of active buying by global central banks, international gold price rose from US$1,274.82 to the height of US$1,438.43 at the end of June, and eventually closed at US$1,409.37/oz, with the average closing price being US$1,307.46/oz.

According to statistics from the China Gold Association, China's gold output amounted to 180.68 tons in the first half of 2019, representing a reduction in production of 9.6 tons when compared to the corresponding period in 2018 and a year-on-year decrease of 5.05%, in which 153.89 tons were mine-produced gold, representing a year-on-year decrease of 4.78%, and 26.79 tons were produced from non-ferrous raw materials, representing a year-on-year decrease of 6.52%. In the first half of the year, the top five provinces (regions) in terms of mine-produced gold output in the country were Shandong, Henan, Yunnan, Inner Mongolia and Gansu, with an aggregate mine-produced gold output of 62.91 tons, representing a year-on-year decrease of 7.31% and accounted for 40.88% of national output. Henan province was affected by the removal of mining rights in ecological protection areas and recorded a year-on-year decrease of 41.34% in terms of output, while gold output in Inner Mongolia recorded a year-on-year decrease of 3.23% due to technical reforms of some enterprises.

In the first half of 2019, the Company took "reform, development, stability" as the keynote of work, which guided our overall work with the theme of "five-optimal competitions" and "double focus", so as to deepen reform, guarantee implementation and implement steady development.

Adhering to the use of key businesses as the momentum for enhancement in the development of high-quality production and operation

In the first half of the year, with the mining business production of the Company having been affected by policies on mining like those on natural environment protection supervision and withdrawal of ecological protection areas, the Company has adjusted its development path on a timely basis, by focusing on maintaining the thematic activity of "securing, stabilizing and increasing production". We adhere to the use of key mines inside and outside of the province (such as Xiadian Gold Mine and Dayingezhuang Gold Mine) as the drive for reserve, effectiveness and potential enhancement, in order to ensure the stable development of production capacity against adverse market conditions. In the first half of the year, the Company's total output of mineral gold amounted to 10,134.78 kg (approximately 325,840.51 ozs), and it also achieved copper smelting output of 3,810 tons and copper content of 5,971 tons. In the meantime, the Company continued to strengthen exploration works to increase mineral reserves, and invested in geological exploration in the amount of RMB45.77 million in the first half of the year, resulting in an additional output of 11.01 tons of gold metal and increased reserve of 11.85 tons of gold metal; and an additional output of 752 tons of copper metal and increased reserve of 4,856 tons of copper metal, which successfully completed the plan indicators for the first half of the year.

Adhering to reform, development and stability as the key theme, and steady implementation of key engineering projects

In the first half of the year, the Company persistently carried out reform and fostered development at the same time. The Company deepened its reform in key areas like the management system, the human resources system for cadres and appraisal allocations. The developmental vitality of businesses continued to enhance since the roll-out of a series of effective reform initiatives. Meanwhile, the Company upheld the main line business lines “one advantage, one increase, one decrease” and continued to implement “double key work”, accumulated investments in key infrastructure’s technical innovation projects of RMB301 million, and it also completed phased progress goals as planned for ten key projects which included the construction project of Ruihai Mining, and the deep exploration of Xiadian Gold Mine and Dayingezhuang Gold Mine, the production continuity project of Tonghui Mining.

Insisting on facilitating development on technological innovation and releasing innovative momentum

In the first half of the year, the Company accumulated investments of RMB47.18 million in science and technology, and implemented a total of 29 key scientific research projects, including 10 innovative projects and 19 technological innovation projects; and applied for 18 new patents, and has been granted the licenses for 3 new invention patents and 25 utility novelty patents; has carried out 619 minor reforms, undertaken 1 national project, and the “Research and Application of Key Technologies of Four-Dimensional Supporting in Complicated and Crumbly Soft Rock Tunnels” of Tonghui Mining has been granted the “Outstanding Award for Technology Advancement” by the China Gold Association.

Adhering to the bottom line of safe, green and harmonious development, and pursuit of beautiful Zhaojin

In the first half of the year, the Company conscientiously implemented the relevant national laws and regulations, and invested RMB80 million in safety and environmental protection. The stability of the Company’s overall safety and environmental protection situation has been guaranteed by effective measures such as the strengthening of on-site management, promotion of double key work of safety and environmental protection, safe production month, emergency drill and safety culture construction. The Company continued to strengthen the implementation of “Sihua”, namely greening and beautifying of the overall environment of our plant and mining areas, with tree-planting and greening of 43 hectares. At the same time, the Company adhered to the working ideas of “gather staff loyalty, promote development, guarantee stability”, and continued to promote Party building, letters and visits, labour unions, public security and other works to achieve synergy and effective implementation, and strengthened the efforts in community construction and created a peaceful, harmonious and stable internal and external development environment.

IV. FINANCIAL AND RESULTS ANALYSIS

Revenue

During the Period, the Group's revenue amounted to approximately RMB2,817,982,000 (corresponding period of 2018: approximately RMB2,868,567,000), representing a decrease of approximately 1.76% as compared to the corresponding period of last year. During the Period, the decrease in revenue was primarily due to the decrease in copper sales prices and the decrease in copper production volume.

Net profit

During the Period, net profit of the Group amounted to approximately RMB255,923,000 (corresponding period of 2018: approximately RMB386,882,000), representing a decrease of approximately 33.85% as compared to the corresponding period of last year. The decrease in net profit was due to the increase in integrated costs of gold during the Period.

Integrated cost of gold per gram

During the Period, the Group's integrated cost of gold was approximately RMB160.17 per gram (corresponding period of 2018: approximately RMB146.38 per gram), representing an increase of approximately 9.40% as compared to the corresponding period of last year. The increase in integrated cost of gold was due to the decrease in volume of gold production, resulting in the increase in unit mining costs during the Period.

Cost of sales

During the Period, the Group's cost of sales amounted to approximately RMB1,746,346,000 (corresponding period of 2018: approximately RMB1,677,583,000), representing an increase of approximately 4.10% as compared to the corresponding period of last year. The increase was primarily attributable to an increase in the price of gold, resulting in the increase in cost of external procurement of gold concentrate during the Period.

Gross profit and gross profit margin

During the Period, the Group's gross profit was approximately RMB1,071,636,000, representing a decrease of approximately 10.02% as compared to RMB1,190,984,000 of the corresponding period of last year. The Group's gross profit margin has decreased from approximately 41.52% for the corresponding period of last year to approximately 38.03% for the Period. The decrease in gross profit was mainly due to the decrease in gold production volume, resulting in the increase in unit mining costs during the Period.

Other income and gains

During the Period, the Group's other income and gains were approximately RMB157,917,000 (corresponding period of 2018: approximately RMB166,970,000), representing a decrease of approximately 5.42% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in investment income during the Period when compared to the corresponding period of last year.

Selling and distribution costs

During the Period, the Group's selling and distribution costs were approximately RMB33,466,000 (corresponding period of 2018: approximately RMB23,748,000), representing an increase of approximately 40.92% as compared to the corresponding period of last year. The increase was mainly due to the increase in expenses for overseas business expansion by subsidiaries of the Group during the Period.

Administrative and other operating expenses

During the Period, the Group's administrative and other operating expenses were approximately RMB621,071,000 (corresponding period of 2018: approximately RMB611,615,000), basically unchanged when compared to the corresponding period of last year.

Finance costs

During the Period, the Group's finance costs amounted to approximately RMB316,108,000 (corresponding period of 2018: approximately RMB236,119,000), representing an increase of approximately 33.88% as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in overseas financing of USD guaranteed notes 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, operating activities and repayment of borrowings.

As at 30 June 2019, the Group had cash and cash equivalents of approximately RMB3,538,904,000, representing an increase of approximately 209.53% as compared to approximately RMB1,143,299,000 as at 31 December 2018. The increase was mainly due to the new issuance of USD guaranteed notes and the increase of operating cash inflow during the Period.

As at 30 June 2019, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB137,011,000 (31 December 2018: RMB95,549,000), those denominated in United States dollars amounted to RMB2,064,604,000 (31 December 2018: RMB27,023,000). Those denominated in Kazakhstani Tenge amounted to approximately RMB8,000 (31 December 2018: RMB8,000). All other cash and cash equivalents held by the Group are denominated in Renminbi.

The Renminbi is not freely convertible into other currencies, however, pursuant to the Regulation of the People's Republic of China on Foreign Exchange Administration and the Administration Regulations on Foreign Exchange Settlement, Sales and Payment, the Group is permitted to exchange Renminbi for other currencies through those banks which are authorized to conduct foreign exchange business.

Borrowings

As at 30 June 2019, the Group had outstanding bank borrowings, other borrowings and gold from gold leasing business (the Group financed through leases of gold from bank and subsequently sold through Shanghai Gold Exchange ("SGE")) of RMB9,691,715,000 (31 December 2018: RMB8,602,417,000), of which RMB9,463,085,000 (31 December 2018: RMB8,365,787,000) was repayable within one year, RMB228,630,000 (31 December 2018: RMB236,630,000) was repayable within two to five years and Nil (31 December 2018: Nil) was repayable after 5 years. As at 30 June 2019, the Group had outstanding corporate bonds of Nil (31 December 2018: Nil), which shall be repaid within one year and approximately RMB8,150,645,000 (31 December 2018: RMB6,098,697,000), which shall be repaid within two to five years.

As at 30 June 2019, except for bank loans of RMB5,498,000 (31 December 2018: Nil) denominated in United States dollars, all borrowings are denominated in Renminbi. As at 30 June 2019, except for secured and guaranteed bank loans and other borrowings of RMB1,099,685,000 (31 December 2018: RMB884,187,000), all borrowings are unsecured. As at 30 June 2019, 87.00% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates. As at 30 June 2019, except for guaranteed notes of RMB2,047,706,000 (31 December 2018: Nil) denominated in United States dollars, all corporate bonds are denominated in Renminbi.

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 21.23% (corresponding period of 2018: approximately 20.29%).

Total assets

As at 30 June 2019, the total assets of the Group were approximately RMB39,343,896,000, representing an increase of approximately 9.63% as compared to approximately RMB35,887,179,000 as at 31 December 2018. Among which, total non-current assets amounted to approximately RMB27,402,322,000, accounting for approximately 69.65% of the total assets, and representing an increase of approximately 1.86% as compared to approximately RMB26,900,851,000 as at 31 December 2018. As at 30 June 2019, total current assets were approximately RMB11,941,574,000, accounting for approximately 30.35% of the total assets, and representing an increase of approximately 32.89% as compared to approximately RMB8,986,328,000 as at 31 December 2018.

Net assets

As at 30 June 2019, the net assets of the Group were approximately RMB16,915,855,000, representing an increase of approximately 0.64% as compared to approximately RMB16,807,565,000 as at 31 December 2018.

Total liabilities

As at 30 June 2019, the total liabilities of the Group were approximately RMB22,428,041,000, representing an increase of approximately 17.55% as compared to approximately RMB19,079,614,000 as at 31 December 2018. As at 30 June 2019, 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, corporate bonds less the balance of cash and cash equivalents) was approximately 45.82% (31 December 2018: 44.65%).

Contingent liabilities

As at 30 June 2019, the contingent liabilities of the Group did not have any change as compared to 31 December 2018.

Market risks

The Group is exposed to various types of market risks, including fluctuations in gold price 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 and bank deposits, interest-bearing bank and other borrowings and corporate bonds. The Group controls its interest rate risk from the holding of certain cash, bank deposits, interest-bearing bank and other borrowings and corporate bonds mainly through placing short-term deposits at fixed or floating rates and at the same time having bank borrowings at 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

The majority of the Group's transactions are carried out in Renminbi. The fluctuations in 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 an adverse effect on net assets, earnings and any dividend declared by the Group, which shall be converted or translated into Hong Kong dollars.

During the Period, the Group had not entered into any foreign exchange swaps to hedge against foreign exchange risks.

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 and copper, which may affect the Group's operation results. Under certain circumstances, the Group entered into AU (T+D) arrangements, which are substantially forward commodity contracts, in SGE during the Period to hedge against potential price fluctuations of gold. Under those contractual framework, the Group can forward buy or sell gold at the current day's price by depositing 10% of the total transaction amount as guarantee. Subsequently, it can close the deal by either physically delivering or entering into an offsetting arrangement. There are no special restrictions imposed on the settlement period by the contract. During the Period, the Group had not entered into any long-term AU (T+D) contractual framework.

The Group also entered into copper cathode and gold forward contracts in Shanghai Futures Exchange to hedge the price fluctuation caused by the sale of copper and gold.

The transaction price range of the forward commodity contracts is closely monitored by the management of the Group. Accordingly, a reasonable possible fluctuation of 10% in commodity prices would have no significant impact on the Group's profit and equity for the Period.

Pledge

As at 30 June 2019, except for the following assets pledged or charged for environmental improvement funds, margin of commodity contracts, margin of AU (T+D) arrangements, and for obtaining bank borrowings and notes payable, the Group had not pledged or charged any other assets: (1) property, plant and equipment, prepaid land lease payments and mining rights with net carrying amount of Nil (31 December 2018: Nil); (2) pledged deposits of RMB278,883,000 (31 December 2018: RMB352,756,000); (3) treasury bonds of RMB350,000,000 (31 December 2018: Nil) and (4) certificates of deposits of RMB5,498,000 (31 December 2018: Nil).

V. BUSINESS PROSPECTS

In the second half of 2019, the Company will closely stick to the annual targets, missions and major conquest tasks, insisting on results as its focus. The campaign of "five-optimal competitions" will continue to be carried out throughout the Company, and we will endeavor to overcome the influences of different unfavourable factors, invigorate our spirit, highlight the focus on work, mobilize the enthusiasm of all cadres and employees, and consolidate a good foundation for the Group's continuous and steady development.

Developing positive "steady production, enhancement of income, expansion of capability" actions, and exhausting every means to boost production volume and effectiveness

In the second half of the year, "steady production, enhancement of income, expansion of capability" shall be the motto for the production and operation work, adhering to advantageous resources, advantageous policies and the principle of allocation to advantageous enterprises, in order to ignite the proactivity of key businesses in production and enhancement of income; adhering to the strategy of being led by key projects, capturing the critical enhancement in relation to production capability, optimizing the processes, increasing the efficiency of construction technique in infrastructure and achieving breakthroughs in projects related to innovation in scientific research to enhance production volume and efficiency. The Company will strictly perform cost-saving, commence activities in broadening sources of income and reduce expenditure comprehensively. The Company will, at the same time, lower financing costs, enhance the ability of respective enterprises for financing through various channels and at low cost, and adjust the debt structure. Besides, the Company adheres to the integration of production and sales by enhancing volume of production, strengthening market analysis, capturing the sales of major products and by-products, seizing at the peak of the market, as well as maximizing the benefits of sales.

Enforcing strategic planning consistently, and enhancing the level of operation management comprehensively

In the second half of the year, the Company will continue to deepen reform in relevant areas, with an emphasis on financial management and planning management by following the overall ideology of "systematic management, standardized work, delicated processes, digital results", so as to enhance the management level of the Company holistically. With the opportunity of comprehensively enforcing the overall strategic plan, we can enhance the organization of production and operation management. With business results as a direction, the Company shall restrict different non-production types of expenses, and formulate reasonable measures to save costs effectively. The Company shall also strengthen the management ideology of "digitisation of results" to drastically increase the efficiency of the Company's operation and management. The Company will also encourage the trend of "benchmarking" in each line of work to enhance the level of management and increase efficiency.

Strengthening technological innovation, and enhancing the drive and vitality of high-quality development

In the second half of the year, the Company will reform its management system, cultivate a rich atmosphere for innovation by building teams with technological and innovative talents, strengthen the magnitude of tackling the ten biggest scientific research topics, and solve groundbreaking technical issues; the Company will focus on the commencement of the three battles of "safeguard of quality, enhancement of recoverable rate, integrated use of resources" by striving to resolve storage technology problems that constrain production and operation development. Meanwhile, the Company insisted on pursuing a high point of commencement and high benchmark, and closely capture three major science and research projects, namely intellectual mining of the subsea wells of Ruihai Mining, integrated use of manure from gold mine and the mineralization field pattern and theory. Besides, the Company will continue to push forward the mine exploration for increasing reserves and the work for opening up to the outside, so as to ensure that the reserve enhancement target would be successfully achieved.

Great emphasis on safety, environmental friendliness and stability of work, and securing reform and development of the Company

In the second half of the year, the Company will continue to greatly emphasize on work related to safety and environmental friendliness, closely attend to the wider situation of the Company's reform, adhere to the three red lines (safety, environmental friendliness and ecology), continuously strengthen the implementation of learning and system on laws and regulations on ecological safety, deepen the treatment and elimination of hidden problems. The Company will also strengthen environmental management by establishing green mines, advocating and committing to the environmental protection concept of "lucid waters and lush mountains are invaluable assets" and to further strengthen environmental protection, so as to achieve safety, green development and fully ensure the stability of the safety and environmental protection situation.

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 (the "Shareholders") recorded in the register of members as at 30 June 2019 are as follows:

Class	Number of Shareholders
Domestic share	7
Overseas-listed foreign share – H share	1,555
Total number of Shareholders	1,562

II. 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 announcement, sufficient public float of the shares of the Company was maintained.

III. 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.

IV. 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 announcement, the Group has no share option scheme.

V. EMPLOYEES

As of 30 June 2019, the Company had a total of 6,450 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices and provide other benefits to employees (including retirement benefit plans, medical benefit 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 labor market and human resources market trends and laws.

VI. IMPORTANT EVENTS

1. On 14 June 2019, the 2018 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 2018 to distribute a cash dividend of RMB0.04 (before taxation) per share to all Shareholders;

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

(3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution;

(4) amending Article 8.23 and Article 10.13 of the articles of association of the Company; and

(5) amending Article 11, Article 45, Article 57 and Article 65 of the rules of procedures for general meetings of the Company.

Relevant details were set out in the circular and notice of the Company both dated 26 April 2019 and the voting results announcement of the Company dated 14 June 2019 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 14 June 2019, the domestic shares class meeting and H shares class meeting considered the following proposal respectively:

The Board was granted a general mandate to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution.

The proposal was approved at the domestic shares class meeting and H shares class meeting respectively.

Relevant details were set out in the circular and notices of the Company all dated 26 April 2019 and the voting results announcement of the Company dated 14 June 2019 respectively published 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 Composition of the Board

The Company held the 2019 first extraordinary general meeting on 26 February 2019, at which the Shareholders re-elected Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang as executive Directors; Mr. Xu Xiaoliang, Mr. Liu Yongsheng, Mr. Yao Ziping and Mr. Gao Min as non-executive Directors; Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors.

The Company held the first meeting of the sixth session of the Board on 26 February 2019, at which the Board agreed to appoint Mr. Yao Ziping as a member of the Audit Committee, Mr. Gao Min as a member of the Nomination and the Remuneration Committee of the Company. Their appointments were all with effect from 26 February 2019.

The details of changes in the composition of the Board were set out in the circular and notice both dated 11 January 2019 and the voting results announcement dated 26 February 2019 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. Changes in the Composition of the Supervisory Committee

The Company held the 2019 first extraordinary general meeting on 26 February 2019, at which the Shareholders re-elected Mr. Zou Chao as a Shareholder representative supervisor of the Company; and appointed Mr. Wang Xiaojie as a Shareholder representative supervisor of the Company.

The Company held the first meeting of the sixth session of the Supervisory Committee of the Company on 26 February 2019, and agreed to appoint Mr. Wang Xiaojie as the chairman of the Supervisory Committee. His appointment was with effect from 26 February 2019.

The details of changes in the composition of the Supervisory Committee were set out in the circular and notice both dated 11 January 2019 and the voting results announcement dated 26 February 2019 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 Senior Management

The Company held the first meeting of the sixth session of the Board on 26 February 2019, at which, as nominated by the chairman, the Board has appointed Mr. Dong Xin as the Company's president, and as nominated by the president, the Board has appointed Mr. Wang Ligang, Mr. Sun Xiduan, Ms. Wang Wanhong, Mr. Tang Zhanxin and Mr. Wang Chunguang as the Company's vice presidents, Mr. Zou Qingli as the Company's chief financial officer for a term commencing from 26 February 2019 to the end of term of the current session of the Board.

6. Issue of Super Short-term Bonds

On 15 January 2019, the Company issued the first tranche of super short-term bonds for 2019 with a par value of RMB0.7 billion for a term of 270 days and bearing interest rate of 3.45% per annum. The proceeds are to repay interest-bearing loans and replenish the liquid working capital of the Company.

Relevant details were set out in the announcements of the Company dated 14 January 2019 and 18 January 2019 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 27 March 2019, the Company issued the second tranche of super short-term bonds for 2019 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 3.15% per annum. The proceeds are to repay interest-bearing loans and replenish the liquid working capital of the Company.

Relevant details were set out in the announcements of the Company dated 26 March 2019 and 3 April 2019 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. Issuance of USD Guaranteed Notes

On 26 February 2019 (after trading hours), Zhaojin Mining International Finance Limited and the Company entered into the subscription agreement with Credit Suisse Securities (Europe) Limited, Zhongtai International Securities Limited, Standard Chartered Bank, China CITIC Bank International Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Silk Road International Capital Limited, CCB International Capital Limited, Central Wealth Securities Investment Limited, China Securities (International) Corporate Finance Company Limited, CMB International Capital Limited, Fosun Hani Securities Limited, Ping An of China Securities (Hong Kong) Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and UBS AG Hong Kong Branch in connection with the issue of USD300,000,000 5.50 per cent. guaranteed notes due 2022 (the "Notes Issue"). The Notes Issue has been completed on 1 March 2019.

Relevant details were set out in the announcements of the Company dated 18 October 2018, 27 February 2019 and 1 March 2019 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

VII. EVENTS AFTER THE REPORTING PERIOD

Issue of Super Short-term Bonds

On 18 July 2019, the Company issued the third tranche of super short-term bonds for 2019 with a par value of RMB0.7 billion for a term of 270 days and bearing interest rate of 3.10% per annum. The proceeds are to repay interest-bearing loans and replenish the liquid working capital of the Company.

Relevant details were set out in the announcements of the Company dated 17 July 2019 and 23 July 2019 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 19 August 2019, the Company issued the fourth tranche of super short-term bonds for 2019 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 3.18% per annum. The proceeds are to repay interest-bearing loans and replenish the liquid working capital of the Company.

Relevant details were set out in the announcements of the Company dated 16 August 2019 and 21 August 2019 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

VIII. 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 (the "Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January 2019 to 30 June 2019. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the Period.

IX. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the 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.

X. AUDIT COMMITTEE

The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Yao Ziping, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, 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 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 risk management and internal control affairs and reviewed the Company's unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2019, and the Audit Committee is of the view that the unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2019 have been prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

By order of the Board
Zhaojin Mining Industry Company Limited*
Weng Zhanbin
Chairman

Zhaoyuan, the PRC, 23 August 2019

As at the date of this announcement, the Board comprises Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang as executive Directors; Mr. Xu Xiaoliang, Mr. Liu Yongsheng, Mr. Yao Ziping and Mr. Gao Min as non-executive Directors; and Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors.

* *For identification purpose only*