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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2020, the Group's revenue was approximately RMB7,648,587,000 (2019: RMB6,329,928,000), representing an increase of approximately 20.83% as compared to the previous year.

For the year ended 31 December 2020, the Group's net profit was approximately RMB1,234,798,000 (2019: RMB438,235,000), representing an increase of approximately 181.77% as compared to the previous year.

For the year ended 31 December 2020, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.32 and RMB0.32, respectively (2019: RMB0.15 and RMB0.15, respectively), representing an increase of approximately 113.33% and 113.33%, respectively as compared to the previous year.

For the year ended 31 December 2020, the profit attributable to owners of the parent was approximately RMB1,052,163,000 (2019: RMB479,270,000), representing an increase of approximately 119.53% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.05 (tax included) per share (2019: RMB0.04 (tax included)) to all Shareholders.

The board (the "Board") of directors (the "Directors") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 (the "Year").

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***Year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>REVENUE</b>	3	<b>7,648,587</b>	6,329,928
Cost of sales		<u><b>(4,033,416)</b></u>	<u>(4,039,965)</u>
Gross profit		<b>3,615,171</b>	2,289,963
Other income and gains	3	<b>806,759</b>	497,525
Selling and distribution expenses		<b>(45,026)</b>	(55,782)
Administrative expenses		<b>(1,209,386)</b>	(955,612)
Impairment losses on financial assets		<b>(309,784)</b>	(27,512)
Other expenses	4	<b>(843,466)</b>	(442,900)
Finance costs	5	<b>(699,444)</b>	(662,180)
Share of profits and losses of:			
– Associates		<b>18,918</b>	7,453
– Joint ventures		<u><b>3,679</b></u>	<u>(55,268)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>1,337,421</b>	595,687
Income tax expense	7	<u><b>(102,623)</b></u>	<u>(157,452)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>1,234,798</b></u>	<u>438,235</u>
Attributable to:			
Owners of the parent		<b>1,052,163</b>	479,270
Non-controlling interests		<u><b>182,635</b></u>	<u>(41,035)</u>
		<u><b>1,234,798</b></u>	<u>438,235</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
– For profit for the year (RMB)	9	<u><b>0.32</b></u>	<u>0.15</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>1,234,798</u></b>	<b><u>438,235</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(62,010)</u>	<u>35,245</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(62,010)</u>	<u>35,245</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement of post-employment benefit obligations	(1,018)	2,608
Income tax effect	254	(652)
Changes in fair value of equity investments at fair value through other comprehensive income	<u>200</u>	<u>–</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(564)</u>	<u>1,956</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(62,574)</u></b>	<b><u>37,201</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,172,224</u></b>	<b><u>475,436</u></b>
Attributable to:		
Owners of the parent	989,601	517,277
Non-controlling interests	<u>182,623</u>	<u>(41,841)</u>
	<b><u>1,172,224</u></b>	<b><u>475,436</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<b>31 December</b>	31 December
	<b>2020</b>	2019
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>15,209,375</b>	14,988,626
Right-of-use assets	<b>773,760</b>	768,088
Goodwill	<b>609,525</b>	666,179
Other intangible assets	<b>9,494,465</b>	9,603,768
Investments in joint ventures	<b>56,200</b>	173,954
Investments in associates	<b>716,214</b>	718,584
Financial assets measured at amortised cost	<b>626,083</b>	400,994
Deferred tax assets	<b>255,493</b>	163,052
Loans receivable	<b>248,625</b>	252,525
Long-term deposits	<b>15,802</b>	22,312
Term deposits	<b>200,000</b>	–
Other long-term assets	<b>506,025</b>	496,281
	<hr/>	<hr/>
Total non-current assets	<b>28,711,567</b>	28,254,363
<b>CURRENT ASSETS</b>		
Inventories	<b>5,125,690</b>	4,310,373
Trade and notes receivables	<b>283,320</b>	142,447
Prepayments, other receivables and other assets	<b>556,570</b>	591,874
Financial assets at fair value through profit or loss	<b>1,020,883</b>	554,642
Pledged deposits	<b>375,465</b>	278,303
Loans receivable	<b>1,775,653</b>	2,611,471
Cash and cash equivalents	<b>1,840,469</b>	3,508,307
	<hr/>	<hr/>
Total current assets	<b>10,978,050</b>	11,997,417

		<b>31 December 2020</b>	31 December 2019
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	<i>11</i>	<b>508,179</b>	368,166
Other payables and accruals		<b>2,004,055</b>	1,770,923
Derivative financial instruments		<b>41,266</b>	–
Interest-bearing bank and other borrowings		<b>8,444,969</b>	8,386,684
Corporate bonds		<b>3,448,895</b>	508,629
Tax payable		<b>126,709</b>	108,189
Provisions		<b>7,887</b>	9,616
Deposits from customers		<b>1,729,782</b>	1,223,619
Current portion of other long-term liabilities		<b>205,990</b>	159,368
		<hr/>	<hr/>
Total current liabilities		<b>16,517,732</b>	12,535,194
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		<b>(5,539,682)</b>	(537,777)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>23,171,885</b>	27,716,586
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>734,140</b>	388,490
Corporate bonds		<b>4,780,379</b>	9,170,130
Lease liabilities		<b>30,153</b>	41,085
Deferred tax liabilities		<b>331,020</b>	361,400
Deferred income		<b>195,093</b>	250,505
Provisions		<b>44,129</b>	50,506
Other long-term liabilities		<b>–</b>	91,612
		<hr/>	<hr/>
Total non-current liabilities		<b>6,114,914</b>	10,353,728
		<hr/>	<hr/>
<b>Net assets</b>		<b>17,056,971</b>	17,362,858
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>3,270,393</b>	3,270,393
Perpetual capital instruments		<b>1,527,022</b>	2,664,600
Reserves		<b>8,755,409</b>	8,014,594
		<hr/>	<hr/>
		<b>13,552,824</b>	13,949,587
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>3,504,147</b>	3,413,271
		<hr/>	<hr/>
<b>Total equity</b>		<b>17,056,971</b>	17,362,858
		<hr/>	<hr/>

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2020, the Group had net current liabilities of RMB5,539,682,000 (2019: RMB537,777,000). In view of these circumstances, the Directors 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 31 December 2020, 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 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, accordingly, these financial statements have been prepared on a going concern basis.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, The amendments did not have any impact on the financial position and performance of the Group.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.



### 1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3,5</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

## 2. 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, operation of a finance company, operation and catering services of a hotel, exploration services and engineering design and consulting services.

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/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group’s profit before tax from continuing operations except that interest income, non-lease-related finance costs, head office and corporate expenses are excluded from such measurement.

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

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

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

**Year ended 31 December 2020**

	<b>Gold operations RMB'000</b>	<b>Copper operations RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Segment revenue</b>				
Revenue from external customers	<u>7,017,194</u>	<u>425,533</u>	<u>205,860</u>	<u>7,648,587</u>
Segment results	1,727,687	11,404	79,117	1,818,208
<i>Reconciliation:</i>				
Interest income				218,657
Finance costs				<u>(699,444)</u>
Profit before tax				<u>1,337,421</u>
Segment assets	31,043,175	2,047,031	3,927,984	37,018,190
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,671,427</u>
Total assets				<u>39,689,617</u>
Segment liabilities	(2,659,621)	(212,662)	(2,020,960)	(4,893,243)
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>(17,739,403)</u>
Total liabilities				<u>(22,632,646)</u>
<b>Other segment information</b>				
Capital expenditure*	1,882,380	64,275	15,758	1,962,413
Investments in associates	710,172	–	6,042	716,214
Investments in joint ventures	–	–	56,200	56,200
Impairment losses recognised in the statement of profit or loss	899,201	79,309	(10,018)	968,492
Share of profits/(losses) of				
– Associates	18,671	–	247	18,918
– Joint ventures	–	(4,352)	8,031	3,679
Depreciation and amortisation	963,449	88,716	31,177	1,083,342
Fair value gain on financial assets at fair value through profit or loss	<u>21,563</u>	<u>–</u>	<u>299,715</u>	<u>321,278</u>

\* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Year ended 31 December 2019

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue</b>				
Revenue from external customers	<u>5,665,354</u>	<u>497,926</u>	<u>166,648</u>	<u>6,329,928</u>
Segment results	990,152	(12,650)	102,977	1,080,479
<i>Reconciliation:</i>				
Interest income				175,503
Finance costs				<u>(660,295)</u>
Profit before tax				<u>595,687</u>
Segment assets	30,879,692	2,232,749	3,189,677	36,302,118
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>3,949,662</u>
Total assets				<u>40,251,780</u>
Segment liabilities	(2,350,392)	(265,145)	(1,458,052)	(4,073,589)
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>(18,815,333)</u>
Total liabilities				<u>(22,888,922)</u>
<b>Other segment information</b>				
Capital expenditure*	1,889,939	186,307	99,302	2,175,548
Investments in associates	712,789	–	5,795	718,584
Investments in joint ventures	–	34,352	139,602	173,954
Impairment losses recognised in the statement of profit or loss	181,071	6,812	13,923	201,806
Share of profits/(losses) of				
– Associates	7,274	–	179	7,453
– Joint ventures	–	(70,199)	14,931	(55,268)
Depreciation and amortisation	904,693	113,141	10,035	1,027,869
Fair value gain on financial assets at fair value through profit or loss	<u>5,377</u>	<u>–</u>	<u>134,047</u>	<u>139,424</u>

\* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

### Geographical information

As over 92% (2019: 91%) of the assets of the Group were located in Mainland China and almost all of the sales were made to customers in Mainland China, no further geographical segment information has been presented.

### Information about a major customer

Revenue of approximately RMB5,879,944,000 (77% of the total sales) (2019: RMB4,441,113,000, 70% of the total sales) was derived from sales by the gold operations segment to a single customer.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers	7,929,253	6,523,301
Less:		
Government surcharges	<u>(280,666)</u>	<u>(193,373)</u>
	<u>7,648,587</u>	<u>6,329,928</u>

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

#### For the year ended 31 December 2020

	<i>RMB'000</i>
<b>Types of goods or services</b>	
Sale of gold	6,976,860
Sale of copper	393,396
Sale of silver	139,644
Sale of sulphur	27,879
Sale of other by-products	221,866
Rendering of processing services	69,662
Others	<u>99,946</u>
	7,929,253
Less:	
Government surcharges	<u>(280,666)</u>
Total revenue from contracts with customers	<u>7,648,587</u>
<b>Timing of revenue recognition</b>	
Revenue recognised at a point in time	7,868,728
Revenue recognised over time	<u>60,525</u>
Less:	
Government surcharges	<u>(280,666)</u>
Total revenue from contracts with customers	<u>7,648,587</u>

For the year ended 31 December 2019

	<i>RMB'000</i>
<b>Types of goods or services</b>	
Sale of gold	5,519,743
Sale of copper	464,631
Sale of silver	124,551
Sale of sulphur	38,692
Sale of other by-products	246,997
Rendering of processing services	73,396
Others	55,291
	<u>6,523,301</u>
Less:	
Government surcharges	(193,373)
	<u>6,329,928</u>
<b>Timing of revenue recognition</b>	
Revenue recognised at a point in time	6,501,150
Revenue recognised over time	22,151
	<u>6,523,301</u>
Less:	
Government surcharges	(193,373)
	<u>6,329,928</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<b>166,852</b>	100,273
Others	<b>6,866</b>	2,545
	<u><b>173,718</b></u>	<u>102,818</u>

There was no revenue recognised from performance obligations satisfied in previous periods.

(b) *Performance obligations*

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

Sale of goods

The performance obligation is satisfied upon delivery of the products. Payment is generally due upon delivery of the products, and a proportional payment in advance is required in some cases.

Processing and other services

The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing services.

At 31 December 2020, the remaining performance obligations (unsatisfied or partially unsatisfied) were expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other income and gains</b>		
Interest income	218,657	175,503
Government grants	73,947	62,889
Sales of auxiliary materials	95,066	89,654
Gain on settlement of financial instruments	297,208	61,990
Fair value gains on financial assets at fair value through profit or loss	24,070	77,434
Gain on repayment of gold for gold leasing business	–	18,151
Exchange gain, net	60,570	–
Gain on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	30,838	–
Others	6,403	11,904
	<b>806,759</b>	<b>497,525</b>

#### 4. OTHER EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	–	4,471
Loss on settlement of commodity derivative contracts	9,765	121,003
Impairment of intangible assets	77,002	72,844
Impairment of property, plant and equipment	104,494	26,194
Impairment of construction in progress	420,000	19,989
Impairment of goodwill	56,654	62,211
Impairment of right-of-use assets	–	1,606
Cost of auxiliary materials	76,969	80,395
Other business expense	87,933	49,022
Others	10,649	5,165
	<b>843,466</b>	<b>422,900</b>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other borrowings	109,094	109,235
Interest on corporate bonds	474,365	404,266
Interest on gold leasing business	111,230	175,924
Interest on short-term bonds	102,513	77,943
Interest on lease liabilities	2,730	1,885
Subtotal	799,932	769,253
Less: Interest capitalised	(102,669)	(109,891)
Incremental interest on provisions and other long-term liabilities	2,181	2,818
	<b>699,444</b>	<b>662,180</b>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Cost of inventories sold and services provided	<b>4,033,416</b>	4,039,965
Staff costs (including Directors' remuneration):		
Wages and salaries	<b>793,834</b>	749,245
Defined contribution fund:		
– Retirement costs	<b>96,742</b>	148,988
– Other staff benefits	<b>114,474</b>	102,986
Total staff costs	<b>1,005,050</b>	1,001,219
Auditor's remuneration	<b>3,680</b>	3,300
Depreciation of right-of-use assets	<b>37,168</b>	42,461
Amortisation of other intangible assets	<b>112,561</b>	116,354
Depreciation of property, plant and equipment	<b>928,386</b>	862,141
(Gain)/loss on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	<b>(15,053)</b>	4,471
Provision for impairment of receivables	<b>27,363</b>	5,283
Impairment loss on right-of-use assets	–	1,606
Impairment loss on property, plant and equipment	<b>104,494</b>	26,194
Impairment loss on other intangible assets	<b>77,002</b>	72,844
Impairment loss on goodwill	<b>56,654</b>	62,211
Impairment loss on construction in progress	<b>420,000</b>	19,989
Impairment loss/(reversal of impairment loss) on inventories	<b>559</b>	(8,650)
Impairment loss on loans receivable	<b>282,420</b>	22,230
Fair value gain, net:		
– Equity investments at fair value through profit or loss	<b>(24,070)</b>	(77,434)
Loss on settlement of commodity derivative contracts	<b>9,765</b>	121,003
Foreign exchange differences, net	<b>(60,570)</b>	2,787
Gain on settlement of gold leasing business	–	(18,151)
Gain on disposal of equity investments at fair value through profit or loss	<b>(297,208)</b>	(61,990)
Gain on derecognition of financial assets at amortised cost	<b>(2,110)</b>	(1,497)
Loss on disposal of subsidiaries	<b>1,055</b>	2,745
Gain on bargain purchase*	–	(233)

\* A gain on bargain purchase is included in “Other income and gains” in the consolidated statement of profit or loss.

## 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% (2019: 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% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: Nil) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%).

The major components of income tax expense for the year are as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Current – Hong Kong		
– Charge for the year	<b>8,353</b>	–
Current – Mainland China		
– Charge for the year	<b>216,837</b>	196,954
Deferred	<b>(122,567)</b>	(39,502)
Total tax charge for the year	<b><u>102,623</u></b>	<u>157,452</u>

## 8. DIVIDEND

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Ordinary:		
Proposed final – RMB0.05 per share (2019: RMB0.04 per share)	<b><u>163,520</u></b>	<u>130,816</u>

The Board recommended a cash dividend to all shareholders on the basis of RMB0.05 per share (tax included) (2019: RMB0.04 per share (tax included)).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.



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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,270,393,000 (2019: 3,221,376,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings:		
Profit attributable to ordinary equity holders of the parent	<b>1,052,163</b>	479,270
	<b>Number of shares</b>	
	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>3,270,393</b>	3,221,376
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<b>3,270,393</b>	3,221,376
Basic earnings per share ( <i>RMB</i> )	<b>0.32</b>	0.15
Diluted earnings per share ( <i>RMB</i> )	<b>0.32</b>	0.15

## 10. TRADE AND NOTES RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>148,969</b>	132,867
Notes receivable	<b>146,950</b>	27,138
Impairment	<b>(12,599)</b>	(17,558)
	<b>283,320</b>	142,447

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	<b>119,046</b>	92,493
1 to 2 years	<b>7,923</b>	18,528
2 to 3 years	<b>17,351</b>	1,809
Over 3 years	<b>4,649</b>	20,037
	<b>148,969</b>	132,867
Less: Impairment of trade receivables	<b>(12,599)</b>	(17,558)
	<b>136,370</b>	115,309

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
At beginning of year	<b>17,558</b>	11,305
Addition as result of acquisition of subsidiaries	–	9,931
Impairment reversal	<b>(4,959)</b>	(3,014)
Amount written off as uncollectible	–	(664)
At end of year	<b>12,599</b>	17,558

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

**As at 31 December 2020**

	Within 1 year	Past due			Total
		1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.55%	18.62%	34.14%	46.57%	8.46%
Gross carrying amount ( <i>RMB'000</i> )	119,046	7,923	17,351	4,649	148,969
Expected credit losses ( <i>RMB'000</i> )	3,035	1,475	5,924	2,165	12,599

**As at 31 December 2019**

	Within 1 year	Past due			Total
		1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.82%	25.83%	46.10%	46.57%	13.21%
Gross carrying amount ( <i>RMB'000</i> )	92,493	18,528	1,809	20,037	132,867
Expected credit losses ( <i>RMB'000</i> )	2,606	4,786	834	9,332	17,558

Trade and notes receivables are non-interest-bearing. As 77% (2019: 70%) of the sales of the Group for the year ended 31 December 2020 were made through the Shanghai Gold Exchange ("SGE") without specific credit terms, there were no significant receivables that were overdue or impaired.

Trade and notes receivables due from related parties included in the trade and notes receivables of the Group are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts due from related parties		
– Zhaojin Group	1,934	8,816
– Subsidiaries of Zhaojin Group	139,623	22,679
– Associates of Zhaojin Group	1,290	84
	<u>142,847</u>	<u>31,579</u>

The amounts due from related parties are unsecured, interest-free and are expected to be settled within 180 days.

**11. TRADE AND NOTES PAYABLES**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	395,526	324,109
Notes payables	112,653	44,057
	<u>508,179</u>	<u>368,166</u>

At 31 December 2020, 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:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within one year	<b>467,576</b>	289,344
Over one year but within two years	<b>20,417</b>	50,021
Over two years but within three years	<b>7,971</b>	17,742
Over three years	<b>12,215</b>	11,059
	<b>508,179</b>	368,166

Trade payables due to related parties included in the trade payables of the Group are as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts due to related parties:		
– Subsidiaries of Zhaojin Group	<b>95</b>	237
– Associates	<b>11,381</b>	7,397
	<b>11,476</b>	7,634

The amounts due to related parties are unsecured, interest-free and expected to be settled within 60 days, which represents credit terms similar to those offered from the related parties to their major suppliers.

## 12. EVENTS AFTER THE REPORTING PERIOD

The Group has equity investment of 34.85% in a company called Wucaolong Investment Co., Ltd. (“Wucaolong”), which is a subsidiary of an associate. The main asset of Wucaolong is the mining right of a mine called Qixia Wushan Mine (“the Mine”) and other long-term assets. The Mine was in construction phase as of 31 December 2020. The carrying amount of the long-term equity investment by the Group in Wucaolong was RMB223,091,000 and the Group also had RMB183,934,000 of entrusted loan due from Wucaolong as at 31 December 2020. On 10 January 2021, an explosion occurred at the Mine.

At the date of this report, the construction phase of Wucaolong has been suspended and the safety rectification is being carried out in accordance with government requirements. The Group assesses that the financial impact of this matter to the related assets could not be determined yet.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results for the Year

#### *Gold output*

For the Year, the Group's total output of gold amounted to 35,615.93 kg (approximately 1,145,077.92 ozs), representing an increase of approximately 8.93% as compared to the previous year. Among which, 20,098.25 kg (approximately 646,173.37 ozs) of gold was mine-produced gold, representing an increase of approximately 1.67% as compared to the previous year, and 15,517.68 kg (approximately 498,904.55 ozs) was smelted and processed gold, representing an increase of approximately 20.03% as compared to the previous year.

#### *Copper output*

For the Year, the Group's total output of content copper amounted to 6,036 tons, representing a decrease of approximately 45.83% as compared to the previous year.

#### *Revenue*

For the Year, the Group's revenue was approximately RMB7,648,587,000 (2019: RMB6,329,928,000), representing an increase of approximately 20.83% as compared to the previous year.

#### *Net profit*

For the Year, the Group's net profit was approximately RMB1,234,798,000 (2019: RMB438,235,000), representing an increase of approximately 181.77% as compared to the previous year. The increase in net profit was primarily due to the substantial increase of gold price and the strengthening of operation management during the Year.

#### *Earnings per share*

For the Year, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.32 and RMB0.32, respectively (2019: RMB0.15 and RMB0.15, respectively), representing an increase of approximately 113.33% and 113.33% respectively as compared to the previous year.

#### *Distribution proposal*

The Board proposed the payment of a cash dividend of RMB0.05 (tax included) per share (2019: RMB0.04 (tax included)) to shareholders of the Company (the "Shareholders").

Regarding the distribution of cash dividend, dividends for Shareholders of domestic shares will be declared and paid in Renminbi, whereas dividends for Shareholders of H shares (the "H Shareholders") will be declared in Renminbi and paid in Hong Kong dollars.

The proposed distribution proposal for the Year is subject to the approval of the Shareholders at the annual general meeting of the Company for the Year (the "2020 AGM"), which will be held on Monday, 7 June 2021.

If the distribution proposal is approved at the 2020 AGM, it is expected that the final dividend for the Year will be paid on or before Wednesday, 30 June 2021 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 15 June 2021.

Under the relevant tax rules and regulations of the PRC (collectively the “PRC Tax Law”), the Company is required to withhold and pay the corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (which shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company on Tuesday, 15 June 2021.

In accordance with the PRC Tax Law, the Company is required to withhold and pay individual income tax when distributing the final dividend to individual Shareholders whose names appear on the H shares register of members of the Company on Tuesday, 15 June 2021. Individual H Shareholders are entitled to certain tax preferential treatments according to the bilateral tax treaties between countries where the individual H Shareholders reside in and China, and the bilateral tax treaties between mainland China and Hong Kong or Macau. The Company will withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual H Shareholders who are Hong Kong residents, Macau residents or residents of those countries which have bilateral tax treaties with China for individual income tax rate in respect of dividend of 10%. For individual H Shareholders who are residents of those countries that entered into agreements with China for individual income tax rate in respect of dividend of lower than 10%, the Company will make applications on their behalf for entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For individual H Shareholders who are residents of those countries having bilateral tax treaties with China for individual income tax rate in respect of dividend of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the actual tax rate. For individual H Shareholders who are residents of those countries without any bilateral tax treaties with China or having bilateral tax treaties with China for individual income tax in respect of dividend of 20% and for other situations, the Company would withhold and pay the individual income tax at a tax rate of 20%.

In accordance with the PRC Tax Law, the Company has an obligation to withhold and pay the corporate income tax and individual income tax for payment of the final dividend to non-resident enterprises and individual Shareholders whose names appear on the H shares register of members of the Company on Tuesday, 15 June 2021. If the resident enterprises (which shall have the meaning as defined under the PRC Tax Law) and overseas resident individual Shareholders whose names appear on the H shares register of members of the Company on Tuesday, 15 June 2021 do not wish to have the corporate income tax and individual income tax withheld and paid by the Company, they should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that they are resident enterprises or individual Shareholders, on or before 4:30 p.m. on Thursday, 10 June 2021. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

The Company will withhold and pay the corporate income tax and individual income tax in strict compliance with the PRC Tax Law and the requirements of the relevant government authorities. The Company shall not be liable for any dispute relating to the withholding and payment of corporate income tax and individual income tax which arises from the failure of non-resident enterprises and individual Shareholders to lodge the relevant documents within the prescribed timeframe as mentioned above.

## **Market Overview**

In 2020, under the impact of the global outbreak of COVID-19 pandemic, the deteriorating global economy and the further easing of monetary policies of countries across the world, the gold price generally experienced a V-shaped rebound with wide fluctuations. Since the decrease of the international gold price to US\$1,451.08/oz in March, the lowest level in the Year, the gold price had gradually and steadily increased. As the US Federal Reserve reduced the interest rate to the lowest level in late June, the gold price continued to rise. The gold price hit a record high of US\$2,075.14/oz in early August before starting to fall. With the volatility of the pandemic and the US election, the gold price fluctuated at high levels of US\$1,800-2,000/oz in the fourth quarter. For the Year, the international gold price opened at US\$1,517.18/oz and closed at US\$1,897.90/oz, once hitting the high of US\$2,075.14/oz and the low of US\$1,451.08/oz and recording an average of US\$1,772.73/oz for the entire year. The 9995 gold traded on the Shanghai Gold Exchange (the “SGE”) opened at RMB340.90/g, once hit the high of RMB448.00/g and the low of RMB330.80/g, and then closed at RMB392.60/g, recording an average of RMB386.24/g for the whole year and increasing by 25.06% on a year-on-year basis.

The data from the China Gold Association showed that as affected by the COVID-19 pandemic, the gold output had further declined. China’s gold output amounted to 365.34 tons in 2020, representing a decrease of 3.91% on a year-on-year basis.

## **Business Review**

### ***Combating the pandemic, grasping opportunities and improving performance to achieve a “double victory” in pandemic containment and development***

In 2020, in the face of the challenges arising from the pandemic, the Company deployed its concerted efforts to overcome each and every difficulty under the mindset of “Tough War, Major Challenge and Great Opportunity”, thus achieving steady progress in pandemic containment and resumption of production. The Company accumulated 35,615.93 kg of total gold output (approximately 1,145,077.92 ozs) and 20,098.25 kg of mine-produced gold (approximately 646,173.37 ozs), of which 16,467.48 kg (approximately 529,441.37 ozs) were self-produced, representing an increase of 5.61% against the trend. The Company continued to increase its investment in mine exploration, so as to constantly strengthen its resource reserves. It invested a total of RMB112 million in geological exploration, resulting in an additional output of 22.75 tons of gold metal and an additional output of 1,510 tons of copper metal. As of the end of the Year, the Company’s gold resource reserves amounted to 1,196.37 tons, and the mineable reserves were 479.95 tons.

***Focusing on key points, solving difficult problems and promoting implementation to achieve quality development and upgrade***

In 2020, the Company emphasized on “double focus”, solved major difficult problems and continued to overcome challenges. With key projects such as Ruihai Mining and Caogoutou mining area as the spearhead, the Company cumulatively invested RMB789 million in infrastructure and technical transformation for the Year. The ore treatment plant expansion and process optimization projects of Fengningjinlong and Zhaojin Baiyun were successfully completed and achieved the targeted output and quality, and the transportation system optimization project of the Xiadian Gold Mine was completed ahead of schedule. With the full circulation of H shares, the Company has achieved “first to file, first to get approved and listed within the year”, providing strong support for the Company’s value creation and realization. With respect to technology innovation, the Company had 53 technical innovation projects throughout the Year and invested a total of RMB54 million. The Company had 109 patent applications and 91 licensed patents. The fine tailings filling experience at Canzhuang Gold Mine was successfully promoted and applied, opening up a new channel for the construction of tailings-free mines, and the intelligent mine construction at Dayingezhuang Gold Mine was successfully completed and has passed all examinations. Three new manufacturing innovation centres and new research and development institutions at the provincial level and of Yantai were established, while two new high and new technology enterprises were added, bringing the total number to 11.

***Enhancing management, strengthening operation and promoting long-term development to build a solid foundation for sustainable development***

In 2020, the Company steadily promoted the upgrading of line management and operation. The Company’s safety and environmental protection is stable as a whole, and it had further consolidated and deepened regional management, with the full launch of a three-year special rectification campaign for safe production. The Company invested a total of RMB145 million as safety capital, continuously upgraded the construction of intelligent mines, and further realized the intrinsic safety management of the Company through the application of and investment in mechanization, automation and “four new technologies”. A total of RMB68 million was invested as environmental protection capital throughout the Year to develop the “Beautiful Environment” competition continuously and promote the “Lucid Waters and Lush Mountains Program”. The Company further added 44 hectares of green areas and 2 national graded green mines throughout the Year and recorded 18 green mines (plants) in total, continuing to maintain its leading position in the industry.



### ***Heeding people's wishes, solving their problems and offering warm support to show Zhaojin's responsibility and commitment***

In 2020, guided by the Party building and culture, the Company launched a variety of excellent themed activities. These include the further advancement of “Ten Pro-people Projects” and caring measures for families of off-site workers, appropriate subsidies for off-site workers, work opportunities for children of senior employees, assistance offered to the poor and the needy, the Golden Autumn Scholarship and the “4411” construction project to offer support and care. The Company helped enhance the community relations and the relations between the management and citizens, and had therefore effectively implemented the goal for stabilization. The Company also demonstrated its responsibilities and commitments to the community through practical actions with targeted poverty alleviation that supported 110 poor families, and donated over RMB6 million to combat the pandemic and other difficulties.

### ***Impact of the COVID-19 pandemic on the operation of the Group***

As affected by the COVID-19 pandemic, the migrant labours of certain subsidiaries of the Group could not return to work in a timely manner after the Spring Festival in 2020, which affected the resumption of production of the Group to a certain extent. To address the impact caused by the pandemic, the Group solidly proceeded with activities such as the “five-optimal competition”, “tackling problems” and “partner assistance” with a focus on combating the pandemic, performance assessment and capturing development opportunities, to resolve the adverse situation brought by the pandemic, and had resumed full production by the end of March 2020. The business activities of the Group had decreased in 2020 as a result of the pandemic. In particular, the onsite investigations and business negotiations of the Group's overseas projects had been affected to some extent. However, by virtue of the outstanding performance of the gold price in 2020, the production and operation indicators of the Group rallied and maintained a good momentum in general. The Company has sufficient liquidity and working capital, and the financial position and operation of the Group have not been materially affected by the pandemic.

## **Financial Analysis**

### ***Revenue***

For the Year, the Group's revenue was approximately RMB7,648,587,000 (2019: RMB6,329,928,000), representing an increase of approximately 20.83% (2019: a decrease of approximately 11.80%) as compared to the previous year. The increase was mainly due to the substantial increase of gold price and effective organisation of production during the Year.

### ***Cost of sales***

For the Year, the Group's cost of sales was approximately RMB4,033,416,000 (2019: RMB4,039,965,000), representing a decrease of approximately 0.16% (2019: a decrease of approximately 13.95%) as compared to the previous year.

### ***Gross profit and gross profit margin***

During the Year, the Group's gross profit and gross profit margin were approximately RMB3,615,171,000 (2019: RMB2,289,963,000) and approximately 47.27% (2019: 36.18%), respectively, representing an increase in gross profit of approximately 57.87% (2019: a decrease of approximately 7.74%) and an increase in gross profit margin of approximately 30.65% (2019: an increase of approximately 4.60%), respectively, as compared to the previous year. The increase in gross profit was primarily due to the substantial increase of gold price during the Year.

### ***Other income and gains***

During the Year, the Group's other income and gains were approximately RMB806,759,000 (2019: RMB497,525,000), representing an increase of approximately 62.15% (2019: an increase of approximately 13.06%) as compared to the previous year. The increase in other income and gains was mainly due to the increase in investment income during the Year as compared to the previous year.

### ***Selling and distribution expenses***

For the Year, the Group's selling and distribution expenses were approximately RMB45,026,000 (2019: RMB55,782,000), representing a decrease of approximately 19.28% (2019: an increase of approximately 0.36%) as compared to the previous year. The decrease was mainly due to the decrease in expenditure on overseas marketing activities during the Year.

### ***Administrative and other expenses***

The Group's administrative and other operating expenses were approximately RMB2,362,636,000 during the Year (2019: RMB1,426,024,000), representing an increase of approximately 65.68% (2019: a decrease of approximately 13.73%) as compared to 2019. The increase was primarily due to the impairment losses on assets of the Group during the Year.

### ***Finance costs***

For the Year, the Group's finance costs were approximately RMB699,444,000 (2019: RMB662,180,000), representing an increase of approximately 5.63% (2019: an increase of approximately 37.80%) as compared to 2019. The increase was mainly due to the fact that the average interest-bearing debt of the Group during the Year was higher as compared to the previous year.

### ***Income tax expenses***

For the Year, the Group's income tax expenses decreased by approximately RMB54,829,000 as compared to the previous year. The decrease was primarily due to the increase in the proportion of profit before tax from the companies that applied the 15% tax rate. During the Year, corporate income tax within the territory of the PRC has been provided at a rate of 25% (2019: 25%) on the taxable income (except for the high and new technology enterprises and western-region-development subsidiaries 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% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 7.70% during the Year (2019: 26.43%).

### ***Profit attributable to owners of the parent***

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB1,052,163,000, representing an increase of approximately 119.53% (2019: an increase of approximately 1.05%) from approximately RMB479,270,000 in 2019.

### ***Liquidity and capital resources***

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations and borrowings, while the Group's capital for operating activities are mainly utilized to provide funding to acquisition activities, capital expenditures, and repayment of borrowings.

### ***Cash flows and working capital***

The Group's cash and cash equivalents have decreased from approximately RMB3,508,307,000 as at 31 December 2019 to approximately RMB1,840,469,000 as at 31 December 2020. The decrease was mainly because the cash inflow from operating activities was less than the cash outflow of investing activities and financing activities.

As at 31 December 2020, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB207,133,000 (2019: RMB141,544,000), those denominated in US dollars amounted to approximately RMB488,859,000 (2019: RMB2,015,572,000), those denominated in Australian dollars amounted to approximately RMB3,101,000 (2019: RMB4,499,000), those denominated in Kazakhstani tenge amounted to approximately RMB3,000 (2019: RMB3,000). All other cash and cash equivalents held by the Group are denominated in RMB.

## ***Borrowings***

As at 31 December 2020, the Group had outstanding bank loans, other borrowings and gold from gold leasing business (namely, the funds that were raised by the Group through leasing gold from bank and subsequently sold through SGE) of approximately RMB9,179,109,000 (2019: RMB8,775,174,000), of which approximately RMB8,444,969,000 (2019: RMB8,386,684,000) shall be repaid within one year, and approximately RMB734,140,000 (2019: RMB388,490,000) shall be repaid within two to five years. As at 31 December 2020, the Group had outstanding corporate bonds of approximately RMB3,448,895,000, which shall be repaid in one year (2019: RMB508,629,000) and approximately RMB4,780,379,000 (2019: RMB9,170,130,000), which shall be repaid within two to five years. The increase in the Group's borrowings during the Year was mainly because the Group adjusted its debt structure during the Year.

As at 31 December 2020, bank loans are denominated in RMB. As at 31 December 2020, approximately 78.78% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

## ***Gearing ratio***

The Group monitors capital by gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds and financial liabilities arising from the gold leasing business less cash and cash equivalents. As at 31 December 2020, the gearing ratio of the Group was 47.72% (31 December 2019: 46.26%). As the Group's financing needs had increased during the Year, the gearing ratio had therefore increased.

## ***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.

### ***Gold prices and other commodities prices risks***

The Group's exposure to price risk is primarily due to the fluctuations in the market price of gold and copper which can affect the Group's operational results.

During the Year, the Group has, under certain circumstances, entered into AU (T+D) contracts, which are substantially forward commodity contracts, on SGE to hedge potential price fluctuations of gold. Under the framework of these contracts, the Group can buy or sell gold forwards at day price with a margin payment of 10% of the total trading value, and it can close the deal by either physical delivery or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the Year, the Group has not entered into any long-term AU (T+D) framework contract.

The Group also entered into copper cathode and gold forward contracts on the Shanghai Futures Exchange to hedge price movement of copper and gold.

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

### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings and corporate bonds. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings and corporate bonds by placing them into appropriate short-term deposits at fixed or floating rate of interest and at the same time by borrowing loans at a mixture of fixed or floating rates of interest.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the Year.

### ***Foreign exchange risk***

Most of the Group's transactions were carried out in RMB. The fluctuation in the RMB/US dollars exchange rate may affect international and local gold prices, which may therefore affect the Group's operating results. Fluctuations in the exchange rate may have an adverse effect on net assets of, the earnings of and any dividend declared by the Group in Hong Kong dollars. In addition, in order to reduce the exchange risk, the Group has engaged in exchange rate lock-in activities to preserve the value of the US dollars exchanged during the Year.

### ***Risk of change in industry policies***

An array of laws, regulations and rules on the gold mining and refining industry in China constitutes the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

### ***Pledge***

As at 31 December 2020, except RMB560,000,000 of discounted bills that were used for repurchase rediscount, the Group has not pledged any assets.

### ***Fulfilment of Post-completion Guarantee for the operating results of Zhaojin Geology Exploration***

References are made to the announcements of the Company dated 27 September 2019, 14 November 2019 and 2 January 2020, and the circular of the Company dated 30 October 2019.

On 27 September 2019, the Company and Shandong Zhaojin Group Company Limited\* (山東招金集團有限公司) (“Zhaojin Group”) entered into the transfer agreement, pursuant to which the Company conditionally agreed to acquire, and Zhaojin Group conditionally agreed to sell, amongst others, the 100% equity interest in Shandong Zhaojin Geology Exploration Company Limited\* (山東招金地質勘查有限公司) (“Zhaojin Geology Exploration”). The aggregate consideration under the transfer agreement was satisfied in full by the allotment and issuance of 49,697,009 new domestic shares of the Company to Zhaojin Group at the issue price of RMB8.09 per share.

The Company completed the share registration procedures with China Securities Depository and Clearing Corporation Limited in connection with the non-public issuance of the new domestic shares under specific mandate to Zhaojin Group on 27 December 2019 (the “Share Registration Completion Date”).

Pursuant to the transfer agreement, Zhaojin Group has also granted a guarantee letter dated 27 September 2019 to the Company in respect of the operating results of Zhaojin Geology Exploration, pursuant to which Zhaojin Group guaranteed that Zhaojin Geology Exploration shall narrow the loss by 50%, achieve breakeven and record a profit of RMB3 million (excluding the revenue from disposal of the mining right in Madagascar at a price lower than the cost) within 12 months, 24 months and 36 months, respectively, from the Share Registration Completion Date. If Zhaojin Geology Exploration fails to meet the above targets within 36 months from the Share Registration Completion Date, Zhaojin Group shall make up the difference in the relevant operating results of Zhaojin Geology Exploration to the Company (the “Post-completion Guarantee”).

In respect of the Post-completion Guarantee for the operating results of Zhaojin Geology Exploration within 12 months from the Share Registration Completion Date, the Board confirmed that based on the audited consolidated financial statements of Zhaojin Geology Exploration for the year ended 31 December 2020, Zhaojin Geology Exploration recorded a net profit (after tax) of RMB1,249,765.92, representing an increase of approximately 106% as compared with its net loss (after tax) of RMB19,331,894.40 for the year ended 31 December 2019.

Therefore, the Post-completion Guarantee for the operating results of Zhaojin Geology Exploration within 12 months from the Share Registration Completion Date has been met.

## **Business Outlook**

In 2021, with anticipated inflation following the world's economic recovery in the post-pandemic era, the need for risk aversion due to increasing worldwide uncertainties, and the continued weakening of US dollar, it is expected that gold, copper and other non-ferrous metals could welcome new opportunities. 2021 marks the beginning of the 14th five-year plan, and the Company will seize the opportunity to thoroughly implement the concept of new development by focusing on quality and effectiveness, with reform and innovation as motivation. The Company will further promote the upgrade and improvement for various tasks by fostering reform and strengthening management, improving deficiencies and enhancing living standards, preventing risks and maintaining stability, thus creating a new era of comprehensive and quality development.

### ***Fully promoting key project construction to achieve operational upgrade for key businesses***

In 2021, the Company will continue to tackle difficulties for achieving production and operation targets throughout its key businesses by implementing goals by phases with reward and penalty policies, and to achieve stability and expansion of production. The Company plans to realize an annual aggregate gold production of 36,259.63 kg (approximately 1,165,800 ozs) with an investment of RMB1,091 million in the infrastructure and technical transformation. Leveraging on the implementation of key projects such as Ruihai Mining and Caogoutou Project, the Company further accelerates the construction of the deep exploration projects of Xiadian Gold Mine, Dayingezhuang Gold Mine and Zaozigou Gold Mine, to ensure that the infrastructure and technical transformation projects will be completed smoothly, hence providing momentum for the continuous development of production stabilization, the increase of production as well as the expansion of production capacity.

### ***Adhering to technology innovation in the intelligent mine construction to effectively enhance gold resources***

In 2021, the Company will continue its emphasis on technology innovation through an investment of RMB64 million in technology innovation for the whole year to conduct 48 technology innovation projects. The Company will focus on the research of comprehensive utilization technology of tailings resources, and the scientific research project including deep-well and high-ground pressure mining method in relation to production continuity. By applying "four new technologies", the Company aims to improve its digitization and intelligence comprehensively. In 2021, the Company plans 68 construction projects applying the "four new technologies" with a total investment of RMB103 million, focusing on aspects including industrial Internet, intelligent mines, big data analysis, industrial control and safety, data governance, the upgrade and improvement on the business system, and the subsystem of mines. The Company will further improve its digitization and intelligence, refine its management as well as accelerate the transformation to digitization.

***Strengthening the work intensity of external development projects and cultivating the strategic growth poles***

In 2021, the Company will focus on international strategies while continuing the reform of the investment and development procedures to enhance the workflows, arranging areas for investment and broadening the information channels to establish an international investment team. For domestic regions, the Company mainly integrates its existing businesses while developing new premium projects, whereas for overseas regions, the Company focuses on areas with lower policy risks to cultivate the growth poles for the Company's international strategies. At the same time, it gathers capital and construction efforts together with enhancing mine exploration to ensure that better results can be achieved in the increase of resource reserves. The Company plans to invest RMB195 million in geological prospecting throughout the year, resulting in an additional output of 44 tons of gold resource reserves and additional output of 1,200 tons of copper metal in order to safeguard the resources required for achieving the strategic goals.

***Adhering to the safety bottom line and further enhancing the intrinsic safety level***

Safety is the basis and premise for development and the top priority of all. In 2021, the Company will strictly implement national laws and regulations and adhere to the spirit of the safe production meetings organized by central/provincial/municipal governments, and carry out safe production in the most stringent manner with corresponding measures, aiming to stay cautious and careful in adhering to the safety bottom line. By carrying out safety and environmental protection inspection and reform and zoning management, the Company constantly fosters safety culture and develops new approaches for safety training, enhances the safety protection for key production system as well as raises employees' awareness of safety. The Company will continue to enhance its accuracy and depth of safety management and consolidate its foundation for stable and green development.

**EQUITY-LINKED AGREEMENT – EMPLOYEE SHARES SUBSCRIPTION PLAN (“ESSP”)**

On 29 December 2015, the Board passed resolutions to implement ESSP by way of private placement of domestic shares to certain directors and employees of the Company and its subsidiaries under the name of an asset management plan (“Asset Management Plan”).

On the same date, in view of the proposed ESSP, the Company entered into a conditional share subscription agreement with Minmetals Securities Co., Ltd. (on behalf of the Asset Management Plan and its agent).

On 26 May 2016, the Company obtained the approval from State-owned Assets Supervision and Administration Commission of Shandong Province on implementing the ESSP by way of private placement.

On 19 September 2016, this ESSP was approved at the general meeting of the Company.

On 25 October 2016, funding for this ESSP was in place and the operation of the related Asset Management Plan started officially on the same date.



On 31 March 2017, the Company has completed the share registration procedures with China Securities Depository and Clearing Corporation Limited in connection with the issuance of the new domestic shares under specific mandate for the Asset Management Plan.

Relevant details were set out in the announcements and circular of the Company dated 29 December 2015, 29 July 2016 and 31 March 2017 published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **CONNECTED TRANSACTIONS**

For details of other connected transactions of the Company, please refer to the annual report for the year ended 31 December 2020 to be published by the Company.

## **SIGNIFICANT EVENTS**

1. On 5 June 2020, the following proposals, among other things, were reviewed and passed at the 2019 annual general meeting of the Company (the “2019 AGM”):
  - (1) the Company’s profit distribution proposal for the year ended 31 December 2019 to distribute a cash dividend of RMB0.04 (tax included) per share to all Shareholders. On 30 June 2020, the Company distributed the cash dividend of RMB0.04 (tax included) per share for 2019 to all Shareholders;
  - (2) authorizing the Board to allot, issue or deal with the H shares and domestic shares of up to a maximum of 20% of the total number of each 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 H shares of up to a maximum of 10% of the total number of the issued H shares of the Company as at the date of passing such resolution;
  - (4) amending Article 8.5, Article 8.6, Article 8.7, Article 8.9, and Article 9.6 of the articles of association of the Company;
  - (5) amending Article 18, Article 26, Article 27 Article 33, Article 34, and Section 2 of the rules of procedures for general meetings of the Company; and
  - (6) the appointment of Mr. Huang Zhen and Mr. Zhang Banglong as non-executive Directors.

The above proposals were approved at the 2019 AGM.

Relevant details of the 2019 AGM were set out in the circular and notice both dated 21 April 2020, the supplemental circular and supplemental notice of the Company both dated 20 May 2020 and the voting results announcement dated 5 June 2020 published by the Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

2. On 5 June 2020, the following proposals, among other things, were reviewed at the domestic shares class meeting and the H shares class meeting (collectively, the “Class Meetings”) respectively:
  - (1) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of the issued H shares of the Company as at the date of passing such resolution;
  - (2) amending Article 8.5, Article 8.6, Article 8.7, Article 8.9, and Article 9.6 of the articles of association of the Company; and
  - (3) amending Article 18, Article 26, Article 27 Article 33, Article 34, and Section 2 of the rules of procedures for general meetings of the Company.

The above proposals were approved at the domestic shares class meeting and the H shares class meeting, respectively.

Relevant details of the Class Meetings were set out in the circular and notice both dated 21 April 2020, the supplemental circular and supplemental notice of the Company both dated 20 May 2020 and the voting results announcement dated 5 June 2020 published by the Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

3. On 15 September 2020, the following proposals, among other things, were reviewed at the 2020 first extraordinary general meeting of the Company (the “2020 EGM”):
  - (1) the proposed registration and issuance of corporate bonds of not more than RMB6.0 billion in the PRC and to grant authority to the Board to deal with such matters relating to its registration and issuance;
  - (2) the proposed registration and issuance of medium-term notes of not more than RMB6.0 billion in the PRC and to grant authority to the Board to deal with such matters relating to its registration and issuance;
  - (3) the proposed registration and issuance of perpetual medium-term notes of not more than RMB6.0 billion in the PRC and to grant authority to the Board to deal with such matters relating to its registration and issuance; and
  - (4) the proposed amendment to the Article 3.5 of the articles of association of the Company.

The above proposals were approved at the 2020 EGM.

Relevant details of the 2020 EGM were set out in the announcement dated 25 August 2020, the circular and the notice both dated 31 August 2020, and the voting results announcement dated 15 September 2020 published by the Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

#### **4. Completion of the H Share Full Circulation**

On 13 January 2020, the Company has received an official letter from the China Securities Regulatory Commission (the “CSRC”), stating the CSRC had accepted the Company’s application regarding the implementation of the H share full circulation. Under its application, the Company would apply for the conversion of up to 1,560,340,597 domestic shares into H shares of the Company and the listing thereof (the “Conversion and Listing”). On 18 June 2020, the Company received formal approval (the “Approval”) from the CSRC approving the Conversion and Listing. The Approval shall be valid for 12 months from 17 June 2020. During such a 12-month period, the Company shall complete the Conversion and Listing. On 3 August 2020, the Company received the approval from the Stock Exchange for the listing of and the permission to deal in 1,560,340,597 H shares (the “Converted H Shares”). The conversion was completed on 7 August 2020. The listing of the Converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 10 August 2020.

Relevant details were set out in the announcements of the Company dated 13 January 2020, 18 June 2020, 3 August 2020 and 10 August 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

#### **5. Entering into the Management Incentive Agreement for Zhaojin Mining Industry Company Limited**

On 13 January 2020, the Company entered into the Management Incentive Agreement for Zhaojin Mining Industry Company Limited\* (招金礦業股份有限公司管理層激勵協議書) (the “Management Incentive Agreement”) with Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (“Shanghai Yuyuan”) and Shanghai Fosun Industrial Investment Co., Ltd. (“Fosun Industrial Investment”), respectively, aiming to provide incentives to the management of the Company to effectively facilitate the full conversion of domestic shares of the Company into listed H shares for full circulation, and the management of market capitalization of the Company. Pursuant to the Management Incentive Agreement, Shanghai Yuyuan and Fosun Industrial Investment shall respectively provide the incentives in cash to the management of the Company conditionally. The conditions of the incentives are the realization of conversion of domestic shares of the Company into listed H shares for full circulation, management of its market capitalization and gains from any disposal of shares.

Relevant details were set out in the announcement of the Company dated 13 January 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

#### **6. Redemption of Medium-term Notes and Corporate Bonds**

On 19 March 2020, the Company redeemed the first tranche of medium-term notes for the year of 2015 with a par value of RMB500 million at an interest rate of 5.9% per annum.

Relevant details were set out in the announcement of the Company dated 10 March 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 8 July 2020, the Company redeemed the second tranche of medium-term notes for the year of 2015 with a par value of RMB1.6 billion at an interest rate of 5.2% per annum.

Relevant details were set out in the announcement of the Company dated 2 July 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 29 July 2020, the Company redeemed the corporate bonds for the year of 2014 with a par value of RMB507 million at an interest rate of 4.8% per annum.

Relevant details were set out in the announcement of the Company dated 20 July 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **7. Changes in Composition of the Board and Member of the Strategic Committee under the Board**

The Company held the 11th meeting of the sixth session of the Board on 24 April 2020, at which Mr. Xu Xiaoliang tendered his resignation as a non-executive Director, vice chairman and a member of the Strategic Committee of the Company due to the re-allocation of his work arrangement. His resignation was with effect from 24 April 2020. The Board appointed Mr. Zhang Banglong as a non-executive Director, vice chairman and a member of the Strategic Committee of the Company. His appointment was with effect from 24 April 2020.

The details of changes in the composition of the Board were set out in the announcement of the Company dated 24 April 2020 and the supplemental circular of the Company dated 20 May 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **8. Changes in Senior Management**

The Company held the 11th meeting of the sixth session of the Board on 24 April 2020. As Mr. Sun Xiduan had reached the age of retirement and transfer, he applied for retirement and transfer. The Board agreed to dismiss Mr. Sun Xiduan from the position of vice president of the Company, and the dismissal date was with effect from 24 April 2020.

## **9. Issuance of Super Short-term Bonds**

On 25 March 2020, the Company issued the first tranche of super short-term bonds for the year of 2020 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 2.28% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 24 March 2020 and 27 March 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 15 April 2020, the Company issued the second tranche of super short-term bonds for the year of 2020 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 1.60% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 14 April 2020 and 16 April 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 20 April 2020, the Company issued the third tranche of super short-term bonds for the year of 2020 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 1.80% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 17 April 2020 and 21 April 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 18 May 2020, the Company issued the fourth tranche of super short-term bonds for the year of 2020 with a par value of RMB1 billion for a term of 265 days and bearing interest rate of 1.50% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 15 May 2020 and 20 May 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 31 August 2020, the Company issued the fifth tranche of super short-term bonds for the year of 2020 with a par value of RMB0.5 billion for a term of 120 days and bearing interest rate of 2.20% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcement of the Company dated 28 August 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 22 October 2020, the Company issued the sixth tranche of super short-term bonds for the year of 2020 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 2.55% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 21 October 2020 and 23 October 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

On 18 November 2020, the Company issued the seventh tranche of super short-term bonds for the year of 2020 with a par value of RMB0.5 billion for a term of 270 days and bearing interest rate of 2.17% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 17 November 2020 and 20 November 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **10. Issuance of Corporate Bonds**

On 24 August 2020, the Company issued the first tranche of public issuance of renewable corporate bonds for the year of 2020 with a par value of RMB1 billion. The term of the renewable corporate bonds shall be three interest accruing years. At the end of each term, the issuer is entitled to renew the renewable corporate bonds for an additional term, or repay and redeem the renewable corporate bonds in full as they fall due at the end of the term. The interest rate for this tranche of renewable corporate bonds was 4.16%.

Relevant details were set out in the announcements of the Company dated 20 August 2020, 24 August 2020 and 26 August 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **11. Entering into the Geological Prospecting Services Framework Agreement and the Material Procurement Framework Agreement**

On 25 August 2020, Zhaojin Geology Exploration and Zhaojin Group entered into the geological prospecting services framework agreement in relation to the provision of geological prospecting services from Zhaojin Geology Exploration to Zhaojin Group from 1 January 2020 to 31 December 2022 (the “Geological Prospecting Services Framework Agreement”).

The Company expects that the maximum aggregate annual caps in respect of the transactions contemplated under the Geological Prospecting Services Framework Agreement are RMB16,000,000, RMB16,000,000 and RMB16,000,000 for the year ended 31 December 2020, and the years ending 31 December 2021 and 31 December 2022, respectively.

On 25 August 2020, Zhaoyuan Gold Materials Supply Center Co., Ltd\* (招遠市黃金物資供應中心有限公司) (“Materials Supply Center”) and Zhaojin Group entered into the material procurement framework agreement in relation to the provision of material procurement services by Materials Supply Center to Zhaojin Group in the PRC from 1 January 2020 to 31 December 2022 (the “Material Procurement Framework Agreement”).

The Company expects that the maximum aggregate annual caps in respect of the transactions contemplated under the Material Procurement Framework Agreement are RMB80,000,000, RMB90,000,000 and RMB100,000,000 for the year ended 31 December 2020, and the years ending 31 December 2021, and 31 December 2022, respectively.

Zhaojin Group is the controlling Shareholder of the Company and thus a connected person of the Company. Both of Zhaojin Geology Exploration and Materials Supply Center are wholly-owned subsidiaries of the Company. Therefore, according to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the Geological Prospecting Services Framework Agreement and the Material Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As all the percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each of the Geological Prospecting Services Framework Agreement and the Material Procurement Framework Agreement are more than 0.1% but less than 5%, the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 25 August 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **12. Entering into the Acquisition of Properties and Disposal of Properties Agreements**

On 30 November 2020, the Company and Zhaoyuan Zhaojin Yinlou Building Comprehensive Development Co., Ltd.\* (招遠市招金銀樓大廈綜合開發有限公司) (“Zhaojin Yinlou Development”) entered into a property transfer contract (the “Acquisition SPA”), pursuant to which the Company agreed to acquire and Zhaojin Yinlou Development agreed to sell Zhaojin Building and related assets at a consideration of RMB441,427,275.84. Zhaojin Building and related assets comprises the housing constructions (structures) of the main building of the Zhaojin Building project located at 118 Wenquan Road, Zhaoyuan City, Shandong Province and the corresponding land use right thereof, together with the low-value consumables in the building.

On 30 November 2020, the Company and Shandong Zhaojin Yinlou Co., Ltd.\* (山東招金銀樓有限公司) (“Zhaojin Yinlou”) entered into a property transfer contract (the “Disposal SPA”), pursuant to which the Company agreed to sell and Zhaojin Yinlou agreed to acquire the original office of Zhaojin Mining and related assets at a consideration of RMB72,039,973.00. The original office of Zhaojin Mining and related assets comprises the housing constructions (structures) and assets of equipment category, low-value consumables, and the corresponding land use right located at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province.

Zhaojin Group is the controlling Shareholder of the Company and thus a connected person of the Company. Zhaojin Yinlou is held as to 40% and 60% by Zhaojin Group and Shandong Zhaojin Gold and Silver Refinery Company Limited\* (山東招金金銀精煉有限公司) (“Zhaojin Refinery”), respectively, and Zhaojin Refinery is a 80.5% owned subsidiary of Zhaojin Group. Zhaojin Yinlou Development is a wholly-owned subsidiary of Zhaojin Yinlou. Zhaojin Yinlou and Zhaojin Yinlou Development are therefore connected persons of the Company.

Accordingly, the Acquisition SPA and the Disposal SPA both constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the respective highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the Company in respect of the Acquisition SPA and the Disposal SPA exceeds 0.1% but is less than 5%, the acquisition and the disposal are subject to reporting and announcement requirements, but are exempt from the independent Shareholders’ approval requirement for the Company under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 30 November 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

### **13. Entering into the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement**

On 31 December 2020, the Company entered into the Land Lease Framework Agreement with Zhaojin Group. Pursuant to the Land Lease Framework Agreement, the annual caps for the the total value of right-of-use assets involved in the subject land use rights for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB9,000,000, RMB9,000,000 and RMB8,600,000, respectively.

On 31 December 2020, the Company entered into the Gold Refinery Agreement with Zhaojin Refinery. Pursuant to the Gold Refinery Agreement, the annual caps for the annual fees for the provision of gold refining services for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB11,000,000, RMB13,000,000 and RMB15,000,000, respectively.

On 31 December 2020, Shandong Goldsoft Technology Company Limited\* (山東金軟科技股份有限公司) (“Goldsoft Technology”) entered into the Informatization Services Framework Agreement with Zhaojin Group. Pursuant to the Informatization Services Framework Agreement, the annual caps for the provision of informatization services for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB17,000,000, RMB17,000,000 and RMB17,000,000, respectively.

On 31 December 2020, the Company entered into the Property Lease Framework Agreement with Zhaojin Group. Pursuant to the Property Lease Framework Agreement, the annual caps for the total rentals and relevant tax expense payable for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB12,000,000, RMB12,500,000 and RMB13,000,000, respectively.



Zhaojin Group is the controlling Shareholder of the Company. Zhaojin Refinery is a subsidiary of Zhaojin Group and is therefore a connected person of the Company, and Goldsoft Technology is a subsidiary of the Company. Accordingly, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 31 December 2020 and the supplemental announcement of the Company dated 8 January 2021 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

#### **14. Renewal of the Provision of Financial Services**

On 31 December 2020, the Company and Shandong Zhaojin Finance Company Limited\* (山東招金集團財務有限公司) (“Finance Company”) entered into the 2020 Group Financial Services Agreement. According to the 2020 Group Financial Services Agreement, the annual caps for the three years ending 31 December 2021, 2022 and 2023 are as follows: (i) RMB4,000,000,000, RMB4,500,000,000 and RMB5,000,000,000, respectively, for deposit services (including interest accrued thereon); (ii) RMB1,500,000,000, RMB2,000,000,000 and RMB2,500,000,000, respectively, for bill discounting services (including interest accrued thereon); (iii) RMB4,500,000,000, RMB5,000,000,000 and RMB5,500,000,000, respectively, for loan services (including interest accrued thereon).

On 31 December 2020, Zhaojin Group and Finance Company entered into the 2020 Parent Group Financial Services Agreement. According to the 2020 Parent Group Financial Services Agreement, the annual caps for the three years ending 31 December 2021, 2022 and 2023 are as follows: (i) RMB5,000,000,000, RMB5,500,000,000 and RMB6,000,000,000, respectively, for deposit services (including interest accrued thereon); (ii) RMB2,000,000,000, RMB2,500,000,000 and RMB2,500,000,000, respectively, for bill discounting services (including interest accrued thereon); (iii) RMB4,000,000,000, RMB4,500,000,000 and RMB5,000,000,000, respectively, for loan services (including interest accrued thereon).

Zhaojin Group is the controlling Shareholder of the Company and it is therefore a connected person of the Company. Finance Company is a non-wholly-owned subsidiary of the Company and is also owned as to 40% by Zhaojin Group. Finance Company is therefore a connected person of the Company by virtue of being a connected subsidiary of the Company and an associate of Zhaojin Group. Therefore, the transactions under the 2020 Group Financial Services Agreement and the 2020 Parent Group Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The loan services to be provided by Finance Company to the Group under the 2020 Group Financial Services Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC, and which are exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements since no security will be granted in respect of the loan.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for each of (i) the provision of deposit services by the Finance Company to the Group; and (ii) the provision of bill discounting services by Finance Company to the Group under the 2020 Group Financial Services Agreement is more than 25%, the provision of deposit services and bill discounting services under the 2020 Group Financial Services Agreement constitute major transactions and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the service fee for the provision of settlement services under the 2020 Group Financial Services Agreement are less than 0.1%, the settlement services to be provided by Finance Company is exempt under Chapter 14A of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for the provision of each of (i) deposit services; (ii) bill discounting services; and (iii) loan services by Finance Company to Zhaojin Group under the 2020 Parent Group Financial Services Agreement is more than 25%, the provision of deposit services, bill discounting services and loan services under the 2020 Parent Group Financial Services Agreement constitute major transactions and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the service fee for the provision of settlement services under the 2020 Parent Group Financial Services Agreement is less than 0.1%, the settlement services to be provided by Finance Company is exempt under Chapter 14A of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements.

During the period from 1 January 2021 to the 2021 first extraordinary general meeting of the Company (“Transition Period”), the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of each of (i) the deposit services; and (ii) the bill discounting services by Finance Company to the Group under the 2020 Group Financial Services Agreement is more than 0.1% but less than 5%, the provision of deposit services and bill discounting services during the Transition Period under the 2020 Group Financial Services Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Given that, during the Transition Period, the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of each of (i) the deposit services; (ii) the bill discounting services; and (iii) the loan services by Finance Company to Zhaojin Group and its subsidiaries under the 2020 Parent Group Financial Services Agreement is more than 0.1% but less than 5%, the provision of deposit services, bill discounting services and loan services during the Transition Period under the 2020 Parent Group Financial Services Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement and circular of the Company both dated 31 December 2020 published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **DETAILS OF SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END**

On 29 January 2021, the following resolutions were passed at the 2021 first extraordinary general meeting of the Company:

- (1) consider and approve the provision of deposit and bills discounting services and the relevant proposed annual caps under the 2020 Group Financial Services Agreement entered into between the Company and Finance Company on 31 December 2020;
- (2) consider and approve the provision of deposit, loan and bills discounting services and the relevant proposed annual caps under the 2020 Parent Group Financial Services Agreement entered into between Zhaojin Group and Finance Company on 31 December 2020; and
- (3) amending Article 1.2 of the articles of association of the Company.

Relevant details of the 2021 first extraordinary general meeting were set out in the announcements dated 31 December 2020 and 18 January 2021, the circular and notice both dated 31 December 2020 and the voting results announcement dated 29 January 2021 published by the Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.zhaojin.com.cn](http://www.zhaojin.com.cn).

## **PRE-EMPTIVE RIGHTS**

There is no provision or regulation for pre-emptive rights under the Company's articles of association or the PRC laws which requires the Company to issue new shares to the existing Shareholders according to their respective proportions of shareholding.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (collectively, the "Code") during the year ended 31 December 2020. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code by the Company at any time during the Year.

For details of the Corporate Governance Report, please refer to the annual report to be dispatched to the Shareholders in due course.

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

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors.

The Board is pleased to confirm that, after making specific enquiries with all Directors and supervisors, all Directors and supervisors have fully complied with the standards required according to the Model Code set out in Appendix 10 to the Listing Rules during the Year.

## **AUDIT COMMITTEE**

The Audit Committee of the sixth session of the Board of the Company comprises one non-executive Director and two independent non-executive Directors, namely Mr. Huang Zhen, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. The chairman of the Audit Committee is Ms. Chen Jinrong.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the Year are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed the annual results for the Year.

## **CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company confirmed that it had received the annual confirmation of independence from each of the independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules on 24 March 2021. The Company is of the view that the independent non-executive Directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

## **CLOSURE OF THE REGISTER OF MEMBERS**

In order to determine the Shareholders who are entitled to attend the 2020 AGM, the register of members will be closed from 2 June 2021 to 7 June 2021, both days inclusive, during which no transfer of shares will be registered. If the resolution in relation to the distribution of final dividend is approved by the Shareholders at the 2020 AGM and in order to determine the Shareholders who are entitled to receive the final dividend for the Year, the register of members will be closed from 11 June 2021 to 15 June 2021, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2020 AGM, Shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the business address of the Company at 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic shares) for registration at or before 4:30 p.m. on Tuesday, 1 June 2021.

To be qualified for receiving the final dividend for 2020, Shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the business address of the Company at 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic shares) for registration at or before 4:30 p.m. on Thursday, 10 June 2021.

## **ANNUAL GENERAL MEETING AND ANNUAL REPORT**

The 2020 AGM will be held on Monday, 7 June 2021. The notice of 2020 AGM will be dispatched to the Shareholders as soon as possible. The Group's annual report for the Year will be dispatched to the Shareholders in due course.

*Notes:*

1. This annual results announcement will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.zhaojin.com.cn](http://www.zhaojin.com.cn)).
2. As at the date of this announcement, the members of the Board include: executive Directors: Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang; non-executive Directors: Mr. Zhang Banglong, Mr. Liu Yongsheng, Mr. Gao Min and Mr. Huang Zhen; independent non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.

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

Zhaoyuan, the PRC, 24 March 2021

\* *For identification purpose only*