



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: 01818)



2021  
INTERIM REPORT



\*For identification purposes only

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# CORPORATE INFORMATION

## NAME OF THE COMPANY

招金礦業股份有限公司

## ENGLISH NAME OF THE COMPANY

Zhaojin Mining Industry Company Limited\*

## LEGAL REPRESENTATIVE

Mr. Weng Zhanbin

## EXECUTIVE DIRECTORS

Mr. Weng Zhanbin (*Chairman*)

Mr. Dong Xin (*President*)

Mr. Wang Ligang (*Vice-President and Board Secretary*)

## NON-EXECUTIVE DIRECTORS

Mr. Zhang Banglong (*Vice Chairman*)

Mr. Liu Yongsheng

Mr. Gao Min

Mr. Huang Zhen

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jinrong

Mr. Choy Sze Chung Jojo

Mr. Wei Junhao

Mr. Shen Shifu

## SUPERVISORY COMMITTEE MEMBERS

Mr. Wang Xiaojie (*Chairman of the Supervisory Committee*)

Mr. Zou Chao

Ms. Zhao Hua

## SECRETARY TO THE BOARD

Mr. Wang Ligang

## COMPANY SECRETARY

Ms. Ng Ka Man

## AUTHORIZED REPRESENTATIVES

Mr. Weng Zhanbin (*Chairman*)

Mr. Dong Xin (*President*)

## BOARD COMMITTEES

### AUDIT COMMITTEE MEMBERS

Ms. Chen Jinrong (*Chairman of the Audit Committee*)

Mr. Choy Sze Chung Jojo

Mr. Huang Zhen

### STRATEGIC COMMITTEE MEMBERS

Mr. Weng Zhanbin (*Chairman of the Strategic Committee*)

Mr. Zhang Banglong

Mr. Liu Yongsheng

### NOMINATION AND REMUNERATION COMMITTEE MEMBERS

Mr. Choy Sze Chung Jojo (*Chairman of the Nomination and Remuneration Committee*)

Mr. Wang Ligang

Mr. Gao Min

Ms. Chen Jinrong

Mr. Wei Junhao

### GEOLOGICAL AND RESOURCES MANAGEMENT COMMITTEE MEMBERS

Mr. Wei Junhao (*Chairman of the Geological and Resources Management Committee*)

Mr. Liu Yongsheng

Mr. Shen Shifu

\* For identification purpose only

**SAFETY AND ENVIRONMENT PROTECTION  
COMMITTEE MEMBERS**

Mr. Dong Xin (*Chairman of the Safety and  
Environment Protection Committee*)  
Mr. Wang Ligang  
Mr. Shen Shifu

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[www.zhaojin.com.cn](http://www.zhaojin.com.cn)

**STOCK CODE**

01818

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. PRINCIPAL ACTIVITIES

For the six months ended 30 June 2021 (the “Period”), Zhaojin Mining Industry Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the exploration, mining, ore processing, smelting and sale of gold products and other metallic products in the People’s Republic of China (the “PRC”). The principal products include “Au9999” and “Au9995” standard gold bullions and other gold products under the brand name of “Zhaojin”.

## II. INTERIM RESULTS

### REVENUE

During the Period, the Group generated revenue of approximately RMB3,486,564,000 in total (corresponding period of 2020: approximately RMB3,131,980,000), representing an increase of approximately 11.32% as compared to the corresponding period of last year.

### NET PROFIT

During the Period, the net profit of the Group was approximately RMB95,443,000 (corresponding period of 2020: approximately RMB456,168,000), representing a decrease of approximately 79.08% as compared to the corresponding period of last year.

### PRODUCT PRODUCTION

During the Period, the Group attained an aggregate gold production of approximately 13,549.79 kg (approximately 435,635.55 ozs), representing a decrease of approximately 11.03% as compared to the corresponding period of last year. In particular, the gold output from the Group’s mines amounted to 5,332.93 kg (approximately 171,457.70 ozs), representing a decrease of approximately 32.67% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 8,216.86 kg (approximately 264,177.86 ozs), representing an increase of approximately 12.44% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 3,720 tons (of which copper output from mines amounted to 1,327 tons, and copper output from smelting amounted to 2,393 tons), representing a decrease of approximately 21.88% as compared to the corresponding period of last year.

### PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

During the Period, the profit attributable to owners of the parent was approximately RMB18,163,000 (corresponding period of 2020: approximately RMB412,392,000), representing a decrease of approximately 95.60% as compared to the corresponding period of last year.

### EARNINGS PER SHARE

During the Period, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent amounted to approximately RMB0.006 (corresponding period of 2020: approximately RMB0.13), representing a decrease of approximately 95.38% as compared to the corresponding period of last year.

### NET ASSETS PER SHARE

As at 30 June 2021, the consolidated net assets per share was approximately RMB5.17 (30 June 2020: approximately RMB5.25), and the yield to net assets during the Period was approximately 0.56% (corresponding period of 2020: approximately 2.66%).

### III. INTERIM DIVIDEND

The board (the “Board”) of directors (the “Directors”) of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2021 (corresponding period of 2020: Nil).

### IV. BUSINESS REVIEW

In the first half of 2021, the gold price was under pressure at the beginning of the year due to a sharp rise in US government bond yields. However, as US government bond yields stabilized, the economic recovery drove higher inflation expectations, and major countries maintained monetary easing policies, the international gold price saw higher volatility and operated at a high level in the first half of the year. The international gold price opened at US\$1,903.71/oz at the beginning of the year and closed at US\$1,769.80/oz at the end of June, with an average price of US\$1,805.52/oz in the first half of the year, representing an increase of 10% year-on-year.

In the first half of the year, in the face of various extreme situations, the Company, under the pressure from all sides, tried every possible means to resume production, overcome difficulties, ensure performances, and seek for development while ensuring pandemic prevention and control and safety management, thereby pushing forward various works resolutely amid adversity.

#### PULLING TOGETHER TO RESPOND TO CHALLENGES AND MAKING ALL EFFORTS TO RESOLVE ADVERSE SITUATIONS

Since this year, affected by factors such as the production safety inspection and rectification in Shandong province and the clean-up and rectification of non-coal mines in Yantai city, the normal production and operation of the Company suffered severe challenges and influence. Facing severe impact and test, the Company, untied as one and cooperated in an orderly and efficient way, seriously implemented safety work requirements at all levels, established, reported and obtained approval for safety correction program, and promoted work and production resumption actively. The Dayinggezhuang Gold Mine and Xiadian Gold Mine of the Company located in Zhaoyuan resumed production on 21 March 2021 as the first batch of units approved for resumption of production. Other operating mines within Zhaoyuan such as Caogoutou mining area of Jintingling Mining, Yuantuan mining area of Jinchiling Gold Mine, Hedong mining area and Shangzhuang mining area of Canzhuang Gold Mine obtained approval for resumption of production successively. As of the end of April 2021, all above operating mining areas of the Company located in Zhaoyuan obtained approval for resumption of production and resumed production. To meet our target of work resumption and achieving targeted output, the Company successively has solved the problems of supply and safety management of blasting materials, construction team filling, fire operation and etc. The Company arranged its enterprises to establish their own production teams, to overcome the pain points and difficulties that restrict production. In the first half of the year, the Company’s total output of gold amounted to 13,549.79 kg (approximately 435,635.55 ozs), among which 5,332.93 kg (approximately 171,457.70 ozs) were mine-produced gold. At the same time, the Company continued to enhance mine exploration to increase resource reserves. In the first half of the year, the Company invested RMB33.564 million in geological prospecting, resulting in an additional output of 18.26 tons of gold resource reserves and additional output of 502.65 tons of copper metal.

### FOCUSING ON “DOUBLE FOCUS” TO GETTING OFF TO A GOOD START FOR THE PRIORITIES OF THE YEAR

In the first half of the year, the Company overcame the impact of production safety inspection and rectification and the pandemic to steadily boost the progress of the Group's key infrastructure and technical transformation projects, in which a total of RMB150 million have been invested. The offshore gold mine has obtained a mining permit issued by the Department of Natural Resources of Shandong Province, marking a milestone and a solid step towards the comprehensive construction of the offshore gold mine project. In the first half of the year, the Company accumulated investments of RMB10.5302 million in science and technology, focusing on promoting seven key scientific research projects including the key technology research on the high-value utilization of low-grade and high-sulfur gold ores, which laid a foundation for improving quality and increasing efficiency in the next step.

### ACCELERATING THE CONSTRUCTION OF INTELLIGENT MINES WITH THE OBJECTIVE OF INTRINSIC SAFETY

In the first half of 2021, with the objective of intrinsic safety, the Company continued to strengthen the top-level structure design of mine intelligence and accelerated the deep integration of new-generation information technologies such as 5G, big data and artificial intelligence with the production processes such as underground mining, loading, lifting and ventilation. By establishing an intelligent centralized control platform for mine safety, the Company advanced the visualization and intelligence of safety management, and accelerated the implementation of the smart mine construction standards of Zhaojin Mining, thus promoting the digital transformation and upgrade of the Company.

### ENHANCING OVERALL MANAGEMENT WITH THE MAIN DIRECTION OF SAFETY MANAGEMENT

In the first half of 2021, the Company took safety rectification as an opportunity to, in respect of system, strengthen system improvement and revision through adding a number of new management systems and integrating with new laws and regulations and new standards to achieve compliance, comprehensiveness and effectiveness; in respect of process, the Company put more efforts on preliminary planning and demonstration and highlighted processes such as post-acceptance and evaluation, with a view to achieving closed-loop management step by step; in respect of standardization, taking safety rectification as an opportunity and new laws and regulations as a criterion, the Company completed the standardization of major safety and production systems to a high standard, and issued the “Administrative Regulations for Enterprise Standardization” (《企業標準化工作管理規定》), which laid a solid foundation for the scientific management of the Company.

## V. FINANCIAL AND RESULTS ANALYSIS

### REVENUE

During the Period, the Group's revenue amounted to approximately RMB3,486,564,000 (corresponding period of 2020: approximately RMB3,131,980,000), representing an increase of approximately 11.32% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the increase in sales after processing the gold concentrates outsourced by the Group.

### NET PROFIT

During the Period, net profit of the Group amounted to approximately RMB95,443,000 (corresponding period of 2020: approximately RMB456,168,000), representing a decrease of approximately 79.08% as compared to the corresponding period of last year. The decrease in net profit was primarily due to the decrease in the gold output from the Group's mines in the first half of 2021.

### INTEGRATED COST OF GOLD PER GRAM

During the Period, the Group's integrated cost of gold was approximately RMB242.98 per gram (corresponding period of 2020: approximately RMB167.39 per gram), representing an increase of approximately 45.16% as compared to the corresponding period of last year. The increase in integrated cost of gold was due to the effect from the decrease in output of the gold of the Group in the first half of 2021.

### COST OF SALES

During the Period, the Group's cost of sales amounted to approximately RMB2,307,097,000 (corresponding period of 2020: approximately RMB1,775,280,000), representing an increase of approximately 29.96% as compared to the corresponding period of last year. The increase was primarily attributable to the increase in the proportion of the outsourcing gold concentrate in the Group's sales business.

### GROSS PROFIT AND GROSS PROFIT MARGIN

During the Period, the Group's gross profit was approximately RMB1,179,467,000, representing a decrease of approximately 13.06% as compared to RMB1,356,700,000 of the corresponding period of last year. The Group's gross profit margin has decreased from approximately 43.32% for the corresponding period of last year to approximately 33.83% for the Period. The decrease in gross profit was mainly due to the increase in the proportion of the outsourcing gold concentrate in the Group's sales business.

### OTHER INCOME AND GAINS

During the Period, the Group's other income and gains were approximately RMB264,220,000 (corresponding period of 2020: approximately RMB370,459,000), representing a decrease of approximately 28.68% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in the gain on the changes in fair value of the Group in the first half of the year as compared to the corresponding period of last year.



### SELLING AND DISTRIBUTION COSTS

During the Period, the Group's selling and distribution costs were approximately RMB25,412,000 (corresponding period of 2020: approximately RMB18,650,000), representing an increase of approximately 36.26% as compared to the corresponding period of last year. The increase was mainly due to the increase in non-gold business sales expenses of the Group.

### ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the Period, the Group's administrative and other operating expenses were approximately RMB916,193,000 (corresponding period of 2020: approximately RMB787,186,000), representing an increase of approximately 16.39% as compared to the corresponding period last year. The increase was mainly due to the losses on the changes in fair value of the Group in the first half of the year and the increase in research and development costs in the first half of the year.

### FINANCE COSTS

During the Period, the Group's finance costs amounted to approximately RMB334,545,000 (corresponding period of 2020: approximately RMB354,244,000), representing a decrease of approximately 5.56% as compared to the corresponding period of last year. Such decrease was mainly attributable to the decrease in the average financing interest rate of the Group in the first half of the year.

### LIQUIDITY AND CAPITAL RESOURCES

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

As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB2,069,293,000, representing an increase of approximately 12.43% as compared to approximately RMB1,840,469,000 as at 31 December 2020. Such increase was mainly due to the cash inflow from financing and operating activities was more than the cash outflow of investing activities of the Group in the first half of the year.

As at 30 June 2021, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB191,141,000 (31 December 2020: RMB207,133,000), and those denominated in United States dollars amounted to RMB171,846,000 (31 December 2020: RMB488,859,000). Those denominated in Kazakhstani Tenge amounted to approximately RMB3,000 (31 December 2020: RMB3,000). Those denominated in Australian dollars amounted to approximately RMB2,469,000 (31 December 2020: RMB3,101,000). All other cash and cash equivalents held by the Group are denominated in RMB.

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

## BORROWINGS

As at 30 June 2021, the Group had outstanding bank borrowings, other borrowings and gold from gold leasing business (the Group financed through leases of gold from bank and subsequently sold through Shanghai Gold Exchange (“SGE”)) of RMB10,674,201,000 (31 December 2020: RMB9,179,109,000), of which RMB9,206,928,000 (31 December 2020: RMB8,444,969,000) was repayable within one year, and RMB1,467,273,000 (31 December 2020: RMB734,140,000) was repayable within two to five years. As at 30 June 2021, the Group had outstanding corporate bonds of approximately RMB3,633,339,000 (31 December 2020: RMB3,448,895,000), which shall be repaid within one year, and approximately RMB4,829,433,000 (31 December 2020: RMB4,780,379,000), which shall be repaid within two to five years.

As at 30 June 2021, except for corporate bonds of RMB1,933,662,000 (31 December 2020: RMB1,949,941,000) denominated in United States dollars, all borrowings are denominated in Renminbi. As at 30 June 2021, except for secured and guaranteed bank loans and other borrowings of RMB1,007,319,000 (31 December 2020: RMB556,702,000), all borrowings are unsecured. As at 30 June 2021, 76.15% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

## INCOME TAX

The effective income tax rate (i.e. the total income tax divided by profit before tax) of the Group during the Period was approximately 40.40% (corresponding period of 2020: approximately 21.29%).

## TOTAL ASSETS

As at 30 June 2021, the total assets of the Group were approximately RMB40,302,103,000, representing an increase of approximately 1.54% as compared to approximately RMB39,689,617,000 as at 31 December 2020. Among which, total non-current assets amounted to approximately RMB29,356,834,000, accounting for approximately 72.84% of the total assets, and representing an increase of approximately 2.25% as compared to approximately RMB28,711,567,000 as at 31 December 2020. As at 30 June 2021, total current assets were approximately RMB10,945,269,000, accounting for approximately 27.16% of the total assets, and representing a decrease of approximately 0.30% as compared to approximately RMB10,978,050,000 as at 31 December 2020.

## NET ASSETS

As at 30 June 2021, the net assets of the Group were approximately RMB16,901,502,000, representing a decrease of approximately 0.91% as compared to approximately RMB17,056,971,000 as at 31 December 2020.

## TOTAL LIABILITIES

As at 30 June 2021, the total liabilities of the Group were approximately RMB23,400,601,000, representing an increase of approximately 3.39% as compared to approximately RMB22,632,646,000 as at 31 December 2020. As at 30 June 2021, the gearing ratio (i.e. the net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds less the balance of cash and cash equivalents) was approximately 50.24% (31 December 2020: 47.72%).

## CONTINGENT LIABILITIES

As at 30 June 2021, the contingent liabilities of the Group did not have any change as compared to 31 December 2020.

## MARKET RISKS

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

## INTEREST RATE RISK

The Group's exposure to interest rate risk relates primarily to the Group's cash and bank deposits, interest-bearing bank and other borrowings and corporate bonds. The Group controls its interest rate risk from the holding of certain cash, bank deposits, interest-bearing bank and other borrowings and corporate bonds mainly through placing short-term deposits at fixed or floating rates and at the same time having bank borrowings at fixed or floating rates.

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

## FOREIGN EXCHANGE RISK

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

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

## GOLD PRICE AND OTHER COMMODITIES PRICE RISKS

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

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

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

## PLEDGE

As at 30 June 2021, except for the following assets pledged or charged for environmental improvement funds, margin of commodity contracts, margin of AU (T+D) arrangements, and for obtaining bank borrowings and notes payable, the Group had not pledged or charged any other assets: (1) pledged deposits of RMB560,000,000 (31 December 2020: RMB560,000,000); (2) treasury bonds of RMB300,000,000 (31 December 2020: Nil).

### VI. BUSINESS PROSPECTS

In the second half of the year, with “achieving targeted output and quality and improving quality and efficiency” as its main goal and to be safeguarded by the two activities of “safety rectification, compliance rectification”, the Company will promote the “upgrading and iterative evolution” of various work to achieve stable, healthy and sustainable development.

#### GATHERING STRENGTH TO FOCUS ON THE “DOUBLE FOCUS” AND SOLVE MAJOR DIFFICULT PROBLEMS AND STRIVING TO IMPROVE QUALITY AND INCREASE EFFICIENCY

In the second half of the year, the Company will adhere to the implementation of the concept of high-quality development while ensuring safety production. On the one hand, the Company will accelerate the establishment of its own industrial team to quickly restore the production capacity of major mines. On the other hand, the Company will improve technical indexes and explore new spaces for increasing production capacity by taking measures such as carrying out technical diagnosis and improving the entry grade and recovery rate of processing and smelting. At the same time, in line with relevant policies, advantageous resources and incentive policies will be allocated to advantageous enterprises to stimulate backbone enterprises to increase production and revenue, thus improving quality and increasing efficiency. The Company plans to realize an annual aggregate gold production of 23,347.84 kg (approximately 750,649.93 ozs), including mine-produced gold of 12,305.34 kg (approximately 395,625.57 ozs), in an attempt to mitigate the impact of safety production rectification. In the second half of the year, the Company will refine the construction progress of “double focus” projects such as production expansion, mining and processing construction and the comprehensive utilization of tailings, with a focus on accelerating the mining and processing project construction of Ruihai Mining and the construction project of Caogoutou mining area, so as to establish advantages for the Company’s development in the future.

#### ADVANCING THE PROGRESS OF “FOUR NEW TECHNOLOGIES” AND IMPROVING THE INTRINSIC SAFETY OF MINES

In the second half of the year, taking “substituting people by mechanization, decreasing people by automation and replacing people with intelligence” as its goal, the Company will deepen the construction of “four new technologies” of production enterprises, accelerate the automation transformation of systems such as ore processing, ventilation and drainage, optimize and improve the application of projects such as unattended on-site production, intelligent ore processing and underground unmanned intelligent mining equipment, and ensure the continuous and high efficiency operation of systems with low cost, with a view to achieving the intelligence of mining and processing and improving the intrinsic safety of mines.

### **STRENGTHENING RED LINE CONSCIOUSNESS AND BOTTOM LINE THINKING TO SAFEGUARD SAFETY PRODUCTION**

In the second half of the year, the Company will continue to strengthen the red line consciousness and bottom line thinking. The Company will carry out activities such as “safety production inspection and rectification and three-year action for special rectification of safety production”, implement a production safety responsibility system covering all employees, establish a three-in-one prevention and control mechanism of “human, physical and technical prevention”, and make continuous efforts to achieve long-term success. The Company will adhere to safe and environmental-friendly operation in accordance with laws and regulations, continue to carry out the supervision and inspection of safety production, and focus on the rectification of major projects, driving safety and environmental protection management to a new level.

# OTHER INFORMATION

## I. CHANGES IN SHAREHOLDING OF SHAREHOLDERS AND SHARE CAPITAL STRUCTURE

### 1. NUMBER OF SHAREHOLDERS

The details of the number of shareholders of the Company (the “Shareholders”) recorded in the register of members as at 30 June 2021 are as follows:

| Class                                   | Number of Shareholders |
|---|------------------------|
| Domestic share                          | 2                      |
| Overseas-listed foreign share – H share | 1,413                  |
| <b>Total number of Shareholders</b>     | <b>1,415</b>           |

### 2. SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, supervisors and chief executives of the Company, as at 30 June 2021, the interests and short positions of substantial Shareholders in the issued share capital of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong), to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which were required to be notified to the Company were as follows:

| Name of Shareholders                     | Class of shares | Capacity                           | Number of shares held         | Approximate percentage of shareholding in the registered capital of the Company | Approximate percentage of shareholding in the total number of issued domestic shares of the Company | Approximate percentage of shareholding in the total number of issued H shares of the Company | Long position/ Short position/ Lending pool |
|--|-----------------|------------------------------------|-------------------------------|---|---|--|---|
|  |                 |                                    |                               | %   | %   | %  |   |
| 1 Shandong Zhaojin Group Company Limited | Domestic shares | Beneficial owner                   | 618,437,607<br>(Note 1)       | 18.91   | 93.58   | –  | Long position                               |
|  | H shares        | Beneficial owner                   | 517,773,402<br>(Note 1)       | 15.83   | –   | 19.84  | Long position                               |
|  | H shares        | Interest of controlled corporation | 75,964,695<br>(Notes 1 and 3) | 2.32  | –   | 2.91   | Long position                               |

## OTHER INFORMATION

| Name of Shareholders                                  | Class of shares | Capacity                           | Number of shares held         | Approximate   | Approximate   | Approximate  | Long position/<br>Short position/<br>Lending pool |
|---|-----------------|------------------------------------|-------------------------------|---|---|--|---|
|   |                 |                                    |                               | percentage of shareholding in the registered capital of the Company | percentage of shareholding in the total number of issued domestic shares of the Company | percentage of shareholding in the total number of issued H shares of the Company |   |
|   |                 |                                    |                               | %   | %   | %  |   |
| 2 Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.      | H shares        | Beneficial owner                   | 742,000,000                   | 22.69   | –   | 28.43  | Long position                                     |
|   | H shares        | Interest of controlled corporation | 21,200,000<br>(Notes 1 and 2) | 0.65  | –   | 0.81   | Long position                                     |
| 3 Guo Guangchang                                      | H shares        | Interest of controlled corporation | 869,200,000<br>(Note 4)       | 26.58   | –   | 33.31  | Long position                                     |
| 4 Fosun International Limited                         | H shares        | Interest of controlled corporation | 869,200,000<br>(Note 4)       | 26.58   | –   | 33.31  | Long position                                     |
| 5 Fosun International Holdings Ltd.                   | H shares        | Interest of controlled corporation | 869,200,000<br>(Note 4)       | 26.58   | –   | 33.31  | Long position                                     |
| 6 VanEck Vectors ETF – VanEck Vectors Gold Miners ETF | H shares        | Beneficial owner                   | 130,549,500<br>(Note 5)       | 3.99  | –   | 5.00   | Long position                                     |
| 7 Van Eck Associates Corporation                      | H shares        | Investment manager                 | 207,844,900<br>(Note 5)       | 6.36  | –   | 7.96   | Long position                                     |
| 8 Deutsche Bank Aktiengesellschaft                    | H shares        | Beneficial owner                   | 47,804,200                    | 1.46  | –   | 4.56   | Long position                                     |
|   | H shares        | Beneficial owner                   | 60,470,400                    | 1.85  | –   | 5.76   | Short position                                    |
| 9 State Street Bank & Trust Company                   | H shares        | Approved lending agent             | 208,561,556<br>(Note 6)       | 6.38  | –   | 7.99   | Lending pool                                      |

*Notes:*

- (1) Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a Shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") unless certain criteria are fulfilled, therefore substantial Shareholders' latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.
- (2) Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. ("Yuyuan") holds 100% equity interests in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 H shares held by Laomiao Gold in the Company is shown as long position of Yuyuan.
- (3) Shandong Zhaojin Group Company Limited ("Zhaojin Group") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), therefore the 50,967,195 H shares held by Zhaojin Non-Ferrous in the Company is shown as long position of Zhaojin Group. Luyin Trading Pte Ltd. ("Luyin") is a wholly-owned subsidiary of Zhaojin Group and therefore the 24,997,500 H shares held by Luyin is shown as long position of Zhaojin Group.
- (4) Guo Guangchang is interested in the shares of the Company through his directly or indirectly controlled companies (including Fosun International Limited and Fosun International Holdings Ltd.).
- (5) Van Eck Associates Corporation is the investment manager of the VanEck Vectors ETF – VanEck Vectors Gold Miners ETF.
- (6) State Street Bank & Trust Company is interested in the shares of the Company through its directly or indirectly controlled companies.

As at 30 June 2021, save as disclosed above and to the best knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or held 5% or above in the issued share capital of the Company which was required to be notified to the Company.



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

As at 30 June 2021, the interests or short position of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

| Name and position  | Class of shares | Capacity   | Number of shares held | Approximate  | Approximate   | Long position/ Short position |
|--|-----------------|--|-----------------------|--|---|-------------------------------|
|  |                 |  |                       | percentage of shareholding in the total number of issued H shares of the Company | percentage of shareholding in the registered capital of the Company |                               |
| 1 Weng Zhanbin<br>(Chairman and Executive Director)      | H shares        | Beneficiary of a trust (other than a discretionary interest) | 1,200,000             | 0.04%  | 0.05%   | Long position                 |
| 2 Dong Xin<br>(Executive Director and President)         | H shares        | Beneficiary of a trust (other than a discretionary interest) | 300,000               | 0.009%   | 0.01%   | Long position                 |
| 3 Wang Ligang<br>(Executive Director and Vice-president) | H shares        | Beneficiary of a trust (other than a discretionary interest) | 1,000,000             | 0.03%  | 0.04%   | Long position                 |
| 4 Zhao Hua<br>(Supervisor)                               | H shares        | Beneficiary of a trust (other than a discretionary interest) | 200,000               | 0.006%   | 0.008%  | Long position                 |

*Note:*

1. The interests set out above relate to the employee shares subscription plan portions (“ESSP Portions”) under the employee shares subscription plan subscribed by the Directors, supervisors and chief executives. One ESSP Portion corresponds to one H share.

Save as disclosed above, as at 30 June 2021, and to the knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### **III. CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES**

The Company is not aware of any change in the information of the Directors, supervisors or chief executives of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the Company’s last published annual report and up to the date of this interim report.

### **IV. RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND SUPERVISORS**

Save as disclosed in this report, none of the Directors and supervisors had any interests in the share capital or debt securities of the Company or any of its associated corporations (as defined in the SFO). None of the Directors, supervisors and their spouses and children below eighteen years old was granted rights to subscribe for the interests in the share capital or debt securities of the Company or any of its associated corporations and there was no exercise of any of such rights by any of such person.

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

### **V. SUFFICIENT PUBLIC FLOAT**

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

### **VI. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

### **VII. CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS**

During the Period, the Company did not issue any convertible securities, share options, warrants or similar rights. During the Period and up to the date of this report, the Group has no share option scheme.

### VIII. EMPLOYEES

As of 30 June 2021, the Company had a total of 6,703 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices and provide other benefits to employees (including retirement benefit plans, medical benefit plans and housing fund plans). The Group also provides opportunities for further education and training to its employees. The Group offers competitive remuneration packages to its employees and reviews employee remuneration annually with reference to the prevailing labor market and human resources market trends and laws.

### IX. IMPORTANT EVENTS

#### 1. ON 29 JANUARY 2021, THE FOLLOWING RESOLUTIONS WERE PASSED AT THE 2021 FIRST EXTRAORDINARY GENERAL MEETING OF THE COMPANY:

- (1) to 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 Shandong Zhaojin Finance Company Limited (“Finance Company”) on 31 December 2020;
- (2) to 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 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).

### **2. ON 7 JUNE 2021, THE 2020 ANNUAL GENERAL MEETING CONSIDERED AND PASSED, AMONG OTHER THINGS, THE FOLLOWING RESOLUTIONS:**

- (1) the Company's profit distribution proposal for the year ended 31 December 2020 to distribute a cash dividend of RMB0.05 (before taxation) per share to all Shareholders;
- (2) authorizing the Board to allot, issue or deal with H shares and domestic shares of up to a maximum of 20% of the respective total number of issued H shares and existing domestic shares of the Company as at the date of passing such resolution; and
- (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution.

Relevant details were set out in the circular and notice of the Company both dated 23 April 2021 and the voting results announcement of the Company dated 7 June 2021 respectively 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).

### **3. ON 7 JUNE 2021, THE DOMESTIC SHARES CLASS MEETING AND H SHARES CLASS MEETING CONSIDERED AND APPROVED THE FOLLOWING RESOLUTION:**

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

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

Relevant details were set out in the circular and notices of the Company both dated 23 April 2021 and the voting results announcement of the Company dated 7 June 2021 respectively 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).

#### 4. ENTERED INTO THE FRAMEWORK AGREEMENT FOR SALES OF SILVER

On 24 March 2021, the Company entered into the Framework Agreement for Sales of Silver with Shandong Zhaojin Gold and Silver Refinery Company Limited (“Zhaojin Refinery”), pursuant to which the Group agreed to sell silver to Zhaojin Refinery and its subsidiaries for a term of three years commencing from 1 January 2021 to 31 December 2023. According to the Framework Agreement for Sales of Silver, the annual caps for the sales of silver (excluding value-added tax) for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB200 million, RMB210 million and RMB230 million, 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. Accordingly, the transactions contemplated under the Framework Agreement for Sales of Silver 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 the Framework Agreement for Sales of Silver is more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement for Sales of Silver is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 24 March 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).

#### 5. ISSUANCE OF SUPER SHORT-TERM BONDS

On 12 April 2021, the Company issued the first tranche of super short-term bonds for the year of 2021 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 2.70% 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 9 April 2021 and 15 April 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).

## 6. ISSUANCE OF MEDIUM-TERM NOTES

On 7 June 2021, the Company issued the first tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.60% 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 3 June 2021 and 10 June 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).

On 16 June 2021, the Company issued the second tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.60% 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 11 June 2021 and 21 June 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).

## X. EVENTS AFTER THE PERIOD

### ISSUANCE OF MEDIUM-TERM NOTES

On 26 July 2021, the Company issued the third tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.45% 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 22 July 2021 and 29 July 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).

### ISSUANCE OF SUPER SHORT-TERM BONDS

On 2 August 2021, the Company issued the second tranche of super short-term bonds for the year of 2021 with a par value of RMB1 billion for a term of 270 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 30 July 2021 and 3 August 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).

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

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules during the period from 1 January 2021 to 30 June 2021. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the Period.

### **XII. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

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

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

### **XIII. AUDIT COMMITTEE**

The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Huang Zhen, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, and its chairwoman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed risk management and internal control affairs and reviewed the Company’s unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2021, and the Audit Committee is of the view that the unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2021 have been prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

#### XIV. INVESTOR RELATIONS

Investor relations is an important bridge between the Company and the capital market. The Company insists on putting investor relations management in an important position, eliminating doubts of investors by adhering to having a respectful and frank attitude. In the first half of 2021, the Company received more than 30 phone enquiries from investors, analysts and fund managers. In the meantime, the Company proactively maintained a sound relationship with the media and received positive coverage from mainstream media. This helped the Company in establishing a healthy, favorable and positive image for its investors. We will make great efforts to build the Company into an enterprise with universal value and social responsibility to become China's Zhaojin and the world's Zhaojin.

In the first half of 2021, the Company conscientiously fulfilled its obligation of information disclosure set out in the "Administrative Measures on Information Disclosure of Listed Companies" to ensure truthfulness, accuracy, completeness, timeliness and fairness of information disclosure. It has published 43 announcements, circulars and/or notices in total on the website of the Stock Exchange and simultaneously disclosed such information on the website of the Company.

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

Zhaoyuan, the PRC, 23 August 2021

\* For identification purpose only



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

|   | Notes | For the six months ended 30 June |                                |
|---|-------|----------------------------------|--------------------------------|
|   |       | 2021<br>RMB'000<br>(Unaudited)   | 2020<br>RMB'000<br>(Unaudited) |
| <b>REVENUE</b>  | 5     | <b>3,486,564</b>                 | 3,131,980                      |
| Cost of sales   |       | <b>(2,307,097)</b>               | (1,775,280)                    |
| Gross profit  |       | <b>1,179,467</b>                 | 1,356,700                      |
| Other income and gains                                    | 5     | <b>264,220</b>                   | 370,459                        |
| Selling and distribution expenses                         |       | <b>(25,412)</b>                  | (18,650)                       |
| Administrative expenses                                   |       | <b>(564,761)</b>                 | (491,338)                      |
| Impairment losses on financial assets                     |       | <b>(27,146)</b>                  | (79,290)                       |
| Other expenses  | 6     | <b>(324,286)</b>                 | (216,558)                      |
| Finance costs   |       | <b>(334,545)</b>                 | (354,244)                      |
| Share of profits and losses of:                           |       |                                  |                                |
| – Associates  |       | <b>(6,873)</b>                   | 6,590                          |
| – Joint ventures  |       | <b>(505)</b>                     | 5,856                          |
| <b>PROFIT BEFORE TAX</b>                                  | 7     | <b>160,159</b>                   | 579,525                        |
| Income tax expense  | 8     | <b>(64,716)</b>                  | (123,357)                      |
| <b>PROFIT FOR THE PERIOD</b>                              |       | <b>95,443</b>                    | 456,168                        |
| Attributable to:  |       |                                  |                                |
| Owners of the parent                                      |       | <b>18,163</b>                    | 412,392                        |
| Non-controlling interests                                 |       | <b>77,280</b>                    | 43,776                         |
|   |       | <b>95,443</b>                    | 456,168                        |
| <b>EARNINGS PER SHARE</b>                                 |       |                                  |                                |
| <b>ATTRIBUTABLE TO ORDINARY</b>                           |       |                                  |                                |
| <b>EQUITY HOLDERS OF THE PARENT</b>                       |       |                                  |                                |
| Basic and diluted earnings per share for the period (RMB) | 10    | <b>0.006</b>                     | 0.13                           |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

|  | For the six months ended 30 June |             |
|--|----------------------------------|-------------|
|  | 2021                             | 2020        |
|  | RMB'000                          | RMB'000     |
|  | (Unaudited)                      | (Unaudited) |
| <b>PROFIT FOR THE PERIOD</b>   | <b>95,443</b>                    | 456,168     |
| <b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>   |                                  |             |
| Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:    |                                  |             |
| Exchange differences on translation of foreign operations  | (10,746)                         | 19,430      |
| Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods | (10,746)                         | 19,430      |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods   | –                                | 200         |
| <b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>                                    | <b>(10,746)</b>                  | 19,630      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   | <b>84,697</b>                    | 475,798     |
| Attributable to:   |                                  |             |
| Owners of the parent   | 7,452                            | 432,014     |
| Non-controlling interests  | 77,245                           | 43,784      |
|  | <b>84,697</b>                    | 475,798     |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

|   |       | 30 June<br>2021<br>RMB'000<br>(Unaudited) | 31 December<br>2020<br>RMB'000<br>(Audited) |
|---|-------|---|---|
|   | Notes |   |   |
| <b>NON-CURRENT ASSETS</b>                             |       |   |   |
| Property, plant and equipment                         | 11    | 15,735,106                                | 15,209,375                                  |
| Investment property                                   |       | 86,457                                    | –   |
| Right-of-use assets                                   |       | 762,757                                   | 773,760                                     |
| Goodwill  |       | 609,525                                   | 609,525                                     |
| Other intangible assets                               | 11    | 9,571,773                                 | 9,494,465                                   |
| Investments in joint ventures                         |       | 55,695                                    | 56,200                                      |
| Investments in associates                             |       | 710,645                                   | 716,214                                     |
| Deferred tax assets                                   |       | 258,303                                   | 255,493                                     |
| Long-term deposits                                    |       | 14,766                                    | 15,802                                      |
| Term deposit  |       | 201,000                                   | 200,000                                     |
| Loans receivable                                      |       | 351,000                                   | 248,625                                     |
| Financial assets measured at amortised cost           |       | 489,992                                   | 626,083                                     |
| Other long-term assets                                | 12    | 509,815                                   | 506,025                                     |
| <b>Total non-current assets</b>                       |       | <b>29,356,834</b>                         | 28,711,567                                  |
| <b>CURRENT ASSETS</b>                                 |       |   |   |
| Inventories   |       | 4,424,652                                 | 5,125,690                                   |
| Trade and notes receivables                           | 13    | 540,250                                   | 283,320                                     |
| Prepayments, deposits and other receivables           |       | 794,775                                   | 556,570                                     |
| Financial assets at fair value through profit or loss |       | 1,110,297                                 | 1,020,883                                   |
| Pledged deposits                                      |       | 325,061                                   | 375,465                                     |
| Loans receivable                                      |       | 1,680,941                                 | 1,775,653                                   |
| Cash and cash equivalents                             |       | 2,069,293                                 | 1,840,469                                   |
| <b>Total current assets</b>                           |       | <b>10,945,269</b>                         | 10,978,050                                  |
| <b>CURRENT LIABILITIES</b>                            |       |   |   |
| Trade and notes payables                              | 14    | 560,809                                   | 508,179                                     |
| Other payables and accruals                           |       | 1,775,078                                 | 2,004,055                                   |
| Derivative financial instruments                      |       | 11,235                                    | 41,266                                      |
| Interest-bearing bank and other borrowings            | 15    | 9,206,928                                 | 8,444,969                                   |
| Tax payable   |       | 56,912                                    | 126,709                                     |
| Provisions  |       | 3,693                                     | 7,887                                       |
| Deposits from customers                               |       | 1,182,096                                 | 1,729,782                                   |
| Current portion of other long-term liabilities        |       | 109,220                                   | 205,990                                     |
| Corporate bonds                                       | 16    | 3,633,339                                 | 3,448,895                                   |
| <b>Total current liabilities</b>                      |       | <b>16,539,310</b>                         | 16,517,732                                  |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

|  |              | 30 June<br>2021<br>RMB'000<br>(Unaudited) | 31 December<br>2020<br>RMB'000<br>(Audited) |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| <b>NET CURRENT LIABILITIES</b>                     |              | <b>(5,594,041)</b>                        | (5,539,682)                                 |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>       |              | <b>23,762,793</b>                         | 23,171,885                                  |
| <b>NON-CURRENT LIABILITIES</b>                     |              |   |   |
| Interest-bearing bank and other borrowings         | 15           | <b>1,467,273</b>                          | 734,140                                     |
| Corporate bonds                                    | 16           | <b>4,829,433</b>                          | 4,780,379                                   |
| Lease liabilities                                  |              | <b>26,110</b>                             | 30,153                                      |
| Deferred tax liabilities                           |              | <b>325,390</b>                            | 331,020                                     |
| Deferred income                                    |              | <b>168,956</b>                            | 195,093                                     |
| Provisions   |              | <b>44,129</b>                             | 44,129                                      |
| Total non-current liabilities                      |              | <b>6,861,291</b>                          | 6,114,914                                   |
| <b>NET ASSETS</b>                                  |              | <b>16,901,502</b>                         | 17,056,971                                  |
| <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>1,533,964</b>                          | 1,527,022                                   |
| Reserves   |              | <b>8,561,436</b>                          | 8,755,409                                   |
|  |              | <b>13,365,793</b>                         | 13,552,824                                  |
| Non-controlling interests                          |              | <b>3,535,709</b>                          | 3,504,147                                   |
| <b>TOTAL EQUITY</b>                                |              | <b>16,901,502</b>                         | 17,056,971                                  |

**Weng Zhanbin**  
Director

**Don Xin**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

|   | Attributable to owners of the parent |  |                            |                            |  |   |                             |                           |           | Total equity<br>RMB'000 |
|---|--------------------------------------|--|----------------------------|----------------------------|--|---|-----------------------------|---------------------------|-----------|-------------------------|
|   | Share capital<br>RMB'000             | Perpetual capital instruments<br>RMB'000 | Capital reserve<br>RMB'000 | Special reserve<br>RMB'000 | Statutory and distributable reserve<br>RMB'000 | Exchange fluctuation reserve<br>RMB'000 | Retained profits<br>RMB'000 | Non-controlling interests |           |                         |
|   |                                      |  |                            |                            |  |   |                             | Total                     | RMB'000   |                         |
|   |                                      |  |                            |                            |  |   |                             |                           |           |                         |
| At 1 January 2021 (Audited)                               | 3,270,393                            | 1,527,022                                | 2,626,491                  | 39,092                     | 1,185,290                                      | (35,043)                                | 4,939,579                   | 13,552,824                | 3,504,147 | 17,056,971              |
| Profit for the period                                     | -                                    | -  | -                          | -                          | -  | -                                       | 18,163                      | 18,163                    | 77,280    | 95,443                  |
| Exchange differences on translation of foreign operations | -                                    | -  | -                          | -                          | -  | (10,711)                                | -                           | (10,711)                  | (35)      | (10,746)                |
| Total comprehensive (loss)/income for the period          | -                                    | -  | -                          | -                          | -  | (10,711)                                | 18,163                      | 7,452                     | 77,245    | 84,697                  |
| Dividends paid to non-controlling shareholders            | -                                    | -  | -                          | -                          | -  | -                                       | -                           | -                         | (45,683)  | (45,683)                |
| Safety production cost                                    | -                                    | -  | -                          | (3,814)                    | -  | -                                       | -                           | (3,814)                   | -         | (3,814)                 |
| Accrued distribution of perpetual capital instruments     | -                                    | 34,092                                   | -                          | -                          | -  | -                                       | (34,092)                    | -                         | -         | -                       |
| Transfer to retained earnings                             | -                                    | -  | 142,515                    | -                          | -  | -                                       | (142,515)                   | -                         | -         | -                       |
| Distribution of perpetual capital instruments paid        | -                                    | (27,150)                                 | -                          | -                          | -  | -                                       | -                           | (27,150)                  | -         | (27,150)                |
| 2020 final dividend declared                              | -                                    | -  | -                          | -                          | -  | -                                       | (163,519)                   | (163,519)                 | -         | (163,519)               |
| At 30 June 2021 (Unaudited)                               | 3,270,393                            | 1,533,964                                | 2,769,006*                 | 35,278*                    | 1,185,290*                                     | (45,754)*                               | 4,617,616*                  | 13,365,793                | 3,535,709 | 16,901,502              |

\* These reserve accounts comprise the consolidated reserves of RMB8,561,436,000 (31 December 2020: RMB8,755,409,000) in the consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

|  | Attributable to owners of the parent |                               |                 |                 |                                     |                              |                  |            |                           |              |         |         |         |         |         |         |         |         |         |
|--|--------------------------------------|-------------------------------|-----------------|-----------------|-------------------------------------|------------------------------|------------------|------------|---------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | Share capital                        | Perpetual capital instruments | Capital reserve | Special reserve | Statutory and distributable reserve | Exchange fluctuation reserve | Retained profits | Total      | Non-controlling interests | Total equity |         |         |         |         |         |         |         |         |         |
|  |                                      |                               |                 |                 |                                     |                              |                  |            |                           |              | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
|  |                                      |                               |                 |                 |                                     |                              |                  |            |                           |              |         |         |         |         |         |         |         |         |         |
| At 1 January 2020 (Audited)  | 3,270,393                            | 2,664,600                     | 2,618,648       | 36,373          | 1,102,469                           | 26,955                       | 4,230,149        | 13,949,587 | 3,413,271                 | 17,362,858   |         |         |         |         |         |         |         |         |         |
| Profit for the period  | -                                    | -                             | -               | -               | -                                   | -                            | 412,392          | 412,392    | 43,776                    | 456,168      |         |         |         |         |         |         |         |         |         |
| Changes in fair value of equity investments through other comprehensive income | -                                    | -                             | 200             | -               | -                                   | -                            | -                | 200        | -                         | 200          |         |         |         |         |         |         |         |         |         |
| Exchange differences on translation of foreign operations                      | -                                    | -                             | -               | -               | -                                   | 19,422                       | -                | 19,422     | 8                         | 19,430       |         |         |         |         |         |         |         |         |         |
| Total comprehensive income for the period                                      | -                                    | -                             | 200             | -               | -                                   | 19,422                       | 412,392          | 432,014    | 43,784                    | 475,798      |         |         |         |         |         |         |         |         |         |
| Dividends paid to non-controlling shareholders                                 | -                                    | -                             | -               | -               | -                                   | -                            | -                | -          | (9,278)                   | (9,278)      |         |         |         |         |         |         |         |         |         |
| Acquisition of a subsidiary  | -                                    | -                             | -               | -               | -                                   | -                            | -                | -          | 16,755                    | 16,755       |         |         |         |         |         |         |         |         |         |
| Safety production cost   | -                                    | -                             | -               | 3,616           | -                                   | -                            | (3,616)          | -          | -                         | -            |         |         |         |         |         |         |         |         |         |
| Accrued distribution of perpetual capital instruments                          | -                                    | 61,327                        | -               | -               | -                                   | -                            | (61,327)         | -          | -                         | -            |         |         |         |         |         |         |         |         |         |
| Transfer to retained earnings  | -                                    | -                             | 21,546          | -               | -                                   | -                            | (21,546)         | -          | -                         | -            |         |         |         |         |         |         |         |         |         |
| Distribution of perpetual capital instruments paid                             | -                                    | (56,651)                      | -               | -               | -                                   | -                            | -                | (56,651)   | -                         | (56,651)     |         |         |         |         |         |         |         |         |         |
| Redemption of perpetual capital instruments                                    | -                                    | (500,000)                     | -               | -               | -                                   | -                            | -                | (500,000)  | -                         | (500,000)    |         |         |         |         |         |         |         |         |         |
| Establishment of a subsidiary  | -                                    | -                             | -               | -               | -                                   | -                            | -                | -          | 2,000                     | 2,000        |         |         |         |         |         |         |         |         |         |
| 2019 final dividend declared   | -                                    | -                             | -               | -               | -                                   | -                            | (130,816)        | (130,816)  | -                         | (130,816)    |         |         |         |         |         |         |         |         |         |
| At 30 June 2020 (Unaudited)  | 3,270,393                            | 2,169,276                     | 2,640,394*      | 39,989*         | 1,102,469*                          | 46,377*                      | 4,425,236*       | 13,694,134 | 3,466,532                 | 17,160,666   |         |         |         |         |         |         |         |         |         |

\* These reserve accounts comprise the consolidated reserves of RMB8,254,465,000 (31 December 2019: RMB8,014,594,000) in the consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

|  | Notes | For the six months ended 30 June |                        |
|--|-------|----------------------------------|------------------------|
|  |       | 2021                             | 2020                   |
|  |       | RMB'000<br>(Unaudited)           | RMB'000<br>(Unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                                  |                        |
| Profit before tax  |       | <b>160,159</b>                   | 579,525                |
| Adjustments for:   |       |                                  |                        |
| Finance costs  |       | <b>334,545</b>                   | 354,244                |
| Share of profits and losses of associates  |       | <b>6,873</b>                     | (6,590)                |
| Share of profits and losses of joint ventures  |       | <b>505</b>                       | (5,856)                |
| Interest income from loans receivable  |       | <b>(29,370)</b>                  | (13,619)               |
| Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, prepaid land lease payments and other long-term assets | 6     | <b>1,096</b>                     | 1,429                  |
| Gain on disposal of subsidiaries   | 5     | <b>–</b>                         | (4,232)                |
| Fair value loss/(gain), net:   |       |                                  |                        |
| – Equity investments at fair value through profit or loss  | 6,5   | <b>155,110</b>                   | (133,196)              |
| Gain on disposal of financial assets at fair value through profit or loss  |       | <b>(56,864)</b>                  | (46,688)               |
| Gain from disposal of financial assets measured at amortized cost  |       | <b>(13,899)</b>                  | –                      |
| Loss on settlement of commodity derivative contracts   | 6     | <b>15,621</b>                    | 9,035                  |
| Exchange gains on corporate bond   |       | <b>(19,379)</b>                  | –                      |
| Depreciation of property, plant and equipment  |       | <b>387,785</b>                   | 431,324                |
| Depreciation of right-of-use assets  |       | <b>17,822</b>                    | 17,097                 |
| Amortisation of other intangible assets  |       | <b>37,367</b>                    | 50,186                 |
| Amortisation of long-term prepaid expenses   |       | <b>8,652</b>                     | 8,399                  |
| Impairment of receivables  | 7     | <b>12,235</b>                    | 14,625                 |
| Impairment of loans receivable   | 7     | <b>14,911</b>                    | 64,665                 |
| Impairment of inventories  | 7     | <b>80,380</b>                    | 13,739                 |
| Impairment of property, plant and equipment, other intangible assets and goodwill  | 6     | <b>–</b>                         | 126,333                |
| Expense of other long-term assets  |       | <b>–</b>                         | 11,322                 |
| Decrease/(increase) in long-term deposits  |       | <b>1,035</b>                     | (7,422)                |
| Decrease in inventories  |       | <b>620,658</b>                   | 84,476                 |
| Increase in trade and notes receivables  |       | <b>(262,669)</b>                 | (280,418)              |
| Increase in prepayments and other receivables  |       | <b>(214,079)</b>                 | (70,698)               |
| Decrease/(increase) in pledged deposits  |       | <b>50,404</b>                    | (72,693)               |
| Decrease/(increase) in loans receivable  |       | <b>61,419</b>                    | (89,020)               |
| Increase in trade and notes payables   |       | <b>52,629</b>                    | 55,055                 |
| Increase in other payables and accruals  |       | <b>90,278</b>                    | 47,714                 |
| (Decrease)/increase in deposits from customers   |       | <b>(547,686)</b>                 | 863,145                |
| Decrease in deferred income  |       | <b>(26,137)</b>                  | (36,321)               |
| Decrease in provisions   |       | <b>(4,390)</b>                   | (5,414)                |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

|  | For the six months ended 30 June |             |
|--|----------------------------------|-------------|
|  | 2021                             | 2020        |
|  | RMB'000                          | RMB'000     |
|  | (Unaudited)                      | (Unaudited) |
| <b>CASH GENERATED FROM OPERATIONS</b>                                      | <b>935,011</b>                   | 1,960,146   |
| Income taxes paid  | (142,953)                        | (64,244)    |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                            | <b>792,058</b>                   | 1,895,902   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                                  |             |
| Interest received  | 4,624                            | 30,044      |
| Dividend received from a joint venture                                     | 6,621                            | –           |
| Purchases of items of property, plant and equipment                        | (1,240,093)                      | (476,203)   |
| Increase in other intangible assets  | (213,476)                        | (20,352)    |
| Proceeds from disposal of items of property, plant and equipment           | –                                | 3,368       |
| Capital increase of a joint venture  | –                                | (1,000)     |
| Capital increase of an associate   | (21,757)                         | (30,580)    |
| Acquisition of a subsidiary  | –                                | (6,842)     |
| Net payment of commodity derivative contracts                              | (15,621)                         | (9,035)     |
| Deposits paid for commodity derivative contracts                           | (16,896)                         | (48,869)    |
| Net proceeds to acquisition and disposal of equity investments             |                                  |             |
| at fair value through profit or loss                                       | (176,401)                        | (2,944,875) |
| Increase in right-of-use assets  | (6,819)                          | (3,096)     |
| Decrease/(increase) in investments in financial assets measured at         |                                  |             |
| amortised cost   | 149,990                          | (75,979)    |
| Increase in loans receivable   | (84,100)                         | (35,174)    |
| Other cash inflows from investing activities                               | –                                | 944         |
| Increase in long-term deferred expenses                                    | (24,279)                         | –           |
| Increase in term deposits with original maturity of more than three months | (31,000)                         | (335,000)   |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>                         | <b>(1,669,207)</b>               | (3,952,649) |



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

|   | For the six months ended 30 June |                  |
|---|----------------------------------|------------------|
|   | 2021                             | 2020             |
|   | RMB'000                          | RMB'000          |
|   | (Unaudited)                      | (Unaudited)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |                                  |                  |
| New bank loans and other borrowings   | 110,426,687                      | 11,819,760       |
| Issuance of in corporate bonds, net of issuance expense                         | 2,000,000                        | –                |
| Repayment of corporate bonds  | (1,750,000)                      | –                |
| Repayment of bank loans and other borrowings                                    | (108,931,595)                    | (9,631,340)      |
| Capital contribution from non-controlling shareholders                          | –                                | 2,000            |
| Dividends paid  | (245,402)                        | (177,409)        |
| Interest paid   | (342,641)                        | (345,803)        |
| Distribution paid for perpetual capital instruments                             | (27,150)                         | –                |
| Settlement of transactions of option portfolio                                  | (41,290)                         | –                |
| Principal portion of lease payments   | (6,980)                          | (7,203)          |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 | <b>1,081,629</b>                 | <b>1,660,005</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                     | <b>204,480</b>                   | <b>(396,742)</b> |
| Cash and cash equivalents at beginning of period                                | 1,840,469                        | 3,508,307        |
| Effects of foreign exchange rate changes, net                                   | (5,656)                          | (25,335)         |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                               | <b>2,039,293</b>                 | <b>3,086,230</b> |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                        |                                  |                  |
| Cash and bank balances  | 2,270,293                        | 3,421,230        |
| Less: Term deposits with original maturity of more than three months            | 231,000                          | 335,000          |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | 2,039,293                        | 3,086,230        |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 1. CORPORATE INFORMATION

Zhaojin Mining Industry Company Limited (the “Company”) was established as a joint stock limited liability company under the Company Law of the People’s Republic of China (the “PRC”) on 16 April 2004. The registered office of the Company is located at 118 Wenquan Road, Zhaoyuan, Shandong, China.

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

As of 30 June 2021, the major shareholders of the Company were Shandong Zhaojin Group Company Limited (“Zhaojin Group”) and Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., who held 37.07% and 23.34% of the issued share capital of the Company, respectively, with their subsidiaries.

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

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

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

As at 30 June 2021, the Group had net current liabilities of RMB5,594,041,000 (31 December 2020: RMB5,539,682,000). In view of this circumstance, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2021, by taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group’s future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these financial statements have been prepared on a going concern basis.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

### 3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

### 4. OPERATING SEGMENT INFORMATION

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

- (a) The gold operations segment consists of gold mining and smelting operations;
- (b) The copper operations segment consists of copper mining and smelting operations;
- (c) the "others" segment comprises, principally, the Group's other investment activities, a finance company operation, a hotel and catering operation and engineering design and consulting operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

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

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 4. OPERATING SEGMENT INFORMATION (continued)

The Group's operating segments are as follows:

For the six months ended 30 June 2021 (Unaudited)

|  | Gold<br>operations<br>RMB'000 | Copper<br>operations<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|--|-------------------------------|---------------------------------|-------------------|------------------|
| <b>Segment revenue</b>   |                               |                                 |                   |                  |
| Revenue from external customers  | 3,038,226                     | 185,396                         | 262,942           | 3,486,564        |
| Segment results  | 561,820                       | (20,759)                        | (143,283)         | 397,778          |
| <i>Reconciliation:</i>   |                               |                                 |                   |                  |
| Interest income  |                               |                                 |                   | 96,926           |
| Finance costs  |                               |                                 |                   | (334,545)        |
| Profit before tax  |                               |                                 |                   | 160,159          |
| Segment assets   | 29,821,983                    | 2,911,056                       | 4,715,407         | 37,448,446       |
| <i>Reconciliation:</i>   |                               |                                 |                   |                  |
| Corporate and other unallocated assets   |                               |                                 |                   | 2,853,657        |
| Total assets   |                               |                                 |                   | 40,302,103       |
| Segment liabilities  | 1,474,789                     | 617,968                         | 1,845,481         | 3,938,238        |
| <i>Reconciliation:</i>   |                               |                                 |                   |                  |
| Corporate and other unallocated liabilities  |                               |                                 |                   | 19,462,363       |
| Total liabilities  |                               |                                 |                   | 23,400,601       |
| <b>Other segment information</b>   |                               |                                 |                   |                  |
| Capital expenditure*   | 1,162,143                     | 39,546                          | 21,138            | 1,222,827        |
| Investments in associates  | 705,010                       | –                               | 5,635             | 710,645          |
| Investments in joint ventures  | –                             | –                               | 55,695            | 55,695           |
| Impairment losses recognised in the<br>statement of profit or loss                 | 101,151                       | 2,448                           | 3,927             | 107,526          |
| Share of losses of:  |                               |                                 |                   |                  |
| – Associates   | (6,466)                       | –                               | (407)             | (6,873)          |
| – Joint ventures   | –                             | –                               | (505)             | (505)            |
| Depreciation and amortisation  | 380,543                       | 30,411                          | 40,672            | 451,626          |
| Gain on disposal of financial assets   | –                             | –                               | 56,864            | 56,864           |
| Fair value (loss)/gain on financial assets at<br>fair value through profit or loss | (16,408)                      | 87                              | (138,789)         | (155,110)        |

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

**4. OPERATING SEGMENT INFORMATION (continued)**

The Group's operating segments are as follows (continued):

For the six months ended 30 June 2020 (Unaudited)

|   | Gold operations<br>RMB'000 | Copper operations<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|---|----------------------------|------------------------------|-------------------|------------------|
| <b>Segment revenue</b>  |                            |                              |                   |                  |
| Revenue from external customers   | 2,872,583                  | 121,480                      | 137,917           | 3,131,980        |
| Segment results   | 809,051                    | (57,883)                     | 74,035            | 825,203          |
| <i>Reconciliation:</i>  |                            |                              |                   |                  |
| Interest income   |                            |                              |                   | 108,566          |
| Finance costs   |                            |                              |                   | (354,244)        |
| Profit before tax   |                            |                              |                   | 579,525          |
| Segment assets  | 33,594,737                 | 2,245,475                    | 4,266,896         | 40,107,108       |
| <i>Reconciliation:</i>  |                            |                              |                   |                  |
| Corporate and other unallocated assets  |                            |                              |                   | 3,722,435        |
| Total assets  |                            |                              |                   | 43,829,543       |
| Segment liabilities   | 2,534,489                  | 220,160                      | 2,354,207         | 5,108,856        |
| <i>Reconciliation:</i>  |                            |                              |                   |                  |
| Corporate and other unallocated liabilities                                   |                            |                              |                   | 21,560,021       |
| Total liabilities   |                            |                              |                   | 26,668,877       |
| <b>Other segment information</b>  |                            |                              |                   |                  |
| Capital expenditure*  | 591,053                    | 27,365                       | 6,677             | 625,095          |
| Investments in associates   | 763,970                    | –                            | 5,410             | 769,380          |
| Investments in joint ventures   | –                          | 32,475                       | 150,069           | 182,544          |
| Impairment losses recognised/(reversed)<br>in the statement of profit or loss | 218,446                    | 3,721                        | (2,805)           | 219,362          |
| Share of profits and losses of:   |                            |                              |                   |                  |
| – Associates  | 6,975                      | –                            | (385)             | 6,590            |
| – Joint ventures  | –                          | (1,876)                      | 7,732             | 5,856            |
| Depreciation and amortisation   | 453,969                    | 41,016                       | 12,021            | 507,006          |
| Gain on disposal of financial assets  | 10,184                     | –                            | 36,504            | 46,688           |
| Fair value gain on financial assets at fair<br>value through profit or loss   | 23,357                     | –                            | 109,839           | 133,196          |

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 4. OPERATING SEGMENT INFORMATION (continued)

### GEOGRAPHICAL INFORMATION

As over 92% of the assets of the Group are located in Mainland China and over 99% of the sales are made to customers in Mainland China, no further geographical segment information has been presented.

### INFORMATION ABOUT A MAJOR CUSTOMER

For the six months ended 30 June 2021, revenue of approximately RMB2,292,106,000 (for the six months ended 30 June 2020: RMB2,524,627,000) was derived from sales by the gold operations segment to a single customer.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2021<br>RMB'000<br>(Unaudited)   | 2020<br>RMB'000<br>(Unaudited) |
| Sale of goods                               | 3,535,193                        | 3,185,736                      |
| Rendering of services                       | 69,519                           | 70,391                         |
|   | <b>3,604,712</b>                 | 3,256,127                      |
| Less: Government surcharges                 | <b>(118,148)</b>                 | (124,147)                      |
|   | <b>3,486,564</b>                 | 3,131,980                      |
| Goods recognised at a point in time         | 3,573,749                        | 3,232,714                      |
| Services recognised over time               | 30,963                           | 23,413                         |
|   | <b>3,604,712</b>                 | 3,256,127                      |
| Less: Government surcharges                 | <b>(118,148)</b>                 | (124,147)                      |
| Total revenue from contracts with customers | <b>3,486,564</b>                 | 3,131,980                      |

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### OTHER INCOME AND GAINS

|  | For the six months ended 30 June |                |
|--|----------------------------------|----------------|
|  | 2021                             | 2020           |
|  | RMB'000                          | RMB'000        |
|  | (Unaudited)                      | (Unaudited)    |
| Fair value gain on financial assets at fair value through profit or loss | –                                | 133,196        |
| Interest income  | 96,926                           | 108,566        |
| Gain on settlement of financial instruments                              | 56,864                           | 46,688         |
| Government grants  | 31,255                           | 36,321         |
| Sales of auxiliary materials   | 40,082                           | 24,983         |
| Exchange gains   | 19,336                           | 8,178          |
| Others   | 19,757                           | 12,527         |
|  | <b>264,220</b>                   | <b>370,459</b> |

## 6. OTHER EXPENSES

|   | For the six months ended 30 June |                |
|---|----------------------------------|----------------|
|   | 2021                             | 2020           |
|   | RMB'000                          | RMB'000        |
|   | (Unaudited)                      | (Unaudited)    |
| Fair value loss on financial assets at fair value through profit or loss          | 155,110                          | –              |
| Loss on disposal or write-off of items of property, plant and equipment           | 1,096                            | 1,429          |
| Impairment of property, plant and equipment, other intangible assets and goodwill | –                                | 126,333        |
| Cost of auxiliary materials and other business                                    | 65,997                           | 60,572         |
| Impairment loss of inventories  | 80,380                           | 13,739         |
| Loss on settlement of commodity derivative contracts                              | 15,621                           | 9,035          |
| Others  | 6,082                            | 5,450          |
|   | <b>324,286</b>                   | <b>216,558</b> |



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 7. PROFIT BEFORE TAX

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

|  | For the six months ended 30 June |                                |
|--|----------------------------------|--------------------------------|
|  | 2021<br>RMB'000<br>(Unaudited)   | 2020<br>RMB'000<br>(Unaudited) |
| Cost of inventories sold   | 2,307,097                        | 1,775,280                      |
| Impairment of inventories  | 80,380                           | 13,739                         |
| Impairment of loans receivable   | 14,911                           | 64,665                         |
| Impairment of receivables  | 12,235                           | 14,625                         |
| Impairment of property, plant and equipment,<br>other intangible assets and goodwill | –                                | 126,333                        |
| Exchange gains   | (19,336)                         | (8,178)                        |

## 8. 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% (2020: 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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

## 8. INCOME TAX EXPENSE (continued)

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

|                                 | For the six months ended 30 June |             |
|---------------------------------|----------------------------------|-------------|
|                                 | 2021                             | 2020        |
|                                 | RMB'000                          | RMB'000     |
|                                 | (Unaudited)                      | (Unaudited) |
| Current – Mainland China        |                                  |             |
| – Charge for the period         | <b>73,156</b>                    | 87,533      |
| Deferred tax                    | <b>(8,440)</b>                   | 35,824      |
| Total tax charge for the period | <b>64,716</b>                    | 123,357     |

## 9. DIVIDENDS

|  | For the six months ended 30 June |             |
|--|----------------------------------|-------------|
|  | 2021                             | 2020        |
|  | RMB'000                          | RMB'000     |
|  | (Unaudited)                      | (Unaudited) |
| Ordinary:  |                                  |             |
| Proposed final dividend – RMB0.05 per share<br>(2020: RMB0.04 per share) | <b>163,519</b>                   | 130,816     |

The proposed 2020 final dividend of RMB0.05 per share (tax included) in aggregate of RMB163,519,000 (2020: RMB130,816,000) was approved by the shareholders on 7 June 2021. As at 30 June 2021, all the final dividend of 2020 has been paid. No interim dividend was proposed for the Period.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the period of RMB18,163,000 (for the six months ended 30 June 2020: RMB412,392,000) by the number of ordinary shares in issue during the period of 3,270,393,000 (for the six months ended 30 June 2020: 3,270,393,000).

The diluted earnings per share amounts were equal to the basic earnings per share amounts for the six months ended 30 June 2021 and 30 June 2020, as no diluting events existed during these periods.

## 11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2021, the Group acquired property, plant and equipment at a cost of RMB1,004,735,000 (30 June 2020: RMB517,240,000) and other intangible assets at a cost of RMB114,676,000 (30 June 2020: RMB89,848,000).

During the six months ended 30 June 2021, depreciation for property, plant and equipment was RMB387,785,000 (30 June 2020: RMB431,324,000) and amortisation for other intangible assets was RMB37,367,000 (30 June 2020: RMB50,186,000).

During the six months ended 30 June 2021, impairment losses on property, plant and equipment were amounted to RMB0 (30 June 2020: RMB2,965,000), and impairment losses on other intangible assets were amounted to RMB0 (30 June 2020: RMB66,714,000), which were stated in other expenses in the statement of profit or loss.

During the six months ended 30 June 2021, property, plant and equipment with a net book value of RMB1,031,000 (30 June 2020: RMB4,797,000) were disposed of by the Group, resulting in a net loss on disposal of RMB1,096,000 (30 June 2020: RMB1,429,000).

## 12. OTHER LONG-TERM ASSETS

|  | <b>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|--|---|---|
| Advances and deposits paid for acquisitions of subsidiaries and exploration rights | <b>415,979</b>                                      | 415,979                                     |
| Advance payments for purchases of property, plant and equipment                    | <b>55,326</b>                                       | 67,164                                      |
| Long-term prepaid expenses   | <b>38,510</b>                                       | 22,882                                      |
|  | <b>509,815</b>                                      | 506,025                                     |

The outstanding commitments in relation to the above acquisitions are disclosed in note 17.

## 13. TRADE AND NOTES RECEIVABLES

|                   | <b>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|-------------------|---|---|
| Trade receivables | <b>285,478</b>                                      | 148,969                                     |
| Notes receivable  | <b>273,110</b>                                      | 146,950                                     |
| Impairment        | <b>(18,338)</b>                                     | (12,599)                                    |
|                   | <b>540,250</b>                                      | 283,320                                     |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 13. TRADE AND NOTES RECEIVABLES (continued)

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

|  | 30 June<br>2021<br>RMB'000<br>(Unaudited) | 31 December<br>2020<br>RMB'000<br>(Audited) |
|--|---|---|
| Outstanding balances due within one year                       | 256,105                                   | 119,046                                     |
| Outstanding balances due over one year but within two years    | 6,323                                     | 7,923                                       |
| Outstanding balances due over two years but within three years | 6,055                                     | 17,351                                      |
| Outstanding balances due over three years                      | 16,995                                    | 4,649                                       |
|  | <b>285,478</b>                            | 148,969                                     |
| Less: impairment of trade receivables                          | <b>(18,338)</b>                           | (12,599)                                    |
|  | <b>267,140</b>                            | 136,370                                     |

## 14. TRADE AND NOTES PAYABLES

|                | 30 June<br>2021<br>RMB'000<br>(Unaudited) | 31 December<br>2020<br>RMB'000<br>(Audited) |
|----------------|---|---|
| Trade payables | 409,580                                   | 395,526                                     |
| Notes payable  | 151,229                                   | 112,653                                     |
|                | <b>560,809</b>                            | 508,179                                     |

At 30 June 2021, 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.

## 14. TRADE AND NOTES PAYABLES (continued)

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>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|--|---|---|
| Outstanding balances are due as follows: |   |   |
| Within one year                          | <b>530,537</b>                                      | 467,576                                     |
| Over one year but within two years       | <b>12,340</b>                                       | 20,417                                      |
| Over two years but within three years    | <b>4,275</b>  | 7,971                                       |
| Over three years                         | <b>13,657</b>                                       | 12,215                                      |
|  | <b>560,809</b>                                      | 508,179                                     |

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

|                                     | <b>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|-------------------------------------|---|---|
| Current:                            |   |   |
| – Bank loans – unsecured            | <b>2,430,727</b>                                    | 2,302,000                                   |
| – Bank loans – guaranteed (b)       | <b>160,000</b>                                      | –   |
| – Gold leasing business – unsecured | <b>4,168,882</b>                                    | 1,960,167                                   |
| – Other borrowings – unsecured      | <b>100,000</b>                                      | 126,100                                     |
| – Other borrowings – secured (a)    | <b>847,319</b>                                      | 556,702                                     |
| – Short-term bonds – unsecured      | <b>1,500,000</b>                                    | 3,500,000                                   |
|                                     | <b>9,206,928</b>                                    | 8,444,969                                   |
| Non-current:                        |   |   |
| – Bank loans – unsecured            | <b>1,383,000</b>                                    | 698,000                                     |
| – Other borrowings – unsecured      | <b>84,273</b>                                       | 36,140                                      |
|                                     | <b>1,467,273</b>                                    | 734,140                                     |
| Total                               | <b>10,674,201</b>                                   | 9,179,109                                   |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

As at 30 June 2021, most of the borrowings were denominated in RMB. The bank loans bear interest at effective interest rates of 3.10% to 4.00% (31 December 2020: 2.50% to 4.75%) per annum. The other borrowings bear interest at effective interest rates of 2.25% to 4.75% (31 December 2020: 0.95% to 4.75%) per annum.

- (a) Certain of the Group's other borrowings are secured by certificates of deposits and pledges over the Group's treasury bonds, which had aggregate carrying values at the end of the reporting period of approximately RMB860,000,000 (31 December 2020: RMB560,000,000).
- (b) As at 30 June 2021, bank loans of the Company with carrying amounts in aggregate of RMB100,000,000 were guaranteed by Zhaojin Group (31 December 2020: Nil). As at 30 June 2021, bank loans of RMB10,000,000 (31 December 2020: Nil) of subsidiaries of the group were guaranteed by the company. As at 30 June 2021, the bank loans of RMB50,000,000 million of the group's subsidiaries were guaranteed by the company and the non-controlling shareholders of a subsidiary (31 December 2020: Nil)

## 16. CORPORATE BONDS

|  | <b>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|--|---|---|
| Zhaojin bonds                            | <b>3,531,212</b>                                    | 5,279,899                                   |
| Zhaojin medium term notes                | <b>2,997,898</b>                                    | 999,434                                     |
| USD guaranteed notes                     | <b>1,933,662</b>                                    | 1,949,941                                   |
| Current                                  | <b>3,633,339</b>                                    | 3,448,895                                   |
| Non-current                              | <b>4,829,433</b>                                    | 4,780,379                                   |
| Corporate bonds at the end of the period | <b>8,462,772</b>                                    | 8,229,274                                   |

## 17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

|   | <b>30 June<br/>2021<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2020<br>RMB'000<br>(Audited) |
|---|---|---|
| Contracted, but not provided for:       |   |   |
| – Property, plant and equipment         | <b>919,435</b>                                      | 800,938                                     |
| – Prepayment for potential acquisitions | <b>1,538,797</b>                                    | 1,538,797                                   |
| Total                                   | <b>2,458,232</b>                                    | 2,339,735                                   |

## 18. RELATED PARTY TRANSACTIONS

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

|   | For the six months ended 30 June |             |
|---|----------------------------------|-------------|
|   | 2021                             | 2020        |
|   | RMB'000                          | RMB'000     |
|   | (Unaudited)                      | (Unaudited) |
| <b>(A) NATURE OF RELATIONSHIPS/TRANSACTIONS</b>                           |                                  |             |
| <b>(i) Zhaojin Group</b>  |                                  |             |
| Expenses:   |                                  |             |
| – Payment of rental of land use rights                                    | 4,375                            | 4,710       |
| – Purchase of engineering services  | 2,433                            | –           |
| Others:   |                                  |             |
| – Loans to related parties  | 1,290,000                        | 3,040,000   |
| – Interest income from loans to related parties                           | 872                              | 5,213       |
| – (Decrease)/increase in deposits from customers, net                     | (319,874)                        | 832,544     |
| – Interest expense on deposits from customers                             | 16,699                           | 13,708      |
| <b>(ii) Subsidiaries of Zhaojin Group</b>                                 |                                  |             |
| Sales:  |                                  |             |
| – Sales of silver   | 265,708                          | 34,338      |
| – Sales of gold material  | –                                | 3,172       |
| – Provision of exploration services                                       | –                                | 1,682       |
| – Provision of digital mine construction technology services              | 8,843                            | 6,510       |
| Expenses:   |                                  |             |
| – Brokerage service fees  | 1,237                            | 3,772       |
| – Fees for refining services  | 1,929                            | 2,048       |
| Capital transactions:   |                                  |             |
| – Purchase of water treatment engineering and steel construction services | 10,828                           | 5,070       |
| Others:   |                                  |             |
| – Increase/(decrease) in loans to related parties                         | 1,547,418                        | (124,921)   |
| – Interest income from loans  | 15,927                           | 2,004       |
| – (Decrease)/increase in deposits from customers                          | (228,809)                        | 30,194      |
| – Interest expense on deposits from customers                             | 2,866                            | 5,813       |



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 18. RELATED PARTY TRANSACTIONS (continued)

|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2021<br>RMB'000<br>(Unaudited)   | 2020<br>RMB'000<br>(Unaudited) |
| <b>(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (continued)</b>                     |                                  |                                |
| (iii) Associate – Shandong Quanxinsheng Intelligent Technology Company Limited  |                                  |                                |
| – Purchase of equipment   | 1,720                            | –                              |
| (iv) Subsidiary of an associate – Shandong Wucailong Investment Company Limited |                                  |                                |
| – Sales of gold material  | 4,897                            | –                              |
| – Provision of exploration services   | 224                              | –                              |
| – Entrusted loans   | 63,000                           | 15,000                         |
| – Interest income   | 5,779                            | 3,563                          |
| (v) Joint venture – Zhong Rui   |                                  |                                |
| – Deposits from customers   | 474                              | 616                            |
| – Interest expense  | 3                                | 3                              |
| (vi) Non-controlling shareholder – No. 3 Exploration Institute                  |                                  |                                |
| – Purchase of exploration services  | 4,430                            | 2,735                          |

### (B) OUTSTANDING BALANCES WITH RELATED PARTIES

The Group had an outstanding trade in nature balance due from Zhaojin Group of RMB646,000 (31 December 2020: RMB1,934,000). This balance is unsecured, interest-free and has no fixed terms of repayment.

### (C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2021<br>RMB'000<br>(Unaudited)   | 2020<br>RMB'000<br>(Unaudited) |
| Short term employee benefits                        | 4,085                            | 3,817                          |
| Post-employment benefits                            | 300                              | 202                            |
| Total compensation paid to key management personnel | 4,385                            | 4,019                          |

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

|  | Carrying amounts           |                                | Fair values                |                                |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
|  | 30 June<br>2021<br>RMB'000 | 31 December<br>2020<br>RMB'000 | 30 June<br>2021<br>RMB'000 | 31 December<br>2020<br>RMB'000 |
| <b>Financial assets</b>                                  |                            |                                |                            |                                |
| Trade and notes receivables                              | 273,110                    | 146,949                        | 273,110                    | 146,949                        |
| Financial assets at fair value through<br>profit or loss | 1,110,297                  | 1,020,883                      | 1,110,297                  | 1,020,883                      |
| Term deposit   | 201,000                    | 200,000                        | 207,251                    | 201,576                        |
| Loans receivable   | 2,031,941                  | 2,024,278                      | 2,020,695                  | 2,019,241                      |
| <b>Total</b>   | <b>3,616,348</b>           | <b>3,392,110</b>               | <b>3,611,353</b>           | <b>3,388,649</b>               |
| <b>Financial liabilities</b>                             |                            |                                |                            |                                |
| Derivative financial instruments                         | 11,235                     | 41,266                         | 11,235                     | 41,266                         |
| Interest-bearing bank and other<br>borrowings            | 10,674,201                 | 9,179,109                      | 10,404,877                 | 9,166,234                      |
| Corporate bonds  | 8,462,772                  | 8,229,274                      | 8,568,372                  | 8,379,077                      |
| <b>Total</b>   | <b>19,148,208</b>          | <b>17,449,649</b>              | <b>18,984,484</b>          | <b>17,586,577</b>              |

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified.

The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2021

|   | Fair value measurement using                                  |   | Total<br>RMB'000 |
|---|---|---|------------------|
|   | Quoted<br>prices in<br>active markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 |                  |
| Financial assets at fair value through other<br>comprehensive income included in trade<br>and notes receivables | –   | 273,110   | 273,110          |
| Financial assets at fair value through profit or loss   | 941,649   | 168,648   | 1,110,297        |
| <b>Total</b>  | <b>941,649</b>  | <b>441,758</b>  | <b>1,383,407</b> |

As at 31 December 2020

|   | Fair value measurement using                                  |   | Total<br>RMB'000 |
|---|---|---|------------------|
|   | Quoted<br>prices in<br>active markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 |                  |
| Financial assets at fair value through other<br>comprehensive income included in trade<br>and notes receivables | –   | 146,949   | 146,949          |
| Financial assets at fair value through profit or loss   | 875,371   | 145,512   | 1,020,883        |
| <b>Total</b>  | <b>875,371</b>  | <b>292,461</b>  | <b>1,167,832</b> |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### FAIR VALUE HIERARCHY (continued)

#### Liabilities measured at fair value:

As at 30 June 2021

|                                  | Fair value measurement using                                  |   | Total<br>RMB'000 |
|----------------------------------|---|---|------------------|
|                                  | Quoted<br>prices in<br>active markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 |                  |
| Derivative financial instruments | –   | 11,235  | 11,235           |

As at 31 December 2020

|                                  | Fair value measurement using                                  |   | Total<br>RMB'000 |
|----------------------------------|---|---|------------------|
|                                  | Quoted<br>prices in<br>active markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 |                  |
| Derivative financial instruments | –   | 41,266  | 41,266           |

## 20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 2021.