ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- During the Period, the revenue amounted to approximately RMB2,499,756,000, representing an increase of approximately 49.16% as compared to the corresponding period of last year.
- During the Period, the net profit was approximately RMB746,202,000, representing an increase of approximately 30.43% as compared to the corresponding period of last year.
- During the Period, the profit attributable to owners of the parent amounted to approximately RMB720,129,000, representing an increase of approximately 28.32% as compared to the corresponding period of last year.
- During the Period, basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.25, representing an increase of approximately 31.58% as compared to the corresponding period of last year.
- The Board does not recommend payment of interim dividend for the six months ended 30 June 2011.

The board (the "Board") of directors (the "Directors") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2011 (the "Period") prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"), which have been reviewed and confirmed by the Board's audit committee (the "Audit Committee") and the Company's auditors, Ernst & Young. Condensed interim consolidated financial statements together with comparative figures for the corresponding period in 2010 are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011

	Notes	For the six-month period ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
REVENUE	4	**2,499,756**	1,675,854
Cost of sales		**(1,192,113)**	(650,805)
Gross profit		**1,307,643**	1,025,049
Other revenue and gains		**40,154**	54,468
Selling and distribution costs		**(26,454)**	(11,594)
Administrative expenses		**(252,552)**	(224,528)
Other expenses		**(45,175)**	(52,769)
Finance costs		**(38,551)**	(45,139)
Share of profit of an associate		**4,617**	2,958
PROFIT BEFORE TAX		**989,682**	748,445
Income tax expense	5	**(243,480)**	(176,337)
PROFIT FOR THE PERIOD		**746,202**	572,108
Other comprehensive income:			
Exchange differences on translation of foreign operation		**(916)**	408
Other comprehensive income for the period, net of tax		**(916)**	408
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**745,286**	572,516
Profit attributable to:			
Owners of the parent		**720,129**	561,192
Non-controlling interests		**26,073**	10,916
		746,202	572,108
Total comprehensive income attributable to:			
Owners of the parent		**719,213**	561,600
Non-controlling interests		**26,073**	10,916
		745,286	572,516
Dividends	6	**–**	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share *(RMB)*	7	**0.25**	0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	Notes	**30 June 2011** *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**3,954,111**	3,691,080
Goodwill		**559,197**	559,197
Other intangible assets	*8*	**2,473,787**	2,373,730
Interest in an associate		**43,352**	38,735
Long term deposits		**13,762**	7,659
Land lease prepayments		**172,976**	176,045
Deferred tax assets		**140,570**	119,454
Other long term assets	*9*	**382,755**	266,046
Total non-current assets		**7,740,510**	7,231,946
CURRENT ASSETS			
Cash and cash equivalents		**531,225**	781,888
Trade and notes receivables	*10*	**70,684**	199,189
Prepayments and other receivables		**559,484**	373,245
Inventories		**823,254**	779,185
Equity investments at fair value through profit or loss		**68,066**	16,196
Pledged deposits		**95,650**	–
		2,148,363	2,149,703
Assets of a disposal group classified as held-for-sale investments		**33,284**	33,284
Total current assets		**2,181,647**	2,182,987
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*11*	**693,425**	370,000
Trade payables	*12*	**346,338**	446,532
Other payables and accruals		**509,456**	483,034
Provisions		**9,773**	16,964
Tax payable		**168,173**	161,908
		1,727,165	1,478,438
Liabilities directly associated with the assets classified as held-for-sale investments		**6,784**	6,784
Total current liabilities		**1,733,949**	1,485,222
NET CURRENT ASSETS		**447,698**	697,765
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,188,208**	7,929,711

	Notes	**30 June 2011** *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*11*	**14,759**	70,762
Provisions		**72,625**	67,782
Deferred income		**65,617**	33,997
Corporate Bond		**1,490,275**	1,489,504
Deferred tax liabilities		**472,567**	457,022
Other long term liability		**31,664**	35,000
Total non-current liabilities		**2,147,507**	2,154,067
NET ASSETS		**6,040,701**	5,775,644
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,914,860**	1,457,430
Reserves		**2,734,357**	3,492,676
Proposed final dividend		**–**	437,229
		5,649,217	5,387,335
Non-controlling interests		**391,484**	388,309
TOTAL EQUITY		**6,040,701**	5,775,644

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2011

	Attributable to owners of the parent								
	Issued share capital *RMB'000*	Capital reserve *RMB'000*	Statutory and distributable reserves *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010	1,457,430	1,566,884	226,513	(5,408)	1,001,402	320,635	4,567,456	399,961	4,967,417
Profit for the period	–	–	–	–	561,192	–	561,192	10,916	572,108
Other comprehensive income for the period	–	–	–	408	–	–	408	–	408
Total comprehensive income for the period	–	–	–	408	561,192	–	561,600	10,916	572,516
Acquisition of subsidiaries	–	–	–	–	–	–	–	59,678	59,678
Disposal of a subsidiary	–	–	–	–	–	–	–	(15,971)	(15,971)
Transfer to reserves	–	–	60,137	–	(60,137)	–	–	–	–
Dividends – 2009 final paid	–	–	–	–	–	(320,635)	(320,635)	–	(320,635)
At 30 June 2010 (Unaudited)	1,457,430	1,566,884	286,650	(5,000)	1,502,457	–	4,808,421	454,584	5,263,005
At 1 January 2011	**1,457,430**	**1,506,551***	**333,055***	**(6,292)***	**1,659,362***	**437,229**	**5,387,335**	**388,309**	**5,775,644**
Profit for the period	**–**	**–**	**–**	**–**	**720,129**	**–**	**720,129**	**26,073**	**746,202**
Other comprehensive loss for the period	**–**	**–**	**–**	**(916)**	**–**	**–**	**(916)**	**–**	**(916)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(916)**	**720,129**	**–**	**719,213**	**26,073**	**745,286**
Partially acquisition of equity interest of a subsidiary from non-controlling shareholders	**–**	**(20,102)**	**–**	**–**	**–**	**–**	**(20,102)**	**(25,898)**	**(46,000)**
Partially disposal of equity interest of a subsidiary to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,000**	**3,000**
Increase of share capital by way of bonus issue (i)	**1,457,430**	**(728,715)**	**–**	**–**	**(728,715)**	**–**	**–**	**–**	**–**
Transfer to reserves	**–**	**–**	**57,796**	**–**	**(57,796)**	**–**	**–**	**–**	**–**
Dividends – 2010 final paid	**–**	**–**	**–**	**–**	**–**	**(437,229)**	**(437,229)**	**–**	**(437,229)**
At 30 June 2011 (Unaudited)	**2,914,860**	**757,734***	**390,851***	**(7,208)***	**1,592,980***	**–**	**5,649,217**	**391,484**	**6,040,701**

* *These reserve accounts comprise the consolidated reserves of RMB2,734,357,000 (2010: RMB3,492,676,000) in the condensed consolidated statement of financial position.*

(i) *The Annual General Meeting of the Company dated 13 June 2011 approved the resolution to increase share capital of the Company from RMB1,457,430,000 to RMB2,914,860,000 by way of bonus issue on the basis of one share bonus issued for every share held by shareholders(50% of which is made by capitalization of capital reserve and 50% of which is made by capitalization of retained profits).*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2011

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	**774,826**	451,562
Net cash outflow from investing activities	**(851,238)**	(829,301)
Net cash outflow from financing activities	**(174,610)**	(702,675)
Decrease in cash and cash equivalents	**(251,022)**	(1,080,414)
Cash and cash equivalents at beginning of period	**786,441**	2,214,111
Effects of foreign exchange rate changes, net	**359**	(400)
Cash and cash equivalents at end of period	**535,778**	1,133,297
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	**530,915**	759,797
Non-pledged time deposits with original maturity of less than three months when acquired	**310**	368,947
Cash and cash equivalents attributable to assets of a disposal group classified as held-for-sale investments	**4,553**	4,553
	535,778	1,133,297

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2011

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 to take over and operate certain businesses of mining, processing, smelting and selling gold and silver products previously operated by Shandong Zhaojin Group Company Limited ("Zhaojin Group"), a state-owned enterprise established in the PRC.

In December 2006, the Company issued 198.7 million new H shares to the public and the H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "IPO"). In addition, 19.8 million H shares converted from certain domestic shares were transferred to the National Council for the Social Security Fund.

During the period, the Company and its subsidiaries (collectively the "Group") were principally engaged in the exploration, mining, processing, smelting and the sale of gold, copper, silver and other related products in PRC. The registered office of the Company is located at 299 Jinhui Road, Zhaoyuan, Shandong, China.

Prior to the IPO, the parent and ultimate controlling party of the Company was Zhaojin Group. Subsequent to the IPO, the Company does not have a parent or ultimate controlling party. However, Zhaojin Group is in a position to exercise significant influence over the Company.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2011 (the "Period"), have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

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

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRS", which also include HKASs and Interpretations) as of 1 January 2011, noted as below:

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of International Financial Reporting Standards—Limited Exemption from Comparative* HKFRS 7 *Disclosure for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures—Transfers of Financial Assets*
HKAS 24(Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKFRIC 14 Amendment	Amendment to HKFRIC 14 *Prepayments of a minimum Funding Requirement*
HKFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, Improvement to HKFRs 2010 has been issued which sets out amendments to a number of HKFRs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HKFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

The principal effects of adopting these new and revised HKFRSs are as follows:

The HKICPA has issued an amendment to HKAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Except as stated above, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

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

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

(a) Gold operations segment consists of the gold mining and smelting operation;

(b) Copper operations segment consists of the copper mining and smelting operation; and

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

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

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office corporate assets as these assets are managed on a group basis.

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

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

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

Group

For the six-month period ended 30 June 2011 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue				
Revenues from external customers	**2,228,547**	**271,209**	**–**	**2,499,756**
Segment results	**881,787**	**169,439**	**(5,860)**	**1,045,366**
Reconciliation:				
Interest income				**2,802**
Fair value loss on equity investments at fair value through profit or loss				**(20,294)**
Finance costs				**(38,551)**
Foreign exchange gain				**359**
Profit before tax				**989,682**
As at 30 June 2011				
Assets and liabilities				
Segment assets	**8,556,839**	**616,055**	**9,402**	**9,182,296**
Reconciliation:				
Corporate and other unallocated assets				**739,861**
Total assets				**9,922,157**
Segment liabilities	**950,564**	**71,679**	**7,505**	**1,029,748**
Reconciliation:				
Corporate and other unallocated liabilities				**2,851,708**
Total liabilities				**3,881,456**
For the six-month period ended 30 June 2011				
Other segment information				
Capital expenditure	**755,064**	**77,308**	**5,902**	**838,274**
Deposit paid for acquisition of subsidiaries	**50,000**	**–**	**–**	**50,000**
Impairment losses reversed in profit or loss	**(858)**	**(4,649)**	**–**	**(5,507)**
Share of profit of an associate	**4,617**	**–**	**–**	**4,617**
Depreciation and amortisation	**423,669**	**10,334**	**727**	**434,730**

Capital expenditure consists of additions to property, plant and equipment, goodwill and other intangible assets, including assets from the business combination and acquisition of a jointly-controlled entity.

Geographical information

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

Information about major customers

Revenue of approximately RMB1,903,940,075 (for the six-month period ended 30 June 2010: RMB1,599,673,275) was derived from sales by the gold operation segment to a single customer.

Group

For the six-month period ended 30 June 2010 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue				
Revenues from external customers	1,628,305	47,549	–	1,675,854
Segment results	790,271	2,708	6,252	799,231
Reconciliation:				
Interest income				11,217
Fair value loss on equity investments at fair value through profit or loss				(16,532)
Finance costs				(45,139)
Foreign exchange loss				(332)
Profit before tax				748,445
As at 30 June 2010				
Assets and liabilities				
Segment assets	6,807,620	385,264	275,782	7,468,666
Reconciliation:				
Corporate and other unallocated assets				1,319,445
Total assets				8,788,111
Segment liabilities	1,138,286	55,883	18,655	1,212,824
Reconciliation:				
Corporate and other unallocated liabilities				2,312,282
Total liabilities				3,525,106
For the six-month period ended 30 June 2010				
Other segment information				
Capital expenditure	410,834	56,183	2,109	469,126
Deposit paid for acquisition of subsidiaries	236,800	–	22,119	258,919
Impairment losses recognised in profit or loss	10,308	898	4	11,210
Share of profit of an associate	2,958	–	–	2,958
Depreciation and amortisation	161,309	26,640	8,220	196,169
Exploration assets written off	114	–	–	114

5. INCOME TAX

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Corporate income tax		
– charge for the period	**277,391**	210,079
Deferred tax	**(33,911)**	(33,742)
Income tax expense	**243,480**	176,337

6. DIVIDEND PAID AND PROPOSED

The proposed 2010 final dividend of RMB0.3 per share (2009: RMB0.22 per share), RMB437,229,000 (2009: RMB320,635,000) in aggregate, was approved by the shareholders on 13 June 2011 and paid on 30 June 2011. No interim dividend is proposed for the six-month period ended 30 June 2011 (2010: nil).

7. 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 six-month period ended 30 June 2011 of RMB720,129,000 (for the six-month period ended 30 June 2010: RMB561,192,000) by ordinary shares in issue during the period of 2,914,860,000 (for the six-month period ended 30 June 2010: 2,914,860,000).

Diluted earnings per share amount is equal to basic earnings per share amount for the six-month period ended 30 June 2011 and 2010, as no diluting events existed during these periods.

8. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six-month period ended 30 June 2011, the Group purchased property, plant and equipment with a cost of RMB655,585,000 (2010: RMB312,695,000) and other intangible assets with a cost of RMB33,910,000 (2010: RMB154,785,000). In addition, the Group acquired property, plant and equipment through acquisition of a jointly-controlled entity and subsidiaries as amount of RMB21,807,000 (2010: nil) and RMB nil (2010: RMB69,971,000), other intangible assets of RMB111,326,000 (2010: nil) and RMB nil (2010: 283,570,000) during the period, respectively.

During the period, depreciation for property, plant and equipment was RMB385,250,000 (2010: RMB133,280,000) and amortisation for other intangible assets was RMB45,179,000 (2010: RMB59,924,000).

During the above mentioned period, property, plant and equipment with a net book value of RMB37,796,000 (2010: RMB12,465,000) were disposed of by the Group resulting in a net loss on disposal of RMB742,000 (2010: net loss of RMB1,446,000).

9. OTHER LONG TERM ASSETS

		30 June 2011 *RMB'000* (Unaudited)	31 December 2010 *RMB'000* (Audited)
Deposit paid for the acquisition of subsidiaries	(i), (ii)	**82,680**	62,680
Prepayment for purchases of property, plant and equipment	(ii)	**300,075**	203,366
		382,755	266,046

(i) The Group paid a deposit of RMB50 million to a third party to acquire 70% equity of Inner Mongolia Ejinaqi Yuantong Mining Company Limited for the period ended 30 June 2011.

The deposit of RMB30 million paid in 2010 for the acquisition of Ruoqiang Changyun Sanfengshan Mining Co., Ltd ("Sanfengshan") has been settled after the completion of transaction during this period (Note 16).

(ii) The outstanding commitments in relation to the above acquisitions are disclosed in Note 13.

10. TRADE AND NOTES RECEIVABLES

	30 June 2011 *RMB'000* (Unaudited)	31 December 2010 *RMB'000* (Audited)
Trade receivables	**40,490**	186,930
Notes receivable	**30,194**	12,259
	70,684	199,189

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

	30 June 2011 *RMB'000* (Unaudited)	31 December 2010 *RMB'000* (Audited)
Outstanding balances with ages:		
Within 90 days	**61,742**	199,189
Over 90 days but within 180 days	**8,942**	–
	70,684	199,189

Trade and notes receivables are non-interest-bearing. There were no receivables that were overdue or impaired. Based on past experience, the board is of the opinion that no provision for impairment is necessary in respect of the receivables as they have no history of default. In addition, 93% of total gold sales(2010: 99%) are made through the Shanghai Gold Exchange, or through physical delivery of gold and silver in settlement of liabilities to suppliers of gold and silver concentrates, or for cash. The credit term given to other customers is 30 days.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Unsecured:		
Bank loans	**689,765**	420,000
Other borrowings	**18,419**	20,762
Total	**708,184**	440,762
Portion classified as:		
Current	**693,425**	370,000
Non-current	**14,759**	70,762

All bank and other borrowings are demonstrated in Renminbi. The bank loans bear an effective interest rate of 4.99% (2010: 4.95%) per annum. The other borrowings bear an effective interest rate of 2.53% (2010: 2.28%) per annum. During the period, the Group borrowed bank borrowings and repaid bank borrowings of RMB601,278,000 (2010: RMB775,489,000) and RMB333,858,000 (2010: RMB1,016,755,000) respectively.

12. TRADE PAYABLES

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Trade payables	**222,496**	175,346
Payable under tolling arrangements	**123,842**	271,186
	346,338	446,532

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

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Outstanding balances with ages:		
Within one year	**332,695**	424,874
Over one year but within two years	**9,579**	8,192
Over two years but within three years	**963**	5,111
Over three years	**3,101**	8,355
	346,338	446,532

13. COMMITMENTS

Capital commitments

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Land and buildings	**36,173**	41,001
Plant and machinery	**10,914**	14,488
Unlisted equity investments in subsidiaries	**73,120**	83,120
	120,207	138,609
Authorised, but not contracted for:		
Land and buildings	**1,884,500**	2,206,330
Plant and machinery	**793,960**	2,036,710
Exploration and evaluation assets	**813,400**	315,100
	3,491,860	4,558,140

Operating lease commitments

The Group leases certain of its land under operating lease arrangements. Leases for land are negotiated for terms ranging between one and three years.

Future minimum lease payments under non-cancellable operating leases for each of the following periods:

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**4,340**	4,087
In the second to fifth years, inclusive	**2,500**	4,127
	6,840	8,214

14. CONTINGENT LIABILITIES

There have been no changes to contingent liabilities since 31 December 2010.

15. RELATED PARTY TRANSACTIONS

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

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Nature of relationships/transactions		
(i) Zhaojin Group, a party which can exercise significant influence over the Group		
Recurring transactions		
Expenses:		
– Payment of ground rent	**3,827**	1,964
– Gold exchange commission fee	**534**	458
Sales:		
– Sales of silver	**40,382**	–
Non-recurring transactions		
Capital transactions:		
– Purchase of land use rights	**–**	2,203
(ii) Subsidiaries of Zhaojin Group		
Recurring transactions		
Expenses:		
– Fees for refining services	**2,252**	1,498
Non-recurring transactions		
Capital transactions:		
– Purchase of property, plant and equipment	**–**	250
– Purchase of software	**3,161**	588

The above transactions were with Zhaojin Group and entities under the control of Zhaojin Group and they were conducted at terms mutually agreed between Zhaojin Group and the Group.

In addition, certain guarantees were provided for securing the Group's bank loans and an indemnity in relation to certain government levies and funding arrangements predating the Company's IPO were provided free of charge by Zhaojin Group.

16. BUSINESS COMBINATION

The acquisition of a jointly-controlled entity during the period is as follows:

On 1 January 2011, the Company acquired 50% equity interests in Sanfengshan, unlisted company incorporated in mining, processing and sales of copper, with a consideration of RMB100,000,000, satisfied by cash. Sanfengshan is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of this jointly-controlled entity. The Group recognizes its interest in this jointly-controlled entity using proportionate consolidation method.

The fair value of the identifiable assets and liabilities of Sanfengshan at the date of acquisition was:

	Fair value recognised on acquisition *RMB'000* (Unaudited)
Assets	
Inventories	18,094
Property, plant and equipment	43,614
Other intangible assets	222,652
	284,360
Liabilities	
Deferred tax liabilities	(56,680)
Total identifiable net assets at fair value	227,680
50% proportionally consolidated by the Group	113,840
Gain on bargain purchase	(13,840)
Purchase consideration transferred	100,000

Analysis of net cash outflow of cash and cash equivalents on acquisition:

	RMB'000 (Unaudited)
Cash consideration	100,000
Payable as at 30 June 2011	(10,000)
Payment of cash deposit in 2010	(30,000)
Net cash outflow of cash and cash equivalents	60,000

From the date of acquisition, the result of Sanfengshan has no significant impact on the Group's consolidated revenue or net profit for the period ended 30 June 2011.

17. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 26 July 2011, the Company entered into the Exploration Services Agreement with Shandong Zhaojin Geological in relation to the provision of exploration services by Shandong Zhaojin Geological to the Company for the period from 26 July 2011 to 31 December 2013. Shandong Zhaojin Geological is a related party and connected person of the Company and the transactions contemplated under the Exploration Services Agreement constitute related party and continuing connected transactions of the Company.

18. 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 12 August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Interim Results

Revenue

During the Period, the Group generated revenue of approximately RMB2,499,756,000 (corresponding period of 2010: approximately RMB1,675,854,000), representing an increase of approximately 49.16% as compared to the corresponding period of last year.

Net profit

During the Period, the net profit of the Group was approximately RMB746,202,000 (corresponding period of 2010: approximately RMB572,108,000), representing an increase of approximately 30.43% as compared to the corresponding period of last year.

Gold production

During the Period, the Group had attained an aggregate gold production of approximately 11,432 kg (approximately 367,560 ozs), representing an increase of approximately 11.76% as compared to the corresponding period of last year. Of which, gold output from the Group's mines accounted for 7,634 kg (approximately 245,443 ozs), representing an increase of approximately 12.28% as compared to the corresponding period of last year and gold output from smelting and tolling arrangement accounted for approximately 3,798 kg (approximately 122,117 ozs), representing an increase of approximately 10.73% 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 RMB720,129,000 (corresponding period of 2010: approximately RMB561,192,000), representing an increase of approximately 28.32% as compared to the corresponding period of last year.

Earnings per share

During the Period, basic and diluted earnings per share attributable to the ordinary equity holders of the parent amounted to approximately RMB0.25 (corresponding period of 2010: approximately RMB0.19), representing an increase of approximately 31.58% as compared to the corresponding period of last year.

Net assets per share

As at 30 June 2011, the consolidated net assets per share attributable to the ordinary equity holders of the parent was approximately RMB1.94 (30 June 2010: approximately RMB1.65), and the yield to net assets during the Period was approximately 12.75% (corresponding period of 2010: approximately 10.87%).

II. Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2011 (corresponding period of 2010: nil).

III. Business Review

Making stringent production deployment and steadily achieving higher gold output

During the Period, the Group overcame difficulties caused by production suspension during the Spring Festival and limited explosives rationing, made stringent production deployment and continued to refine the arrangement of production tasks. In the first half year, the Group accomplished an aggregate gold output of 11,432 kg, representing an increase of approximately 11.76% compared to the corresponding period of last year; an aggregate gold output from its mines of 7,634 kg, representing an increase of approximately 12.28% compared to the corresponding period of last year; and a gold output from smelting and tolling arrangement of 3,798 kg, representing an increase of approximately 10.73% compared to the corresponding period of last year.

Strengthening production management and control system and progressing project in an orderly manner

2011 is a year of infrastructure construction and technology reform for the Company. To ensure that each construction project will be completed on schedule, the Group enhanced the management of these construction projects according to the characteristics of each project and by following the guidance of "five excellent standards (五個一流的原則)", namely, excellent technology design, excellent equipment and facilities, excellent construction team, excellent management and excellent economic benefits. In the first half year, the Group invested a total of RMB398,000,000 and implemented 43 infrastructure construction and technology reform projects. The Group completed an aggregated digging volume of 218,800 m^3 with an area of 36,600 m^2. The expansion of the processing factory (with a capacity of 2,000 tons per day) owned by Tonghui Copper Mining Co., Ltd. commenced trial operation in April 2011 and reached its designed capacity. The construction of the mining and processing capacity expansion projects (each with a capacity of 2,000 tons per day) of Zaozigou Gold Mine and Qinghe Gold Mine were in full swing. Currently, every infrastructure and technology reform project is proceeding as scheduled. Once completed and put into operation, these projects will give new geological impetus to the Group's expansion of production capacity.

Strengthening research and development and achieving more breakthroughs in geological exploration

During the Period, following the guiding principle of "focusing on technology, choosing the best of the best and achieving breakthroughs in key areas", the Group implemented geological research and development as well as geological exploration projects. In the first half year, the Group planned and developed 7 projects on geological research and development which focused on geological exploration activities in Xiadian Gold Mine, Hedong Gold Mine (both located in Zhaoyuan), Zaozigou Gold Mine, Qinghe Gold Mine and Fengcheng Baiyun Gold Mine (all outside Zhaoyuan). In the first half year, the Group accumulated tunneling of 28,942 meters, drilling of 119,823 meters and additional gold resources of 38,127 kg.

Enhancing internal management and achieving steady growth in economic benefits

During the Period, the Group continued to deepen the rolling out assistance (包幫結對) activities which focused on providing assistance in respect of corporate management, technology and human resources to mines outside Zhaoyuan and achieved significant results. These activities resulted in substantial improvement in the Company's internal management and various econo-technical indicators as well as steady growth in economic benefits. Meanwhile, the Group strengthened the standardized sales management of major products and auxiliary products. A special sales department under the headquarters was established, which focused on market trends for precious metals (including gold, silver and copper) with an aim to accurately capture the opportunity to achieve satisfactory sales revenue. During the Period, the Company's average gold price was RMB314.22 per gram, being RMB8.09 per gram higher than the average price quoted on the Shanghai Gold Exchange.

Conducting scientific analysis and discussion and developing both domestic and overseas projects

During the Period, the Group meticulously screened mining rights information, organized inspections, conducted deliberate analysis and discussions, formulated precise acquisition procedures and made bold but scientific decisions. They travelled to various provinces or regions, including Xinjiang, Gansu, Liaoning, Inner Mongolia and Guangxi, where they investigated 11 mining rights projects, collected over 1,500 geological samples, made geological record of over 8,000 metres and prepared 11 investigation reports. During the Period, the Group completed the acquisition of 50% equity interest in Xinjiang Ruoqiang County Sanfengshan Gold Mining Co., Ltd. at a consideration of RMB100,000,000 and increased its shareholding in the existing projects. The Group increased its equity interest in Qinghe Jindu Mining by 15% to 95%. The Group also entered into the resource integration framework agreements with local government in Ruoqiang County, Xinjiang and miners in Ejinaqi county, Inner Mongolia, respectively, laying a solid foundation for the Group's future resources integration in these regions.

Emphasizing on-site management and maintaining safety and environmental protection

During the Period, the Group adhered to the direction of "safety first; precaution-oriented and integrated management". The Group has always taken safety and environmental protection as its primary responsibility and continued to improve the management of safety and environmental protection. In accordance with the annual working plan for safety and environmental protection, the Group focused its effort on the improvement of safe production fundamentals and the establishment of basic workforce, further established and improved the organizational, regulatory and responsibility systems for the management of safety and environmental protection and the prevention system for serious accidents, closely followed the procedure for the on-site work carried out by a mine manager with workers together and shift arrangements overseen by the manager and strengthened the procedures and standards for the management of documents on safety and environmental protection and on-site inspection. The Group invested RMB54,225,400 in the field of safety and environmental protection, which laid a solid foundation for the management of safety and environmental protection. During the Period, the production safety conditions of the Group remained stable, and the Group did not experience any serious accidents in respect of safety and pollution.

IV. Financial and Results Analysis

Revenue

During the Period, the Group's revenue amounted to approximately RMB2,499,756,000 (corresponding period of 2010: approximately RMB1,675,854,000), representing an increase of approximately 49.16% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to: (1) the significant increase in gold production volume as compared to the corresponding period of last year, and also an increase in the Group's sales volume of gold; (2) the increasing gold price during the first half of 2011.

Net profit

During the Period, net profit of the Group amounted to approximately RMB746,202,000 (corresponding period of 2010: approximately RMB572,108,000), representing an increase of approximately 30.43% as compared to the corresponding period of last year. The increase in net profit was due to the substantial growth in gold output and sale price of gold as compared to the corresponding period of last year.

Integrated cost of gold per gram

During the Period, the Group's integrated cost of gold per gram was approximately RMB116.97 per gram (corresponding period of 2010: approximately RMB102.73 per gram), representing an increase of approximately 13.86% as compared to the corresponding period of last year. The increase in integrated cost of gold per gram was due to the increase in staff costs, increase in depreciation and amortization, higher costs of newly acquired subsidiaries and increase in the price of raw materials.

Sale price of gold

During the Period, the average sale price of gold of the Group was RMB314.22 per gram (corresponding period of 2010: RMB263.89 per gram), representing an increase of RMB50.33 per gram and approximately 19.07% as compared to the corresponding period of last year. The average sale price by the Group was RMB8.09 per gram higher than the average sale price of RMB306.13 per gram traded at Shanghai Gold Exchange.

Cost of sales

During the Period, the Group's cost of sales amounted to approximately RMB1,192,113,000 (corresponding period of 2010: approximately RMB650,805,000), representing an increase of approximately 83.18% as compared to the corresponding period of last year. The increase was primarily attributable to the rise in the sales quantity and integrated cost of gold.

Gross profit and gross profit margin

During the Period, the Group's gross profit was approximately RMB1,307,643,000, representing an increase of approximately 27.57% as compared to RMB1,025,049,000 of the corresponding period of last year. The Group's gross profit margin decreased from approximately 61.17% in the corresponding period of last year to approximately 52.31% for the Period.

Other revenue and gains

During the Period, the Group's other revenue and gains were approximately RMB40,154,000 (corresponding period of 2010: approximately RMB54,468,000), representing a decrease of approximately 26.28% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in interest income and government grants.

Selling and distribution costs

During the Period, the Group's selling and distribution costs were approximately RMB26,454,000 (corresponding period of 2010: approximately RMB11,594,000), representing an increase of approximately 128.17% as compared to the corresponding period of last year. The increase was mainly due to increase in transportation cost in line with the increase in copper sales amounts of the Group.

Administrative expenses

During the Period, the Group's administrative and other operating expenses were approximately RMB252,552,000 (corresponding period of 2010: approximately RMB224,528,000), representing an increase of approximately 12.48% as compared to the corresponding period of last year. Such increase was due to the acquisition of certain subsidiaries in the second half of 2010.

Liquidity and capital resources

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

As at 30 June 2011, the Group had cash and cash equivalents of approximately RMB531,225,000, representing a decrease of approximately 32.06% as compared to approximately RMB781,888,000 as at 31 December 2010. The decrease was mainly due to the purchases of property, plant and equipment and other intangible assets and the payment of 2010 final dividends in the first half of 2011.

As at 30 June 2011, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars ("HK$") amounted to RMB14,495,000 (31 December 2010: RMB35,433,000) and those denominated in United States dollars ("USD") amounted to RMB55,579,000 (31 December 2010: RMB48,001,000). All other cash and cash equivalents held by the Group are denominated in Renminbi ("RMB").

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

Borrowings

As at 30 June 2011, the Group had outstanding bank borrowings and other borrowings of RMB708,184,000 (31 December 2010: RMB440,762,000), of which RMB693,425,000 (31 December 2010: RMB370,000,000) was repayable within 1 year, none of which (31 December 2010: RMB63,680,000) was repayable within 2 to 5 years and RMB14,759,000 (31 December 2010: RMB7,082,000) was repayable after 5 years.

All bank borrowings and other borrowings held by the Group are denominated in RMB. Interest bearing bank borrowings were in fixed rates.

Income tax

The effective income tax rate (i.e., the total income tax divided by profit before tax) of the Group during the Period was approximately 25% (corresponding period of 2010: approximately 24%).

Total assets

As at 30 June 2011, the total assets of the Group were approximately RMB9,922,157,000, representing an increase of approximately 5.39% as compared to approximately RMB9,414,933,000 as at 31 December 2010, among which total non-current assets amounted to approximately RMB7,740,510,000, accounting for approximately 78.01% of the total assets, and representing an increase of approximately 7.03% as compared to approximately RMB7,231,946,000 as at 31 December 2010. As at 30 June 2011, total current assets were approximately RMB2,181,647,000, accounting for approximately 21.99% of the total assets, and representing a decrease of approximately 0.06% as compared to approximately RMB2,182,987,000 as at 31 December 2010.

Net assets

As at 30 June 2011, the net assets of the Group were approximately RMB6,040,701,000, representing an increase of approximately 4.59% as compared to approximately RMB5,775,644,000 as at 31 December 2010.

Total liabilities

As at 30 June 2011, the total liabilities of the Group were approximately RMB3,881,456,000, representing an increase of approximately 6.65% as compared to approximately RMB3,639,289,000 as at 31 December 2010. As at 30 June 2011, the gearing ratio (i.e., the total liabilities divided by the total assets) was approximately 39.12%, which had increased by approximately 0.47 percent point as compared to approximately 38.65% as at 31 December 2010.

Contingent liabilities

As at 30 June 2011, the contingent liabilities of the Group did not have any change as compared to those as at 31 December 2010.

Market risks

The Group is exposed to various types of market risks, including effects from fluctuation in gold prices, changes in interest rates and foreign exchange rates, and influences from inflation.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest bearing bank borrowings. The Group manages its exposure to interest rate risk on its cash holdings and bank borrowings through holding a combination of short term deposits with fixed and variable rates, and interest-bearing bank borrowings with fixed rates.

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

Foreign exchange risk

All of the transactions conducted in the ordinary course of the Group are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local gold price, which in turn affects the Group's operating results.

During the Period, the Group had not entered into any hedging activities.

Gold price and other commodities price risks

The Group's exposure to price risk relates principally to fluctuations on the market price of gold, silver and copper, which may affect the Group's results of operations. In addition, the Group enters into contracts for the processing of gold and silver concentrates with the liabilities settled through physical delivery of predetermined quantities of gold and silver. Price fluctuations affect such liabilities which are denominated in RMB. The Group's policy aims to manage its exposure to price risks in relation to the tolling liabilities resulted from the above-mentioned processing by holding physical inventories of gold and silver for relevant settlement.

Pledge

As at 30 June 2011, except for the pledged deposit of RMB95,650,000, the Group had not pledged any assets (31 December 2010: nil).

V. Business Outlook

In the second half year, we will strengthen our efforts in the following aspects to ensure the successful achievement of the Company's objectives set for the whole year.

Further improve stringent production deployment and realize higher output and better efficiency of gold production

In the second half year, we will strive to seize favourable opportunities for gold production to improve production deployment and production arrangement, so as to ensure the achievement of all our annual gold output goals. As for production deployment, we will focus our efforts on the following two aspects. Firstly, we will prudently arrange the construction of projects. For key projects that have critical impact on our output, we will adhere to the daily production arrangement system and proceed with key projects, including the mining and processing capacity expansion of Zaozigou Gold Mine and Qinghe Mining, so as to commence production as soon as possible. Secondly, we will arrange on-site production to maximize gold output, divide production tasks, define responsibilities, accelerate the construction of the projects approved for exploration, improve the output and grade of ore, and realize higher output and better efficiency of gold production. At the same time, the Group will also set up challenging indicators for our internal output teams, establish strict incentive and punishment system and appraisal approaches to stimulate productivity among workers, thus ensuring achievement of production targets.

Continue to strengthen geological exploration and steadily increase mine reserves

In the second half year, we will continue to make efforts in arrangement and coordination in strict compliance with the "five unified (五統一) requirements", namely, unified planning, unified management, unified scientific research, unified exploration and unified exploitation, and thereby broaden our thoughts for mineral exploration, strengthen the scientific research for geological exploration in key targets. As for green field exploration, we will focus on exploring the Hongqiling mine in Fengcheng city, Liaoning Province, the middle portion of the Zhaoping fault zone in Zhaoyuan city and the Hezheng No. 2 mine in Gansu Province. As for brown field exploration, we will concentrate on exploring the deeper and surrounding areas of existing mines. In addition, we will also focus our effort on the exploration works in Xiadian and Yingezhuang inside Zhaoyuan city, and Zhaozigou, Qinghe and Baiyun outside Zhaoyuan city. All these efforts will be put on exploration of the deeper areas of existing mines, with an aim to make remarkable breakthroughs in our exploration in those deeper areas and ensure the achievement of our annual goals for mine exploration and reserve increase.

Speed up construction of key projects and realize regional resource integration

In the second half year, we will seize favourable opportunities for resource integration, adhere to the principles of "low-cost exploration, high-level cooperation and scalized operation", keep a close eye on the trend of mining markets both at home and abroad, and make more efforts to promote the construction of the key projects under negotiation. As for the domestic mining rights market, we will concentrate on the regions/provinces of Xinjiang, Gansu, Inner Mongolia, Liaoning and Shandong, and endeavour to make a breakthrough in regional resource integration. As for overseas projects, we will continue to identify and evaluate suitable projects with investment potential and proactively promote the steady development of our overseas projects.

Constantly improve internal management level and realize cost reduction and efficiency enhancement

In the second half year, we will focus on cost management, and will also improve the efficiency, scale and automation of mining operations, utilize electronic, informationized and scientific management means as well as modern, innovative production technologies, and enhance our benchmarking management, production management, technology management and procurement management, so as to reduce costs and improve economic efficiency. In this regard, we plan to take the following initiatives: Firstly, we will adjust operation sites and mining facilities, take strict control of perimeter blasting, lower the ratio of low-grade ore and ratio of ore loss, and prevent second depletion, so as to raise the ore cut-off grades. Secondly, we will expand our production scale and increase our ore processing volume. The expansion projects of Zaozigou Gold Mine, Qinghe Mining and Hedong Gold Mine will be put into production in the second half year, and thereafter our production will be expanded further and thus achieving economies of scale to reduce costs. Thirdly, we will reduce our procurement costs. During the Period, we entered into long-term strategic cooperation agreements with equipment suppliers to reduce our equipment costs, which brought remarkable benefits. Looking ahead, we also plan to enter into long-term cooperation agreements with suppliers of goods and materials we may procure in bulk for the whole company, and we will purchase from designated suppliers only so as to ensure product quality and reduce costs.

Further enhance on-site management and achieve safe production

In adherence to the Group's safety concept of "gold is precious but life is priceless" and the environmental protection concept of "prioritizing environmental protection over gold/silver mining". With a focus on on-site safety management, the Group will devote more efforts to improve safety and environmental protection. In this regard, we will firmly promote underground mechanized operation, improve the "six systems" for safe production in all respects, strive to improve production safety and forge intelligent and safe mining operations. Meanwhile, we will also focus on the following three aspects: Firstly, we will earnestly carry out the "four preventions (四防)" for summer time. We will carry out inspection on such key areas as tailings dams, explosives storeroom, dangerous chemicals storeroom and subsidence areas, so as to eliminate all hidden safety hazard, and in emergency, we will strictly follow the order of suspending production and evacuating miners, so as to ensure safe production in underground mines. Secondly, we will offer safety training and education for our employees, improve our employees' awareness of safety and achieve safe production by improving their safety awareness. Thirdly, we will continue to enhance the safety management of our mining teams, strictly implement the safety management requirements including on-site management and safety access system, so as to ensure safe production of our mining teams.

OTHER INFORMATION

I. Changes in Shareholding of Shareholders and Share Capital Structure

1. Changes in total share capital

On 13 June 2011, the 2010 annual general meeting, the domestic shares class meeting and the H shares class meeting of the Company considered and approved, respectively, that on the basis of 1,457,430,000 issued ordinary shares of RMB1.00 each at the record date, i.e., 13 June 2011, the Company would issue bonus shares to its shareholders on the basis of one bonus share to be issued (the "Bonus Issue") (50% of which is to be made by way of capitalization of retained profits and 50% of which is to be made by way of capitalization of the capital reserve) for every one share held by its shareholders (i.e., one bonus H share and one bonus domestic share to be issued in respect of every one H share and every one domestic share held by its shareholders, respectively), thus a total of 1,457,430,000 bonus shares were distributed.

As at the date of this interim results announcement, the Bonus Issue was completed. The issued share capital of the Company increased from 1,457,430,000 ordinary shares to 2,914,860,000 ordinary shares.

2. Number of shareholders

The details of the number of shareholders of the Company recorded in the register of members as at 30 June 2011 are as follows:

Classification	**Number of shareholders**
Domestic share	5
Overseas listed foreign share – H share	2,065
Total number of shareholders	2,070

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 2011, none of the Directors, supervisors and chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in the Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the laws of Hong Kong) which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to notify the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (for such purposes, the relevant provisions in the SFO were also construed as applicable to the supervisors).

III. Rights to Purchase Shares or Debentures of Directors and Supervisors

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

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

IV. Sufficient Public Float

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

V. Purchase, Sale or Redemption of the Company's Listed Securities

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

VI. Convertible Securities, Share Options, Warrants or Similar Rights

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

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

VII. Employees

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

VIII. Important Events

1. As approved by the 2010 annual general meeting, the Company made amendments to certain provisions of its articles of association on 13 June 2011 as a result of the Bonus Issue and the increase in registered capital. The scope of amendment includes the alteration of the Company's registered capital and shareholding structure, whereby:

   (1) The registered capital of the Company changed from RMB1,457,430,000 to RMB2,914,860,000.

   (2) The shareholding structure was changed as follows: Zhaojin Group holds 1,086,514,000 domestic shares, accounting for 37.3% of the total issued ordinary shares of the Company; Yuyuan Tourist Mart holds 742,000,000 domestic shares, accounting for 25.5% of the total issued ordinary shares of the Company; Fosun Investment holds 106,000,000 domestic shares, accounting for 3.6% of the total issued ordinary shares of the Company; Zhaoyuan City State owned Assets Management Limited holds 84,800,000 domestic shares, accounting for 2.9% of the total issued ordinary shares of the Company; Shanghai Laomiao Gold Company Limited holds 21,200,000 domestic shares, accounting for 0.7% of the total issued ordinary shares of the Company; holders of the overseas listed foreign shares hold 874,346,000 shares, accounting for 30% of the total issued ordinary shares of the Company.

   Relevant details were set out in the circular and announcement of the Company published on 20 April 2011 and 13 June 2011, respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. At the 2010 annual general meeting of the Company, resolutions were proposed to amend Article 2.2, Article 3.5 and Article 3.8 of the articles of association of the Company. Such amendments involve the Company's scope of operations, registered capital and shareholding structure.

   Relevant details were set out in the circular and announcement of the Company published on 20 April 2011 and 13 June 2011, respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. On 13 June 2011, the 2010 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 2010 of a cash dividend of RMB0.3 (before taxation) per share to all shareholders. On 30 June 2011, the Company distributed the 2010 cash dividend of RMB0.3 (before taxation) per share to all shareholders;

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

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

   (4) Registration and issue of short-term bonds of not more than RMB700,000,000 with a term of issue of not more than one year.

   Relevant details were set out in the circular and announcement of the Company published on 20 April 2011 and 13 June 2011, respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. On 13 June 2011, the domestic shares class meeting and H shares class meeting respectively considered, among other things, the following proposals:

   (1) Authorizing the Board to allot, issue and deal with shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares of the Company at the date of passing such resolution; and

   (2) Authorizing the Board to repurchase up to a maximum of 10% of the aggregate nominal value of the issued H shares of the Company as at the date of passing such resolution.

   Both the above proposals were approved at the domestic shares class meeting. The proposal set out in 4.(2) above was approved at the H shares class meeting, yet the proposal set out in 4.(1) above was not approved at the H shares class meeting.

   Relevant details were set out in the circular and announcement of the Company published on 20 April 2011 and 13 June 2011, respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

IX. Compliance with the Code on Corporate Governance Practices

The Board is of the view that the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules by the Company during any time of the Period.

X. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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

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

XI. Audit Committee

The Audit Committee of the third session of the Board of the Company comprises two independent non-executive directors, namely Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, and one non-executive director, namely Mr. Chen Guoping. Ms. Chen Jinrong acts as the chairman of the Audit Committee.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. It is mainly responsible for the matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed internal control affairs and reviewed the Company's unaudited interim results announcement for the six months ended 30 June 2011, and the committee is of the view that the unaudited interim results announcement for the six months ended 30 June 2011 is prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

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

Zhaoyuan, the PRC, 12 August 2011

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Lu Dongshang and Mr. Weng Zhanbin, five non-executive directors, namely Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Wang Peifu, Mr. Wu Zhongqing and Mr. Chen Guoping, and four independent non-executive Directors, namely Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo.

* *For identification purposes only*