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ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2011, the Group's revenue was approximately RMB5,741,105,000 (2010: RMB4,097,800,000), representing an increase of approximately 40.10% as compared to the previous year.

For the year ended 31 December 2011, the Group's net profit was approximately RMB1,722,735,000 (2010: RMB1,242,161,000), representing an increase of approximately 38.69% as compared to the previous year.

For the year ended 31 December 2011, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.57 (2010: RMB0.41), representing an increase of approximately 39.02% as compared to the previous year.

For the year ended 31 December 2011, the profit attributable to owners of the parent was approximately RMB1,661,578,000 (2010: RMB1,201,731,000), representing an increase of approximately 38.27% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.21 (tax included) per share (2010: RMB0.30 (tax included)).

The board of directors (the "Board") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 (the "Year").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

		Year ended 31 December	
		2011	2010
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**5,741,105**	4,097,800
Cost of sales	*5*	**(2,677,362)**	(1,786,958)
Gross profit		**3,063,743**	2,310,842
Other income and gains	*3*	**122,213**	123,146
Selling and distribution costs		**(55,805)**	(38,220)
Administrative expenses		**(614,646)**	(546,650)
Other expenses		**(137,910)**	(108,841)
Finance costs	*4*	**(98,016)**	(92,340)
Share of profit of an associate		**6,940**	3,961
PROFIT BEFORE TAX	*5*	**2,286,519**	1,651,898
Income tax expense	*6*	**(563,784)**	(409,737)
PROFIT FOR THE YEAR		**1,722,735**	1,242,161
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**(1,640)**	(884)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(1,640)**	(884)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,721,095**	1,241,277
Profit attributable to:			
Owners of the parent		**1,661,578**	1,201,731
Non-controlling interests		**61,157**	40,430
		1,722,735	1,242,161
Total comprehensive income attributable to:			
Owners of the parent		**1,659,938**	1,200,847
Non-controlling interests		**61,157**	40,430
		1,721,095	1,241,277
EARNINGS PER SHARE (RMB) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
– For profit for the year		**0.57**	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	**31 December 2011** **RMB'000**	31 December 2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,926,700**	3,691,080
Prepaid land lease payments		**236,604**	176,045
Goodwill		**586,674**	559,197
Other intangible assets		**2,591,403**	2,373,730
Investment in an associate		**42,220**	38,735
Long-term deposits		**24,856**	7,659
Deferred tax assets		**159,196**	119,454
Other long-term assets		**761,635**	266,046
Total non-current assets		**9,329,288**	7,231,946
CURRENT ASSETS			
Inventories		**2,131,257**	779,185
Trade and notes receivables	9	**45,620**	199,189
Prepayments and other receivables		**520,951**	373,245
Equity investments at fair value through profit or loss		**8,732**	16,196
Derivative financial instruments		**9,367**	–
Cash and cash equivalents		**1,245,872**	781,888
		3,961,799	2,149,703
Assets of a disposal group classified as held for sale		**–**	33,284
Total current assets		**3,961,799**	2,182,987
CURRENT LIABILITIES			
Trade payables	10	**1,537,825**	446,532
Other payables and accruals		**501,170**	483,034
Interest-bearing bank and other borrowings		**1,510,160**	370,000
Tax payable		**341,913**	161,908
Provision		**19,827**	16,964
		3,910,895	1,478,438
Liabilities directly associated with a disposal group classified as held for sale		**–**	6,784
Total current liabilities		**3,910,895**	1,485,222
NET CURRENT ASSETS		**50,904**	697,765
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,380,192**	7,929,711

	Notes	**31 December 2011 *RMB'000***	31 December 2010 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**158,109**	70,762
Corporate bond		**1,491,047**	1,489,504
Deferred tax liabilities		**476,190**	457,022
Deferred income		**149,672**	33,997
Provision		**77,727**	67,782
Other long-term liability		**30,000**	35,000
Total non-current liabilities		**2,382,745**	2,154,067
NET ASSETS		**6,997,447**	5,775,644
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,914,860**	1,457,430
Reserves		**3,056,674**	3,492,676
Proposed final dividend		**612,121**	437,229
		6,583,655	5,387,335
Non-controlling interests		**413,792**	388,309
TOTAL EQUITY		**6,997,447**	5,775,644

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also 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 accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations:* The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements:* The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First- time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 32 Amendments	Amendments to HKFRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – *Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC) – Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Segment liabilities exclude interest-bearing bank and other borrowings, a corporate bond, deferred tax liabilities and other unallocated 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:

Year ended 31 December 2011

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	5,094,331	646,774	–	5,741,105
Segment results	2,105,022	287,899	(20,743)	2,372,178
Reconciliation:				
Interest income				12,357
Finance costs				(98,016)
Profit before tax				2,286,519
Segment assets	11,115,126	753,417	17,476	11,886,019
Reconciliation:				
Corporate and other unallocated assets				1,405,068
Total assets				13,291,087
Segment liabilities	2,436,695	209,875	11,564	2,658,134
Reconciliation:				
Corporate and other unallocated liabilities				3,635,506
Total liabilities				6,293,640
Other segment information				
Capital expenditure *	1,846,005	197,573	440	2,044,018
Interest in an associate	42,220	–	–	42,220
Impairment losses recognised in profit or loss	1,851	736	–	2,587
Share of profit of an associate	6,940	–	–	6,940
Depreciation and amortisation	450,513	29,657	61	480,231
Exploration assets written off	7,444	–	–	7,444

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

Year ended 31 December 2010

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	3,772,193	325,607	–	4,097,800
Segment results	1,573,011	171,825	(14,313)	1,730,523
Reconciliation:				
Interest income				13,715
Finance costs				(92,340)
Profit before tax				1,651,898
Segment assets	7,842,212	652,904	18,475	8,513,591
Reconciliation:				
Corporate and other unallocated assets				901,342
Total assets				9,414,933
Segment liabilities	985,111	242,908	9,581	1,237,600
Reconciliation:				
Corporate and other unallocated liabilities				2,401,689
Total liabilities				3,639,289
Other segment information				
Capital expenditure *	1,760,211	152,563	72	1,912,846
Interest in an associate	38,735	–	–	38,735
Impairment losses recognised in profit or loss	12,061	–	–	12,061
Share of profit of an associate	3,961	–	–	3,961
Depreciation and amortisation	367,053	17,017	52	384,122
Exploration assets written off	6,692	–	–	6,692

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

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 Mainland China customers, no further geographical segment information has been presented.

Information about a major customer

Revenue of approximately RMB4,450,000,000 (2010: RMB3,561,000,000) was derived from sales by the gold operations segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowance for returns and discounts and net of various types of government surcharges where applicable, and the value of services rendered.

An analysis of revenue, other income and gains is as follows:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Sale of goods:		
Gold	**4,825,511**	3,624,404
Copper	**587,953**	280,763
Silver	**105,531**	114,950
Sulphur	**36,747**	37,596
Other by-products	**199,896**	50,862
Rendering of services:		
Processing of gold and silver	**32,662**	19,263
	5,788,300	4,127,838
Less:		
Government surcharges	**(47,195)**	(30,038)
Revenue	**5,741,105**	4,097,800

	2011	2010
	RMB'000	*RMB'000*
Other income and gains		
Sale of raw materials	**43,158**	40,074
Government grants	**27,612**	37,036
Hotel service fees	**18,108**	16,270
Gain on bargain purchase	**13,840**	6,184
Interest income	**12,357**	13,715
Fair value gain, net:		
Equity investments at fair value through profit or loss	**–**	5,699
Gain on disposal of a subsidiary	**300**	–
Gain on disposal of items of property, plant and equipment	**289**	986
Others	**6,549**	3,182
Other income and gains	**122,213**	123,146

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
– wholly repayable within five years	**42,416**	11,813
– repayable over five years	**171**	180
Interest on a short-term bond	**6,534**	–
Interest on a corporate bond	**76,543**	76,468
Subtotal	**125,664**	88,461
Less: Interest capitalised	**(33,194)**	–
Incremental interest on provisions	**5,546**	3,879
Total	**98,016**	92,340

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following:

	2011	2010
	RMB'000	*RMB'000*
Cost of inventories sold and services provided	**2,677,362**	1,786,958
Staff costs		
Wages and salaries (including directors' remuneration)	**426,250**	290,106
Early retirement benefits	**16,416**	26,277
Defined contribution fund:		
– Retirement costs	**61,380**	46,357
– Other staff benefits	**61,863**	46,858
Total staff costs	**565,909**	409,598
Auditors' remuneration	**2,200**	2,600
Amortisation of prepaid land lease payments*	**8,443**	5,403
Amortisation of mining rights and reserves*	**83,113**	100,363
Depreciation	**388,675**	278,356
Loss on disposal of property, plant and equipment	**14,144**	12,722
Operating land lease rentals	**7,233**	6,809
Impairment of other receivables	**2,587**	12,061
Exploration assets written off	**7,444**	6,692
Fair value losses, net:		
– Equity investments at fair value through profit or loss	**43,814**	28,815
– Derivative financial instruments	**633**	–

* The amortisation of prepaid land lease payments and mining rights and reserves for the year is included in "Cost of sales" on the face of the consolidated statement of comprehensive income.

6. 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.

The provision for Mainland China current income tax is based on a statutory rate of 25% (2010: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2011	2010
	RMB'000	*RMB'000*
Group:		
Current – Mainland China		
– Charge for the year	**625,895**	452,247
Deferred tax	**(62,111)**	(42,510)
Total tax charge for the year	**563,784**	409,737

7. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Ordinary:		
Proposed final – RMB0.21 per share (2010: RMB0.30 per share)	**612,121**	437,229

The board of directors recommends a cash dividend to all shareholders on the basis of RMB0.21 per share (tax included) (2010: RMB0.30 per share (tax included)).

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

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

The calculation of basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,914,860,000 (2010: 2,914,860,000) in issue during the year.

Diluted earnings per share amount is equal to basic earnings per share amount for the years ended 31 December 2011 and 2010, as no diluting events existed during these years.

The calculation of basic and diluted earnings per share is based on:

	2011	2010
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to owners of the parent	**1,661,578**	1,201,731

	2011	2010
	'000	*'000*
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**2,914,860**	2,914,860

9. TRADE AND NOTES RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**29,174**	186,930
Notes receivable	**16,446**	12,259
	45,620	199,189

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

	2011	2010
	RMB'000	*RMB'000*
Outstanding balances due within 90 days	**45,620**	199,189

Trade and notes receivables are non-interest-bearing. There were no receivables that were overdue or impaired. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of the receivables as they have no history of default. In addition, 91% (2010: 98%) of total gold sales for the year ended 31 December 2011 were made through the Shanghai Gold Exchange (the "SGE"), or through physical delivery of gold and silver in settlement of liabilities to suppliers of gold and silver concentrates, or in the form of cash. The credit term given to other customers is 30 days.

10. TRADE PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**729,377**	175,346
Payable under tolling arrangements	**808,448**	271,186
	1,537,825	446,532

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

	2011	2010
	RMB'000	*RMB'000*
Within one year	**1,524,780**	424,874
Over one year but within two years	**9,009**	8,192
Over two years but within three years	**1,954**	5,111
Over three years	**2,082**	8,355
	1,537,825	446,532

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold Output

For the year ended 31 December 2011, the Group's total output of gold amounted to 23,577 kg (approximately 758,020.19 ozs), representing an increase of 12.66% as compared to the previous year. Among which, 15,936 kg (approximately 512,352.63 ozs) of gold was mine-produced gold, representing a rise of approximately 15.60% as compared to the previous year, and 7,641.1 kg (approximately 245,667.46 ozs) was smelted and processed gold, representing an increase of approximately 7.00% as compared to the previous year. In 2011, the subsidiaries outside Zhaoyuan recorded a rapid growth and the total gold output amounted to 3,309 kg (approximately 106,385.74 ozs), representing an increase of approximately 49.93% as compared to the previous year.

Revenue

For the year ended 31 December 2011, the Group's revenue was approximately RMB5,741,105,000 (2010: RMB4,097,800,000), representing an increase of approximately 40.10% as compared to the previous year.

Net Profit

For the year ended 31 December 2011, the Group's net profit was approximately RMB1,722,735,000 (2010: RMB1,242,161,000), representing an increase of approximately 38.69% as compared to the previous year.

Earnings Per Share

For the year ended 31 December 2011, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.57 (2010: RMB0.41), increased by approximately 39.02% as compared to the previous year.

Analysis of Results

The substantial growth in profit was primarily attributable to the significant increase in gold output of the Group and gold selling price during the year.

Appropriation Proposal

The Board proposed the payment of a cash dividend of RMB0.21 (tax included) per share (2010: RMB0.30 (tax included)) to all shareholders.

Regarding the distribution of cash dividend, dividends for shareholders of domestic shares will be declared and paid in RMB, whereas dividends for shareholders of H shares will be declared in RMB and paid in Hong Kong dollars.

The proposed appropriation proposal for the Year is subject to the approval by the shareholders of the Company at the annual general meeting for the year ended 31 December 2011 ("2011 AGM"), which will be held on Tuesday, 29 May 2012.

If the proposed appropriation proposal is approved at the 2011 AGM, it is expected that the final dividend for the year ended 31 December 2011 will be paid on or before Saturday, 30 June 2012 to the shareholders whose names appear on the register of members of the Company on Wednesday, 6 June 2012.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company on Wednesday, 6 June 2012.

In accordance with the PRC Tax Law, the Company is required to withhold individual income tax when distributing the final dividend to individual shareholders whose names appear on the H shares register of members of the Company on Wednesday, 6 June 2012. The individual H shareholders are entitled to certain tax preferential treatments according to the double tax treaties between those countries where the individual H shareholders are residents and China and the provisions in respect of double tax treaties between the mainland China and Hong Kong or Macau. The Company would withhold and pay the individual income tax at the tax rates of 10% on behalf of the individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries having double tax treaties with China for personal income tax rates in respect of dividend of 10%. For individual H shareholders who are residents of those countries having agreements with China for personal income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For individual H shareholders who are residents of those countries having double tax treaties with China for personal income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed-upon effective tax rate. For individual H shareholders who are residents of those countries without any double tax treaties with China or having double tax treaties with China for personal income tax in respect of dividend of 20% and other situations, the Company would withhold the individual income tax at a tax rate of 20%.

In accordance with the PRC Tax Law, the Company has an obligation to withhold and to pay the corporate income tax and individual income tax for payment of the final dividend to non-resident enterprises and individual shareholders whose names appear on the H shares register of members of the Company on Wednesday, 6 June 2012. If the resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) and overseas resident individual shareholders whose names appear on the H shares register of members of the Company on Wednesday, 6 June 2012 do not wish to have the corporate income tax and individual income tax withheld by the Company for payment, they should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that they are resident enterprises or individual shareholders, on or before 4:30 p.m. on Friday, 1 June 2012. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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

Market Overview

As the "safe haven" function of U.S. dollar subsided, gold became a risk prevention investment vehicle that attracted huge interest from investors in 2011. International gold price hit record highs repeatedly before retreating towards the end of the year. Looking back at 2011, after a slight drop in the beginning of the year to the year low of US$1,307.9 per oz on 28 January 2011, gold price steadily went up and broke through several critical thresholds, and finally hit a new record high of US$1,920.8 per oz on 6 September 2011. Gold price plunged thereafter and dropped below US$1,600 per oz within 14 trading days before fluctuating thereafter in a range between US$1,500 per oz to US$1,800 per oz, and ended the year at US$1,564.73 per oz. The opening price of the "9995 gold" in the Shanghai Gold Exchange ("SGE") was RMB301.90 per gram and reached the highest at RMB396.00 per gram and the lowest at RMB228.70 per gram while the closing price was RMB319.80 per gram. The average gold price for the Year was approximately RMB327.53 per gram.

China's gold production continued to increase steadily in 2011 and made the nation remain the No. 1 gold production country in the world for five consecutive years. According to the statistics of the China Gold Association, gold production of China for 2011 reached 360.96 tons, representing an increase of approximately 5.89% as compared to last year.

The average price of gold sold by the Group in the SGE during the Year was approximately RMB332.75 per gram, representing an increase of approximately 20.18% as compared to RMB276.87 per gram in the previous year and was RMB5.22 per gram higher than the average price of gold in the SGE.

Business Review

Solid and Effective Work in Safety Production and Environmental Protection

During the Year, in strong adherence to the safety concept of "gold is precious but life is priceless" and the environmental protection concept of "building a harmonious relationship between gold/silver mining and the environment", the Group gave emphasis to safety production and environmental protection work. By investing RMB132,530,000 and initiating such activities as "Year of Safety Production" and "Year of Deepening Basic Foundation for Safety Production", the Group fortified the safety infrastructure and strengthened the site control, so as to establish a culture of corporate safety production through implementing main accountability system on safety, strengthening construction of safety infrastructure, unifying the standards for safety inspection, devoting more efforts in investigation and rectification, and thereby providing strong assurance for safe production. There were no serious injuries or deaths, fires, explosions, transportation accidents, poisoning or environmental pollution throughout the year, thus maintaining steady development momentum in safety production. The new development model of energy-saving and environmental-friendly mining, the so-called green mining, was initially established. The Company was recognized as one of the first batch of State-level demonstration bases in comprehensive utilisation of energy and a model enterprise for safe culture construction, and our Xiadian Gold Mine and Jinchiling Gold Mine (both located inside Zhaoyuan city) were amongst the first batch of State-level green mining enterprises.

Steady Increase in Gold Output

In 2011, the Group overcame difficulties caused by negative factors such as production suspension, power rationing, limited explosives supply and bad weather outside Zhaoyuan city, and achieved steady increase in gold output. Various operating mines of the Company managed to make progress despite all these difficulties and attained higher output through scientific organization, thus making valuable contribution to the gold production of the Group. Among which, Xiadian Gold Mine's gold production volume exceed 120,000 ozs, became one of the top ten gold mines in the PRC.

New Progress in Resource Integration

As for resource integration, the Company has increased investment in and enlarged shareholdings of the existing projects, accelerated screening and hoarding quality projects, and speeded up acquiring resources through such arrangement as private placement since 2011. During the period from 1 January 2011 to the date of this annual result announcement, the Group paid the acquisition consideration of equity investment amounting to approximately RMB739,000,000. In Xinjiang, the Group completed the acquisition of 50% equity interest in Sanfengshan Mining in Ruoqiang County; the acquisition of 79% equity interest in Dishui Copper Mine Development Company in Baicheng County; the acquisition of additional 15% equity interest in Qinghe Ming, thus increasing shareholdings therein to 95%; and the acquisition of additional 20% equity interest in Zhaojin Xinhe. In Gansu, the Group completed the acquisition of additional 15% equity interest in Hezheng Ming. In Shandong, the Group successfully acquired and integrated Daqinjia Gold mine, Ji Shan Gold Mine and Zaoyangshan Gold Mine. At the same time, the Company also signed seven framework agreements on resource integration respectively with Xinjiang Ruoqiang County Government, Inner Mongolia Alashan Administrative Office and Shanxi Quwo County Government, laying a solid foundation for resource integration within these regions in the future. In 2011, the Group obtained additional gold resources of 7.077 tons through acquisition.

More Outstanding Results Achieved in Geological Exploration

The geological exploration of the Group achieved outstanding results again during the Year. The Company implemented Results Projects and Hope Projects for overall geological explorations at both frontlines inside and outside Zhaoyuan city, and completed investment of approximately RMB195,000,000 on geological exploration, tunnel exploration of 77,318 meters, drilling exploration of 290,319 meters, which brought gold resources explored amounted to approximately 98.9 tons. Resources reserves were further significantly increased as a result.

As at 31 December 2011, the Group owned a total of 37 exploration rights with an exploration area of approximately 1,315.43 km^2, and a total of 35 mining rights with a mining area of approximately 74.5842 km^2.

With regard to the standards issued by the Joint Ore Reserves Committee ("JORC") in Australia, the total gold mining resources volume of the Group as at 31 December 2011 amounted to 558.01 tons (approximately 17.94 million ozs) and the minable gold reserves amounted to 297.06 tons (approximately 9.551 million ozs), representing a substantial increase of 62.19 tons (approximately 1.999 million ozs) or 12.54% and 45.17 tons (approximately 1.4526 million ozs) or 17.93%, respectively, as compared to the previous year.

Steady Progress Made in Infrastructure Construction and Technology Reform

2011 was "the Year of Infrastructure Construction and Technology Reform" of the Group. Adhering to the guiding principles of "excellent technology design, excellent equipment and facilities, excellent construction team, excellent management and excellent economic benefits", the Company commenced the construction of 43 infrastructure projects during the Year, and completed a total investment of approximately RMB936,000,000. The completion of a series of projects, including the mining and processing complement project and tailing project of Xiadian Gold Mine, the mining and processing complement project of Dayingezhuang Gold Mine, the optimization of the production system in Hedong mining area of Hedong Gold Mine, the sewage treatment project of Jinchiling Gold Mine, and the modification works of the acid-making and burned-slag production system of Zhaojin Guihe, have further enhanced the production capability of the Company. The expansion of the processing factory (with a capacity of 2,000 tons per day) owned by Tonghui Copper Mining commenced operation one month ahead of schedule, and the commencement of works of various technology reform projects outside Zhaoyuan, such as the technology reform project of Qinghe Mining and the construction of main shaft of Zhaojin Beijiang, have given new impetus to the Company's future development of gold production.

Fruitful Results Achieved in Scientific and Technological Innovation

During the Year, the Group proactively took advantage of scientific and technological innovation, and the level of production technology has been improved significantly. Scientific and technological innovation has become a powerful booster for our corporate development. By taking advantage of the opportunity of the Group being recognized as one of the first batch of State-level demonstration bases in comprehensive utilisation of energy, in 2011, the Group invested approximately RMB50,000,000 in aggregate on technological innovation and implemented 36 technological innovation projects. The Group won 5 awards on scientific research at or above provincial level, and was granted 26 new patents. The technical centre of Zhaojin Mining that was established at high standards by the Group has officially commenced operation, while the implementation of various technological innovation programmes including the "Development of Monitoring and Pre-warning System for New Tailing" of Xiadian Gold Mine, "Underground Ventilation Network System and Tracing and Positioning System" of Zhaojin Beijiang, as well as "Technological Research on Recovery Ratio of Ore Processing and Grade of Concentrates" of Minxian Tianhao, have further enhanced the Company's level of modernization and technicalization. The various technological indices of the Company were still at the top in the gold mining industry of the PRC, which enable the Company to start a new march of "developing gold mining with scientific technology".

Financial Analysis

Revenue

For the year ended 31 December 2011, the Group's revenue was approximately RMB5,741,105,000 (2010: RMB4,097,800,000), representing an increase of approximately 40.10% (2010: an increase of 46.51%) as compared to last year. Such increase was primarily attributable to a substantial increase in the output quantity and selling price of gold.

Cost of Sales

For the year ended 31 December 2011, the Group's cost of sales was approximately RMB2,677,362,000 (2010: RMB1,786,958,000), representing an increase of approximately 49.83% (2010: an increase of 32.59%) as compared to the previous year. Such increase was primarily attributable to the increase of sales quantity and unit cost of gold during the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit and gross profit margin were approximately RMB3,063,743,000 (2010: RMB2,310,842,000) and approximately 53.37% (2010: 56.39%), respectively, representing an increase in gross profit of approximately 32.58% (2010: an increase of approximately 59.45%) and a decrease in gross profit margin of approximately 3.03% (2010: an increase of 4.57%), respectively, as compared to the previous year. The increase in gross profit was primarily attributable to the increases in the sales quantity and the selling price of gold, while the decrease in the gross profit margin was primarily due to the slight increase in the unit production cost of gold.

Other Revenue and Gains

During the Year, the Group's other revenue and gains were approximately RMB122,213,000 (2010: RMB123,146,000), representing a decrease of approximately 0.76% (2010: an increase of 24.16%) from the previous year and remaining stable compared with the amount of the last year.

Selling and Distribution Costs

For the year ended 31 December 2011, the Group's selling and distribution costs were approximately RMB55,805,000 (2010: RMB38,220,000), representing an increase of approximately 46.01% (2010: a decrease of 0.19%) as compared to the previous year. Such increase was mainly due to the incremental transportation expense during the year.

Administrative and Other Expenses

The Group's administrative and other operating expenses were approximately RMB752,556,000 in 2011 (2010: RMB655,491,000), representing an increase of approximately 14.81% (2010: an increase of 47.72%) from 2010. Such increase was mainly attributable to the increase in staff cost due to the business expansion and adjustment of individual salary level of staff.

Finance Costs

For the year ended 31 December 2011, the Group's finance costs were approximately RMB98,016,000 (2010: RMB92,340,000), representing an increase of approximately 6.15% (2010: an increase of 299.10%) from 2010, and remaining stable compared with the amount in 2010.

Income Tax Expenses

The income tax expenses increased by approximately RMB154,047,000 when compared with the previous year. It is attributable to the increase in profit before taxation of the Group. During the Year, income tax of corporate inside PRC has been provided at a rate of 25% (2010: 25%) on the taxable income. Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 24.66% during the Year (2010: 24.80%).

Profit Attributable to Owners of the Parent

For the year ended 31 December 2011, the Group's profit attributable to the owners of the parent was approximately RMB1,661,578,000, representing an increase of approximately 38.27% (2010: an increase of 59.38%) from approximately RMB1,201,731,000 in 2010.

Liquidity and Capital Resources

The working capital funding of the Group mainly comes from its cash flows from operations and borrowings, while the Group's capital resources are mainly utilized to provide funding to the acquisition activities, capital expenditures, operations and repayment of borrowings of the Group.

Cash Flows and Working Capital

The Group's cash and cash equivalents have increased from approximately RMB781,888,000 as at 31 December 2010 to approximately RMB1,245,872,000 as at 31 December 2011. The increase was mainly attributable to the increase of net cash inflows from operating activities of the Group in 2011.

At the balance sheet date, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB16,495,000 (2010: RMB35,433,000) and those denominated in United States dollars amounted to approximately RMB50,026,000 (2010: RMB48,001,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2011, the Group had outstanding bank and other borrowings of approximately RMB1,668,269,000 (2010: RMB440,762,000), of which approximately RMB1,510,160,000 (2010: RMB370,000,000) shall be repaid within one year, approximately RMB151,735,000 (2010: RMB63,680,000) shall be repaid within two to five years, inclusive and approximately RMB6,374,000 (2010: RMB7,082,000) shall be repaid after five years. As at 31 December 2011, the Group had outstanding corporate bond of approximately RMB1,491,047,000 (2010: RMB1,489,504,000). The bond should be repaid within two to five years, inclusive. The increase in the Group's borrowings during the year was mainly attributable to the incremental demand of the resource acquisition activities, capital expenditure and working capital of the Group.

All borrowings of the Group bear fixed interest rates and denominated in RMB.

Gearing ratio

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings and corporate bond, less cash and cash equivalents. As at 31 December 2011, the gearing ration of the Group was 21.5%, which was 16.6% as at 31 December 2010. Following the business expansion of the Group, the gearing ratio recorded reasonable increase while the financing channels were continually broadened.

Market Risks

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

Gold Prices and Other Commodities Prices Risks

The Group's exposure to price risk relates principally to the market price fluctuation on gold, silver and copper which can 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 affected the liabilities which are denominated in RMB. The Group's policy is to manage price risk exposure in relation to the tolling liabilities by holding physical inventories of gold and silver for settlement of liabilities.

During the Year, the Group entered into AU(T+D) agreements, which substantially are forward commodity contracts, with the SGE to hedge potential price fluctuations of gold for trading purpose. Under those agreements, the Company could forward buy or sell gold at current day's price by depositing 10% of the total transaction amount. Subsequently, it can complete the deal by either physically delivering the gold or entering into an offsetting agreement. There is no restriction imposed on the settlement period.

The price range of the forward commodity contracts is closely monitored by the management. On 31 December 2011, all of the forward commodity contracts (other than copper futures) of the Group were settled and accordingly, a reasonable possible change of 10% in commodity price would have no material impact on the Group's and the Company's profit and equity for the Year.

Interest Rate Risk

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

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

Foreign Exchange Risk

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuations of foreign exchange rate may have an adverse effect on net assets, earnings and any dividend declared of the Group, which shall be converted or translated into Hong Kong dollars. Furthermore, the Group had not entered into any hedge activities during the Year due to fluctuations of foreign exchange rate.

Business Outlook

Further Consolidate the Fundaments of the Safety and Environmental Protection Work

In 2012, the Group will continue to adhere to the safety and environmental protection concepts of "gold is precious but life is priceless" and "prioritizing environmental protection over gold/silver mining". The Group intend to invest RMB100,000,000 on safety and environmental protection activities so that the fundamental management and on-site management become systematic and standardized and have their procedures; focus on three key parts, namely safety investment, safety design and training on safety, and strengthen the construction of safety standardization, "six major systems" for safe operation, safety and environmental protection system and safety cultures to enhance the construction of the hardware and software for our overall safety management; and highlight specific safety responsibility, safety special rectification actions, emergency rescue, supervision of engineering teams, prevention against and control of occupational hazards and administration of environmental protection work. All these efforts will be put together to build a platform to manage safety production and achieve the goal of safe production and "zero accident" throughout the year, thereby laying a solid foundation for building a safe and modern mining enterprise that is essentially safe, green and harmonious.

Strengthen Geological Exploration

In 2012, the Group will continue to focus on exploration at depth of underground and blind zone in compliance with the "five unified (五統一) requirements", namely "unified planning, unified management, unified scientific research, unified exploration and unified exploitation". In particular, we will focus our efforts on Xiadian and Dayingezhuang inside Zhaoyuan city, and Zaozigou and Zhaojin Baiyun outside Zhaoyuan city. Meanwhile, we will conduct scientific research for geological exploration in the undeveloped areas surrounding Zhaoping fault zone, Liangdang Zhaojin, Qinghe and Sanfengshan. We intend to invest RMB200,000,000 in the year to explore resources and expect to achieve additional gold resources of 80 tons.

Continuously Promote Technological Innovation

In 2012, the Group will make full use of the platform of Zhaojin Mining Technology Center for technological innovation and technology reform, and take the combined form of joint research on major projects, independent research and development, and introduction and utilization of new technologies to achieve breakthroughs in technological innovation; organize research on some key projects, such as recovery rate refractory ores during processing and the comprehensive recycle project of resources, and pool our superior resources and leverage on our technological advantage to drive the Company's overall research and innovation. It is expected that in 2012 the technological investment will amount to approximately RMB125,000,000, and 59 planned key topic researches will be carried out.

Accelerate the Process of Infrastructure and Technology Reform

Infrastructure and technology reform is an important way for the Group to achieve incremental production capacity; the Group therefore sets the year 2012 as "the Year of Infrastructure and Technology Reform Intensification". It is expected that the investment in infrastructure and technology reform will amount to approximately RMB1,360,000,000, and 30 planned projects will be carried out. The Company will focus on construction of the demonstration base for the comprehensive recycle use of golden resources for mines inside Zhaoyuan and take the demonstration project of safe and high-efficient exploration and exploitation under high-temperature and high-pressure environment at the depth of Xiadian Gold Mine, the demonstration project of exploration and exploitation of low-grade resources at Dayingezhuang Gold Mine, and the demonstration project of hot-pressure oxidation at Jinchiling Gold Mine as key projects for increasing production capacity. The Company aims to accelerate project construction, expand production size for mines outside Zhaoyuan, especially Qinghe Mining, Zhaojin Baiyun, Fengning Jinlong and Zaozigou Gold Mine with a daily mining and processing capacity of 2,000 tons per day, and thus achieve economies of scale.

Steadily Expand External Development

In 2012, the Group will continue to follow the principles of "low-cost exploration, high-level cooperation and scalized operation". The Company intends to invest RMB800,000,000 to follow up and implement high-quality resource projects with huge reserves, in concentrating on the regions/provinces of Xinjiang, Gansu, Inner Mongolia and Shandong. Meanwhile, the Group will further our efforts on the strategic research and promotion of overseas expansion, conduct thorough verification and tracking of overseas projects that are in line with the Group's cooperation intention, and make acquisition when and as appropriate. The Group will continuously increase gold production and resources reserves. The Group intends to increase resources by 50 tons through external development in 2012 to lay a resource base for the Group's long-term healthy and steady development.

ACQUISITIONS

(1) On 15 October 2010, the Company entered into an agreement with a vendor (an independent third party) for acquisition of 50% equity interests in Xinjiang Ruoqiang County Changyun Sanfengshan Gold Mining Co., Ltd ("Sanfengshan Mining") at a consideration of RMB100,000,000. This acquisition was completed on 13 January 2011.

    Sanfengshan Mining, located at the region of Innikelatage Hongshijing, the north-eastern part of Ruoqiang County, Xinjiang, has a mining area of 4.1454 km^2. The gold resources were 3,318 kg, containing a copper and silver content of 33,620 tons and 49.457 tons, respectively. It resembles an above medium size and the current production scale is 450 tons per day.

    The acquisition does not constitute any connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), nor does it constitute any notifiable transaction for the Company under Chapter 14 of the Listing Rules.

(2) On 2 May 2011, the Company entered into the equity transfer agreement with Liu Jiangjie, pursuant to which the Company acquired 15% equity interests in Qinghe County Jindu Mining Development Company Limited at a consideration of RMB46,000,000, upon completion of the equity transfer, the Company will hold an aggregate of 95% equity interests in Qinghe County Jindu Mining Development Company Limited.

Liu Jiangjie is a connected person of the Company by virtue of being a substantial shareholder of Qinghe County Jindu Mining Development Company Limited. Accordingly, the acquisition constitutes a connected transaction for the Company. As each of the applicable percentage ratios in respect of the acquisition is below the de minimis threshold and is exempt from the announcement, reporting, and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) On 2 May 2011, the Company entered into the equity transfer agreement with Yantai Jingtai Investment Consulting Co., Ltd. (煙台景泰投資諮詢有限公司), pursuant to which the Company acquired 15% equity interests in Hezheng Xinyuan Mining Co., Ltd. at a consideration of RMB9,000,000, upon completion of the equity transfer, the Company held an aggregate of 95% equity interests in Hezheng Xinyuan Mining Co., Ltd..

Yantai Jingtai Investment Consulting Co., Ltd. is a connected person of the Company by virtue of being a substantial shareholder of Hezheng Xinyuan Mining Co., Ltd.. Accordingly, the acquisition constitutes a connected transaction for the Company. As each of the applicable percentage ratios in respect of the acquisition is below the de minimis threshold and is exempt from the announcement, reporting, and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at 10 January 2012, the registration procedures associated with the equity transfer with relevant local industry and commerce authority were completed, resulting in the completion of this transaction.

(4) On 28 May 2011, the Company entered into the equity transfer agreement with four natural persons being Liang Fubin, Fu Anling, Lin Mouhua and Dai Junmin, pursuant to which the Company acquired 20% equity interests in Tuoli Xinyuan Gold Mining Industry Co., Ltd. at a consideration of RMB7,300,000, upon completion of the equity transfer, the name of Tuoli Xinyuan Gold Mining Industry Co., Ltd. will be changed into Tuoli Zhaojin Xinhe Ming Company Limited (托里縣招金鑫合礦業有限公司), and became a wholly-owned subsidiary of Tuoli Zhaojin Beijiang Mining Company Limited which is a wholly-owned subsidiary of the Company.

Liang Fubin, Fu Anling, Lin Mouhua and Dai Junmin are connected persons of the Company by virtue of being the substantial shareholders of Tuoli Xinyuan Gold Mining Industry Co., Ltd.. Accordingly, the acquisition constitutes a connected transaction for the Company. As each of the aggregate percentage ratios in respect of the acquisition is below the de minimis threshold and is exempt from the announcement and reporting, and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) On 1 December 2011, the Company entered into the Jishan JV Agreement with Zhaoyuan Zhangxing Town People's Government (招遠市張星鎮人民政府). Pursuant to the Jishan JV Agreement, the parties have agreed to establish the Jishan JV which will be principally engaged in the exploration and exploitation of gold in Zhaoyuan, Shandong Province, the PRC. The registered capital of the Jishan JV will be owned as to 95% and 5% by the Company and Zhaoyuan Zhangxing Town People's Government respectively. It is estimated by the geological experts that the gold content of Jishan JV is approximately 1,510 kg, the ore quantity is approximately 368,867 tonnes and the average grade is 4.09 gram per ton.

As at the date of this announcement, the registration of change of this joint venture with relevant local industry and commerce authority is still in progress.

The acquisition will not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules of the Stock Exchange, nor does it constitute any notifiable transaction for the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 7 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(6) The Company entered into the DQJ JV Agreement and the Supplemental DQJ JV Agreement regarding the formation of Zhaoyuan Zhaojin – Daqinjia Mining Company Limited ("Daqinjia") with Zhaoyuan People's Government Daqinjia Town Sub-District (招遠市人民政府大秦家街道辦事處) on 1 January 2011 and 1 November 2011, respectively. Pursuant to the framework and principles of the DQJ JV Agreement (as further supplemented by the Supplemental DQJ JV Agreement), the parties have agreed to establish Daqinjia, a non wholly-owned subsidiary which will be principally engaged in the mining of gold and its associated ore, and processing and sale of mine products. The registered capital of the Daqinjia will be owned as to 90% and 10% by the Company and Zhaoyuan Qinjin Enterprise Development Company respectively. It is estimated by the geological experts that the gold metal reserve owned by Daqinjia are approximately 4,300 kg, the gold ore resource owned by Daqinjia are approximately 1,068,000 tonnes and average grade is 4.03 gram per ton.

The acquisition will not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction for the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 7 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(7) On 21 December 2011, Zhaoyuan Jintingling Mining Industry Company Limited ("Jintingling", a wholly-owned subsidiary of the Group), entered into the asset transfer agreement with Zhaoyuan Gold Smelting Company Limited to acquire the Zaoyangshan Exploration Right and its ancillary assets at a consideration of RMB28,000,000 by bidding at Yantai Joint Property Right Exchange Center. The mine involved in the Zaoyangshan Exploration Right occupies an area of 16.20 km^2, and possesses good ore-forming conditions and development prospects as well as good infrastructure and facilities. Based on previous exploration works conducted in the mine, the indicated and inferred ore resources are approximately 379,881 tonnes, gold metal resources are approximately 1,267 kg and average grade is approximately 3.34 gram per ton.

As at the date of this announcement, the registration of change of property rights of this project is still in progress.

The acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Relevant details were set out in the announcement of the Company dated 21 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(8) On 30 December 2011, the Company entered into the equity transfer agreement with five natural persons being Fu Xiaoliang, Shi Chengyong, Zhou Jian, Ni Peiai and Han Xiaosong, whereby the Company acquired 79% equity interest in Baicheng Xian Di Shui Copper Mine Development Company (拜城縣滴水銅礦開發有限責任公司) at a cash consideration of RMB600,000,000.

Dishui Gold-Copper Mine is a gold-copper mine project, where the gold grade is 0.41 gram per ton, with a gold content of 2,757 kg; the silver grade is 9.39 gram per ton, with a silver content of 235,312 kg; the copper grade is 1.06%, with a copper content of 265,600 tons.

As at 5 January 2012, the registration procedures associated with the equity interest transfer with relevant local industry and commerce authority was completed, resulting in the completion of this transaction.

The acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 30 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

SIGNIFICANT EVENTS

1. On 13 June 2011, the following proposals, among other things, were reviewed and passed at the 2010 annual general meeting:

(1) Declaration and payment of final dividends for the year ended 31 December 2010 of RMB0.30 (tax included) per share to the shareholders whose names appear on the register of members of the Company on 13 June 2011, and distribution of bonus shares of the Company to all shareholders on the basis of one bonus share to be issued for every one share held by the shareholders whose names appear on the register of members of the Company on 13 June 2011. On 30 June 2011, the Company distributed the 2010 final dividend of RMB0.30 (tax included) per share to the shareholders whose names appear on the register of members of the Company on 13 June 2011. On 30 June 2011, the Company distributed bonus shares to all shareholders whose names appear on the register of members of the Company on 13 June 2011.

(2) Authorising the Board to allot, issue and deal with H 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) Authorising 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.

(4) Amending Article 2.2, Article 3.5 and Article 3.8 of the Articles of Association, such amendments involve the scope of business, share capital structure and registered capital.

(5) 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, and authorising the Chairman of the Company to determine and handle all matters relating to the issue of short term bonds in his absolute discretion within the scope specified in this proposal.

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

2. On 13 June 2011, the following proposals were reviewed at the domestic shares class meeting and H shares class meeting respectively:

   (1) Issuing bonus shares and increasing in registered capital;

   (2) Authorising the Board to allot, issue and deal with H 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;

   (3) Authorising 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.

   All the three proposals were approved at the domestic shares class meeting. The proposals set out in 2.(1) and 2.(3) above were approved at the H shares class meeting, yet the proposal set out in 2.(2) above was not approved at the H shares class meeting.

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

3. **Issue of Short Term Bonds**

   The 2011 first tranche of the short term bonds of the Company were issued on 3 November 2011 which bear interest accruing from 7 November 2011 and will be repaid on 7 November 2012. The short term bonds with a principal amount of RMB700,000,000 were issued with an interest rate of 6.11% for a term of 366 days. The fixed interest rate was determined in accordance with the prevailing market rates on the issue date. The issue of the short term bonds was underwritten by the joint lead managers of Agricultural Bank of China Limited and China Merchants Bank Co., Ltd.

   Relevant details were set out in the announcement of the Company dated 8 November 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. **Distribution of Interest of "09 Corporate Bonds" for the Year 2011**

   On 23 December 2011, the Company has distributed the interest of "09 Corporate Bonds" in an aggregate sum of RMB75,000,000 for the second distributing year from 23 December 2010 to 22 December 2011.

   Relevant details were set out in the announcement of the Company dated 16 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. **Changes in Senior Management**

   The Company held the sixteenth meeting of the third session of the Board on 5 March 2012, at which the Company agreed to release Mr. Shi Wenge from his position as the vice president of the Company due to the changes in work allocation, with effect from 29 January 2012, and Mr. Cong Peizhang was approved at the meeting to be the vice president of the Company, with effect from 5 March 2012.

6. Changes in Composition of the Board

The Company held the seventeenth meeting of the third session of the Board on 23 March 2012, at which the Company agreed Mr. Wu Zhongqing to resign from his position as a non-executive director, agreed Mr. Chen Guoping to resign from his positions as a non-executive director and a member of the Audit Committee and agreed Mr. Wang Peifu to resign from his position as a non-executive director and member of Safety and Environment Protection Committee due to reallocation of work arrangement, all with effect from 23 March 2012. Mr. Wu, Mr. Chen and Mr. Wang confirmed that they has no disagreement with the Board and there is no matter relating to Mr. Wu's, Mr. Chen's and Mr. Wang's resignations that need to be brought to the attention of the shareholders of the Company. In accordance with the requirements of the articles of association of the Company, the Board appointed Mr. Li Xiuchen as an executive director of the Company and a member of Safety and Environment Protection Committee, appointed Mr. Ye Kai as a non-executive director of the Company and a member of the Audit Committee, and appointed Mr. Kong Fanhe as a non-executive director of the Company. Please refer to the announcement of the Company dated 23 March 2012 for details of the changes in the composition of the Board.

PRE-EMPTIVE RIGHTS

There is no provision or regulation for pre-emptive rights under the Company's Articles of Association or the PRC Laws which requires the Company to issue new shares to the existing shareholders according to their respective proportions of shareholding.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the Year. No director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules by the Company at any time during the Year.

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

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

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

AUDIT COMMITTEE

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

The audit committee has reviewed the Group's audited consolidated annual results for the year ended 31 December 2011, and is of the view that the Group's audited consolidated annual results for the year ended 31 December 2011 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Company held the seventeenth meeting of the third session of the Board on 23 March 2012, at which the Company agreed Mr. Chen Guoping to resign from his position as a member of the audit committee and appointed Mr. Ye Kai as a member of the audit committee.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it has received the annual confirmation of independence from each of the independent non-executive directors in compliance with Rule 3.13 of the Listing Rules on 23 March 2012. The Company is of the view that the existing independent non-executive directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the H shares shareholders who are entitled to attend the 2011 AGM, the H shares registrar and transfer office will be closed from 29 April 2012 to 29 May 2012, both days inclusive, during which no transfer of shares will be registered. In order to determine the H shares shareholders who are entitled to receive the final dividend for the year ended 31 December 2011, the H shares registrar and transfer office will be closed from 2 June 2012 to 6 June 2012, both days inclusive, during which no transfer of shares will be registered.

For qualifying to attend and vote at the 2011 AGM, H shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 27 April 2012.

For qualifying to receive the final dividend for the year 2011, H shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H shares shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 1 June 2012.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2011 AGM will be held on Tuesday, 29 May 2012. The notice of 2011 AGM will be posted to the shareholders as soon as possible. The Group's annual report for the year ended 31 December 2011 will be posted to the shareholders in due course.

Notes:

1. This annual results announcement will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.zhaojin.com.cn).

2. As at the date of this announcement, the Board comprises: Executive Directors: Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen, Non-executive Directors: Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Kong Fanhe, Independent Non-executive Directors: Mr. Yan Hongbo, Mr. Ye Tianzhu, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo.

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

Zhaoyuan, the PRC, 23 March 2012

* *For identification purposes only*