

Morgan Stanley Asia Limited+

**Rachel L Zhang**

Rachel.Zhang@morganstanley.com  
+852 2239 1520

**John Lam**

John.Lam@morganstanley.com  
+852 2848 5412

**David Ching**

David.TL.Ching@morganstanley.com  
+852 2239 7810

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Stock Rating  
**Overweight**

Industry View  
**Attractive**

## Zhaojin Mining Industry F12 Beats on Higher Volume; Growth Remains on Track

**Opinion on shares – positive:** We expect a positive reaction to a strong set of F12 results and positive outlook. We maintain our OW rating. 2013e P/E is 10.2x and P/B is 2.7x versus the global gold industry averages of 15.2x and 1.2x respectively.

**Opinion on result – slightly positive:** Zhaojin reported 2012 net profit of Rmb 1.92bn or EPS of Rmb 0.66/sh, beating our estimate and consensus by 8% and 6%, respectively. Mined gold output in 2012 grew 13.5% YoY to 18t; tolling volume increased 25.5% YoY to 9.6t. Although ASP increased 4% YoY, GP margin decreased by ~5ppts YoY due to higher production cost of gold. We cite lower-grade ores and higher volume of tolling. Cash dividend for 2012 will be Rmb0.24/sh (tax included).

**Opinion on outlook – continue focus on growth:** Zhaojin increased its reserves/resources by 24% and 20% respectively in 2012 through acquisition and exploration. The company guided it will continue to focus on M&A and exploration in 2013. It intended to acquire 20t of reserve and exploration rights with Rmb 1bn by carrying out M&A of large mining groups in Xinjiang, Gansu and internationally. It also intends to add >80t of gold reserve through exploration.

### Zhaojin F12 Results: First impression

|                          | major negative | minor negative | no surprise | minor positive | major positive |
|--------------------------|----------------|----------------|-------------|----------------|----------------|
| Expected Market Reaction |                |                |             | ■              |                |
| Earnings (vs MS)         |                |                |             | ■              |                |
| Earnings (vs Consensus)  |                |                |             | ■              |                |
| Outlook                  |                |                |             | ■              |                |

Source: Morgan Stanley Research

### Key Ratios and Statistics

Reuters: 1818.HK Bloomberg: 1818 HK

#### China Gold

|                                 |                |
|---------------------------------|----------------|
| Shr price, close (Mar 22, 2013) | HK\$10.98      |
| 52-Week Range                   | HK\$14.48-8.00 |
| Sh out, dil, curr (mn)          | 2,966          |
| Mkt cap, curr (mn)              | Rmb26,057      |
| EV, curr (mn)                   | Rmb27,576      |
| Avg daily trading value (mn)    | Rmb59          |

| Fiscal Year ending         | 12/11 | 12/12e | 12/13e | 12/14e |
|----------------------------|-------|--------|--------|--------|
| ModelWare EPS (Rmb)        | 0.56  | 0.61   | 0.86   | 1.03   |
| Consensus EPS (Rmb)§       | 0.62  | 0.62   | 0.74   | 0.74   |
| Revenue, net (Rmb mn)      | 5,741 | 6,717  | 7,834  | 8,961  |
| EBITDA (Rmb mn)            | 2,845 | 3,110  | 4,241  | 5,056  |
| ModelWare net inc (Rmb mn) | 1,662 | 1,813  | 2,554  | 3,053  |
| P/E                        | 17.9  | 15.9   | 10.2   | 8.5    |
| P/BV                       | 6.1   | 3.8    | 2.7    | 2.3    |
| RNOA (%)                   | 26.8  | 23.2   | 29.0   | 30.1   |
| ROE (%)                    | 30.8  | 27.5   | 33.5   | 31.5   |
| EV/EBITDA                  | 14.5  | 9.7    | 6.3    | 5.2    |
| Div yld (%)                | 2.1   | 1.7    | 4.9    | 5.9    |
| FCF yld ratio (%)          | 0.7   | 2.4    | 4.8    | 6.0    |
| Leverage (EOP) (%)         | 28.7  | 23.4   | 10.4   | 6.1    |

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

§ = Consensus data is provided by Thomson Reuters Estimates.

e = Morgan Stanley Research estimates

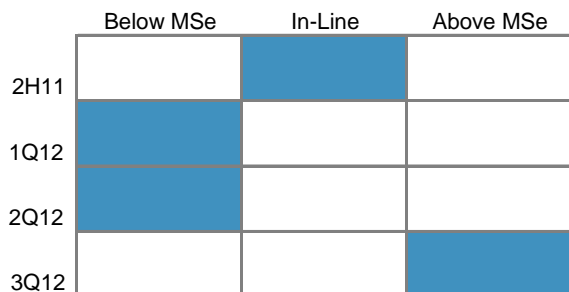
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Exhibit 1

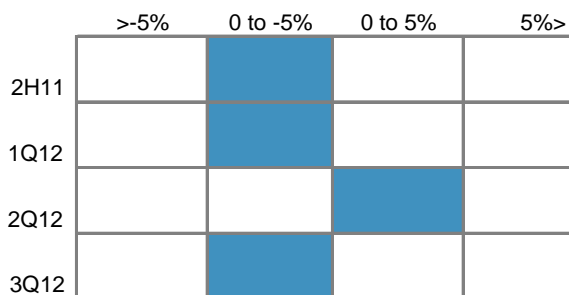
### Zhaojin's recent track record



Source: Company Data, Morgan Stanley Research

Exhibit 2

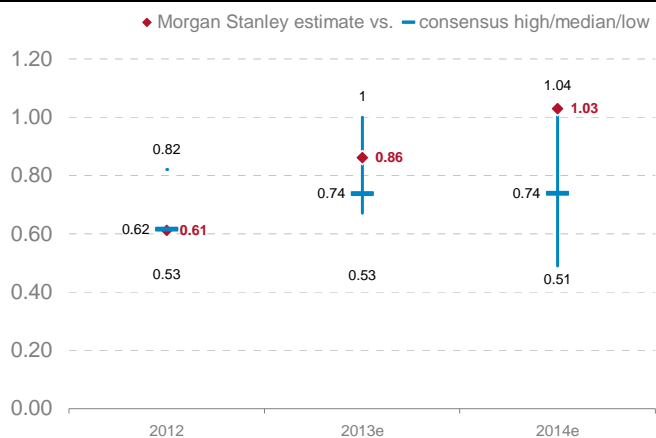
### Zhaojin's stock reaction to past results



Source: Thomson Reuters, Morgan Stanley Research

Exhibit 3

### Morgan Stanley vs. Consensus estimates



Source: Thomson Reuters, Morgan Stanley Research

Exhibit 4

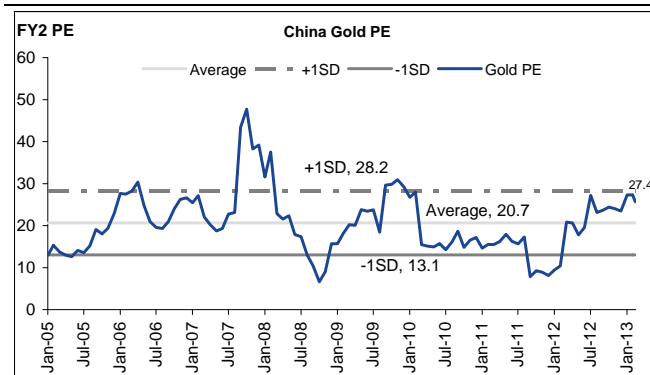
### Zhaojin Mining: 2012 Results snapshot

| (Rmb million)         | 2012  | MS    | diff % | YoY |
|-----------------------|-------|-------|--------|-----|
| Revenue               | 7,603 | 6,717 | 13%    | 32% |
| Gross profit          | 3,695 | 3,354 | 10%    | 21% |
| EBIT                  | 2,857 | 2,505 | 14%    | 21% |
| Net income            | 1,924 | 1,813 | 6%     | 16% |
| EPS (Rmb)             | 0.66  | 0.61  | 8%     | 16% |
| EPS (HK\$)            | 0.74  | 0.69  | 8%     | 16% |
| Total Vol(Gold - kgs) | 28    | 26    | 6%     | 17% |
| ASP (Rmb/g)           | 344   | 338   | 2%     | 4%  |

Source: Company Data, Morgan Stanley Research

Exhibit 5

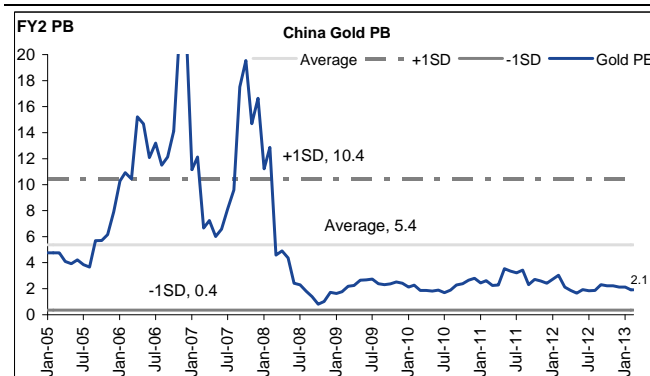
### Chinese Gold FY2 PE, above long-term average levels



Source: Company Data, Thomson Reuters, Morgan Stanley Research

Exhibit 6

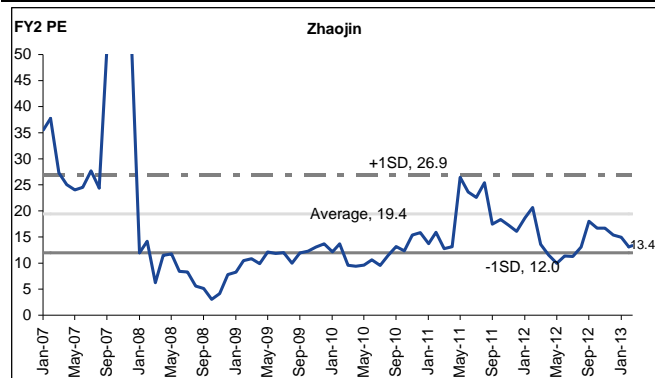
### Chinese Gold FY2 PB, below long-term average levels



Source: Company Data, Thomson Reuters, Morgan Stanley Research

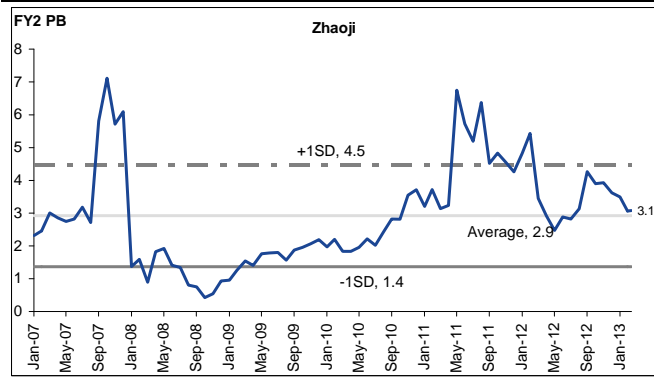
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Exhibit 7  
**Zhaojin FY2 PE, below long-term average levels**



Source: Company Data, Thomson Reuters, Morgan Stanley Research

Exhibit 8  
**Zhaojin FY2 PE, near long-term average levels**



Source: Company Data, Thomson Reuters, Morgan Stanley Research

Exhibit 9  
**Morgan Stanley China Materials: Attractiveness Score**

| Morgan Stanley Asia ex Japan Materials: Attractiveness Score |          |                      |                   |                    |                       |                     |                    |                |              |               | Prices as at March 24, 2013 |                   |                    |              |                               |                      |                   |               |                         |
|--|----------|----------------------|-------------------|--------------------|-----------------------|---------------------|--------------------|----------------|--------------|---------------|-----------------------------|-------------------|--------------------|--------------|-------------------------------|----------------------|-------------------|---------------|-------------------------|
| Company name   | SCORE    | Earnings Trends      |                   |                    |                       |                     | Absolute Multiples |                |              |               | Rating                      | Rating & PTs      |                    |              | Price performance & liquidity |                      |                   |               |                         |
|  |          | MS vs Consensus '13e | Net Gearing 2013e | Hist RNOA 2006-11a | Forecast RNOA '12-15e | CAGR EPS (2012-15e) | P/E 13e            | EV/EBITDA '13e | PBV '13e     | Div Yld '13e  |                             | Stock price (HKD) | Price target (HKD) | Return to PT | 3-mo Perf.                    | Down from 52-wk High | Up from 52-wk low | Mkt cap US\$m | Avg daily trading US\$m |
| <b>Gold:</b>   | <b>1</b> | <b>16% e</b>         | <b>16% e</b>      | <b>32%</b>         | <b>21% e</b>          | <b>17% e</b>        | <b>7.8 e</b>       | <b>5.5 e</b>   | <b>1.8 e</b> | <b>4.0%</b>   | <b>Attractive</b>           |                   | <b>57%</b>         | <b>(11%)</b> | <b>(23%)</b>                  | <b>23%</b>           | <b>4,138</b>      | <b>14</b>     |                         |
| Zhaojin  | 2        | 16.83%               | 10% e             | 24%                | 27% e                 | 19% e               | 10.2               | 6.3            | 2.7          | 4.9%          | Overweight                  | 10.98             | 16.00              | 46%          | (7.9%)                        | (24%)                | 37%               | 4,195         | 10                      |
| Zijin  | 2        | 16.08%               | 20% e             | 36%                | 18% e                 | 16% e               | 6.4                | 5.0            | 1.3          | 3.5%          | Overweight                  | 2.57              | 4.20               | 63%          | (13.2%)                       | (22%)                | 15%               | 7,220         | 16                      |
| G-Resources  | 3        | (16.53%)             | (9%) e            | (45%)              | 21% e                 | (382%) e            | 10.5               | 4.0            | 1.0          | 0.0%          | Overweight                  | 0.41              | 0.50               | 22%          | 15.5%                         | (20%)                | 41%               | 999           | 2                       |
| <b>Cement</b>  | <b>2</b> | <b>12%</b>           | <b>84% e</b>      | <b>16%</b>         | <b>14% e</b>          | <b>19% e</b>        | <b>9.2 e</b>       | <b>6.5 e</b>   | <b>1.5 e</b> | <b>1.5%</b>   | <b>In-Line</b>              |                   | <b>10%</b>         | <b>(7%)</b>  | <b>(20%)</b>                  | <b>39%</b>           | <b>5,867</b>      | <b>36</b>     |                         |
| Anhui Conch  | 1        | 17.40%               | 25% e             | 18%                | 17% e                 | 23% e               | 11.0               | 6.8            | 1.9          | 1.0%          | Equal-Weight                | 26.15             | 30.00              | 15%          | (6.1%)                        | (18%)                | 37%               | 17,850        | 43                      |
| Shanshui   | 2        | 5.72%                | 112% e            | 14%                | 13% e                 | 17% e               | 5.4                | 4.3            | 1.0          | 4.6%          | Equal-Weight                | 4.47              | 5.60               | 25%          | (19.0%)                       | (32%)                | 15%               | 1,621         | 6                       |
| CNBM   | 3        | 14.38%               | 205% e            | 16%                | 12% e                 | 16% e               | 5.7                | 6.0            | 1.2          | 1.9%          | Equal-Weight                | 10.96             | 12.00              | 9%           | (2.5%)                        | (14%)                | 55%               | 7,622         | 55                      |
| BBMG   | 3        | 8.35%                | 101% e            | 16%                | 10% e                 | 2% e                | 6.2                | 6.2            | 0.9          | 1.6%          | Equal-Weight                | 6.26              | 7.00               | 12%          | (9.1%)                        | (19%)                | 38%               | 3,454         | 8                       |
| Sinoma   | 5        | (2.79%)              | 140% e            | 12%                | 6% e                  | 11% e               | 9.1                | 6.3            | 0.5          | 1.4%          | Underweight                 | 2.07              | 1.90               | (8%)         | (12.7%)                       | (37%)                | 16%               | 952           | 3                       |
| CR Cement  | 6        | (12.70%)             | 79% e             | 12%                | 9% e                  | 20% e               | 12.0               | 8.0            | 1.2          | 1.6%          | Underweight                 | 4.41              | 3.90               | (12%)        | (12.8%)                       | (32%)                | 32%               | 3,703         | 14                      |
| <b>Steel:</b>  | <b>3</b> | <b>5%</b>            | <b>21% e</b>      | <b>9%</b>          | <b>7% e</b>           | <b>(60%) e</b>      | <b>23.7 e</b>      | <b>4.8 e</b>   | <b>0.7 e</b> | <b>3.5%</b>   | <b>In-Line</b>              |                   | <b>0%</b>          | <b>(4%)</b>  | <b>(15%)</b>                  | <b>24%</b>           | <b>6,664</b>      | <b>16</b>     |                         |
| Maanshan   | 1        | NM                   | 85% e             | 5%                 | 3% e                  | (182%) e            | 17.2               | 5.9            | 0.5          | 0.0%          | Equal-Weight                | 2.03              | 2.50               | 23%          | (13.2%)                       | (28%)                | 39%               | 2,014         | 5                       |
| Baosteel   | 2        | (0.29%)              | (1%) e            | 9%                 | 9% e                  | (3%) e              | 11.8               | 2.8            | 0.8          | 5.1%          | Equal-Weight                | 4.84              | 5.00               | 3%           | 0.4%                          | (7%)                 | 19%               | 13,644        | 20                      |
| Angang   | 3        | 26%                  | 60% e             | 13%                | 2% e                  | (183%) e            | 64.3               | 10.7           | 0.6          | 0.0%          | Underweight                 | 4.65              | 3.70               | (20%)        | (15.8%)                       | (31%)                | 35%               | 4,333         | 7                       |
| <b>Nonferrous:</b>   | <b>4</b> | <b>(23%)</b>         | <b>107% e</b>     | <b>14%</b>         | <b>10% e</b>          | <b>(20%) e</b>      | <b>213.1 e</b>     | <b>5.7 e</b>   | <b>1.2 e</b> | <b>1.6% e</b> | <b>In-Line</b>              |                   | <b>22%</b>         | <b>(14%)</b> | <b>(24%)</b>                  | <b>10%</b>           | <b>5,008</b>      | <b>17</b>     |                         |
| Jiangxi Copper   | 1        | 13.37%               | 4% e              | 21%                | 17% e                 | 11% e               | 7.3                | 4.7            | 1.0          | 3.2%          | Overweight                  | 17.00             | 25.00              | 47%          | (16.0%)                       | (23%)                | 10%               | 7,582         | 26                      |
| Chinalco Mining  | 2        | 65.74%               | 469% e            | NM                 | 8% e                  | 305% e              | NM                 | NM             | 3.0          | 0.0%          | Overweight                  | 1.26              | 1.90               | 51%          | (23.2%)                       | (28%)                | 4%                | 1,918         | 5                       |
| Chalco   | 3        | (102.63%)            | 123% e            | 9%                 | 2% e                  | (176%) e            | 569.6              | 8.9            | 0.7          | 0.0%          | Underweight                 | 3.17              | 2.50               | (21%)        | (8.9%)                        | (25%)                | 11%               | 5,522         | 8                       |
| <b>AP-Materials:</b>   |          | <b>3% e</b>          | <b>57%</b>        | <b>16%</b>         | <b>12%</b>            | <b>(15%)</b>        | <b>60.5 e</b>      | <b>5.6 e</b>   | <b>1.2 e</b> | <b>2.6% e</b> |                             |                   | <b>19%</b>         | <b>(9%)</b>  | <b>(20%)</b>                  | <b>25%</b>           | <b>5,419</b>      | <b>21</b>     |                         |

Source: Thomson Reuters, Morgan Stanley Research. e= Morgan Stanley Research Estimates. For valuation methodology and risks associated with any price target above, please email [morganstanley.research@morganstanley.com](mailto:morganstanley.research@morganstanley.com) with a request for valuation methodology and risks on a particular stock. Past performance is no guarantee of future results. Results shown do not include transaction costs.

### Company Description

Zhaojin Mining Industry Company Limited is engaged in exploration, mining, ore processing, smelting and the selling of gold and other metallic products. It is an integrated mining company specializing in the production of gold.

### China Gold

**Industry View: Attractive**

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Zhaojin Mining Industry

Exhibit 10


## Global Precious Metals Comps

| Prices are as of close 22-Mar-13 |             |              |              |                 |                   |             |             |               |                |              |               |           |            |           |           |
|----------------------------------|-------------|--------------|--------------|-----------------|-------------------|-------------|-------------|---------------|----------------|--------------|---------------|-----------|------------|-----------|-----------|
| Global Precious Metals           |             |              | Market Cap   |                 | Performance       |             |             |               |                | ROE          |               |           |            |           |           |
| Company Name                     | Price Local | Price Target | MS Rating    | (MM, local FX)  | EV (MM, local FX) | Last 7 Days | Last Month  | Last 3 Months | Last 12 Months | % Off YTD HI | % Off YTD Low | 2011 ROE  | 2012e ROE  | 2013e ROE |           |
| 676100                           | 39,400.00   | 44,500.00    | Equal-Weight | 103196          | 113515            | (4%)        | (8%)        | (11%)         | (30%)          | (12%)        | (21%)         | 0%        | 7%         | (3%)      | 10%       |
| 617536                           | 52.25       | 61.00        | Equal-Weight | 373             | 503               | 5%          | (12%)       | (8%)          | (69%)          | (8%)         | (34%)         | 5%        | 19%        | (18%)     | (6%)      |
| ABX                              | 29.38       | NA           | Equal-Weight | 29409           | 43923             | 3%          | (4%)        | (12%)         | (32%)          | (16%)        | (17%)         | 3%        | 25%        | 16%       | 19%       |
| BVN                              | 25.89       | 31.00        | Equal-Weight | 6588            | 6788              | 3%          | 0%          | (26%)         | (33%)          | (28%)        | (28%)         | 6%        | 33%        | 22%       | 18%       |
| 1051-HK                          | 0.41        | 0.50         | Overweight   | 999             | 871               | 2%          | (5%)        | 15%           | (14%)          | 12%          | (13%)         | 12%       | (3%)       | (2%)      | 11%       |
| GG                               | 33.56       | NA           | Equal-Weight | 27921           | 27837             | 3%          | 3%          | (5%)          | (23%)          | (9%)         | (12%)         | 5%        | 9%         | 8%        | 7%        |
| 645780                           | 13,386.00   | 16,500.00    | Overweight   | 81177           | 87388             | -           | -           | -             | -              | -            | -             | N/A       | N/A        | 9%        | 6%        |
| KGC                              | 8.13        | NA           | Underweight  | 9314            | 8929              | 3%          | 6%          | (13%)         | (16%)          | (16%)        | (18%)         | 9%        | 7%         | 7%        | 8%        |
| 663710                           | 22.30       | 31.30        | Overweight   | 17059           | 19242             | 1%          | 3%          | (1%)          | (24%)          | 1%           | (9%)          | 4%        | 21%        | 8%        | 6%        |
| NEM                              | 41.61       | NA           | Equal-Weight | 20763           | 27152             | 5%          | 2%          | (7%)          | (21%)          | (10%)        | (11%)         | 8%        | 16%        | 14%       | 16%       |
| OZL-AU                           | 5.35        | 8.50         | Overweight   | 1642            | 983               | (7%)        | (21%)       | (21%)         | (45%)          | (20%)        | (30%)         | 0%        | 10%        | 5%        | 4%        |
| 1818-HK                          | 10.98       | 15.00        | Overweight   | 26057           | 27576             | 9%          | 5%          | (8%)          | (18%)          | (9%)         | (15%)         | 10%       | 31%        | 28%       | 33%       |
| 2899-HK                          | 2.57        | 4.20         | Overweight   | 44853           | 56723             | 1%          | (4%)        | (13%)         | (16%)          | (16%)        | (19%)         | 4%        | 26%        | 21%       | 24%       |
| <b>Average (\$USD)</b>           |             |              |              | <b>\$12,257</b> | <b>\$14,440</b>   | <b>1%</b>   | <b>(3%)</b> | <b>(7%)</b>   | <b>(26%)</b>   | <b>(9%)</b>  | <b>(16%)</b>  | <b>4%</b> | <b>14%</b> | <b>6%</b> | <b>9%</b> |
| <b>Median (\$USD)</b>            |             |              |              | <b>\$9,314</b>  | <b>\$9,447</b>    | <b>3%</b>   | <b>0%</b>   | <b>(7%)</b>   | <b>(24%)</b>   | <b>(9%)</b>  | <b>(15%)</b>  | <b>5%</b> | <b>15%</b> | <b>8%</b> | <b>8%</b> |

| Global Precious Metals |          |           | 2011 EV/  |             |             | 2012e EV/   |             |            | 2013e EV/  |            |            | 2011 FCF   |            |            | 2012e FCF  |           |           | 2013e FCF |           |            | 2011 P/BK |           |           | 2012e P/BK |           |           | 2013e P/BK |           |           | 2011 Div   |           |           | 2012e Div  |           |           | 2013e Div |           |  | 2011 Net Debt/Cap |  |  | 2012e Net Debt/Cap |  |  | 2013e Net Debt/Cap |  |  |
|------------------------|----------|-----------|-----------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|--|-------------------|--|--|--------------------|--|--|--------------------|--|--|
| Company Name           | 2011 P/E | 2012e P/E | 2013e P/E | EBITDA      | EBITDA      | EBITDA      | Yield       | Yield      | Yield      | Yield      | Yield      | Yield      | Yield      | Yield      | Yield      | Yield     | Yield     | Yield     | Yield     | Yield      | Yield     | Yield     | Yield     | Yield      | Yield     | Yield     | Yield      | Yield     | Yield     | Yield      | Yield     | Yield     | Yield      | Yield     | Yield     | Yield     | Yield     |  |                   |  |  |                    |  |  |                    |  |  |
| 676100                 | 39.3     | NM        | 21.8      | 13.0        | NM          | 17.6        | 4%          | (3%)       | (12%)      | 2.5        | 2.3        | 2.2        | 1.3%       | 0.0%       | 1.2%       | 6%        | 17%       | 21.0%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 617536                 | 14.9     | NM        | NM        | 8.1         | NM          | 27.0        | (0%)        | (33%)      | (64%)      | 2.8        | 0.5        | 0.8        | 1.6%       | 0.0%       | 0.0%       | (4%)      | 15%       | 34.0%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| ABX                    | 9.7      | 9.2       | 7.0       | 6.8         | 9.0         | 5.6         | 1%          | (3%)       | (3%)       | 1.9        | 1.6        | 1.2        | 1.1%       | 2.1%       | 2.7%       | 29%       | 33%       | 32.6%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| BVN                    | 11.3     | 13.3      | 9.9       | 12.0        | 17.6        | 10.4        | 4%          | 2%         | 6%         | 3.1        | 2.5        | 1.6        | 1.5%       | 0.0%       | 2.3%       | (14%)     | (2%)      | (2.8%)    |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 1051-HK                | NM       | NM        | 10.5      | NM          | NM          | 4.0         | (19%)       | (32%)      | (4%)       | 1.9        | 1.2        | 1.0        | 0.0%       | 0.0%       | 0.0%       | (30%)     | (17%)     | (9.7%)    |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| GG                     | 20.2     | 18.6      | 18.6      | 11.6        | 10.3        | 9.6         | 1%          | (1%)       | (2%)       | 1.7        | 1.3        | 1.2        | 0.9%       | 1.5%       | 1.8%       | (4%)      | (1%)      | 3.2%      |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 645780                 | 16.6     | 19.6      | 27.1      | 10.0        | 11.1        | 12.1        | 2%          | (3%)       | 0%         | 2.3        | 1.6        | 1.5        | 3.1%       | 1.4%       | 0.9%       | (3%)      | 7%        | 6.7%      |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| KGC                    | 14.9     | 12.6      | 11.3      | 5.8         | NM          | 4.4         | (3%)        | (6%)       | (0%)       | 1.1        | 1.1        | 0.9        | 1.0%       | 1.6%       | 2.0%       | (2%)      | 6%        | 7.6%      |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 663710                 | 27.1     | 16.0      | 20.2      | 14.3        | 9.1         | 11.0        | (1%)        | (5%)       | (5%)       | 2.1        | 1.2        | 1.1        | 1.3%       | 1.5%       | 1.6%       | 4%        | 12%       | 15.7%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| NEM                    | 13.9     | 12.6      | 9.6       | 10.7        | 7.0         | 5.6         | (13%)       | (5%)       | 5%         | 2.3        | 1.7        | 1.4        | 1.7%       | 3.2%       | 4.1%       | 7%        | 16%       | 13.0%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 639762                 | 10.0     | 14.8      | 16.4      | 4.0         | 4.3         | 2.4         | 16%         | 3%         | 22%        | 1.1        | 0.7        | 0.6        | 6.0%       | 4.5%       | 3.1%       | (46%)     | (31%)     | (50.8%)   |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 1818-HK                | 17.9     | 15.9      | 10.2      | 14.5        | 9.7         | 6.3         | 1%          | 2%         | 5%         | 6.1        | 3.8        | 2.7        | 2.1%       | 1.7%       | 4.9%       | 23%       | 20%       | 9.7%      |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| 2899-HK                | 9.0      | 10.2      | 6.4       | 5.7         | 7.2         | 5.0         | (4%)        | (7%)       | (2%)       | 2.0        | 1.8        | 1.3        | 2.8%       | 2.7%       | 3.5%       | 9%        | 16%       | 16.4%     |           |            |           |           |           |            |           |           |            |           |           |            |           |           |            |           |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |
| <b>Average (\$USD)</b> |          |           |           | <b>17.8</b> | <b>14.6</b> | <b>15.2</b> | <b>9.6</b>  | <b>9.5</b> | <b>9.3</b> | <b>-1%</b> | <b>-8%</b> | <b>-5%</b> | <b>2.1</b> | <b>1.4</b> | <b>1.2</b> | <b>2%</b> | <b>1%</b> | <b>2%</b> | <b>6%</b> | <b>-5%</b> | <b>5%</b> | <b>6%</b> | <b>2%</b> | <b>1%</b>  | <b>1%</b> | <b>2%</b> | <b>1%</b>  | <b>1%</b> | <b>2%</b> | <b>1%</b>  | <b>1%</b> | <b>2%</b> | <b>-3%</b> | <b>5%</b> | <b>7%</b> | <b>8%</b> | <b>6%</b> |  |                   |  |  |                    |  |  |                    |  |  |
| <b>Median (\$USD)</b>  |          |           |           | <b>14.9</b> | <b>14.1</b> | <b>13.9</b> | <b>10.4</b> | <b>9.1</b> | <b>6.3</b> | <b>1%</b>  | <b>-3%</b> | <b>-2%</b> | <b>2.1</b> | <b>1.3</b> | <b>1.2</b> | <b>1%</b> | <b>1%</b> | <b>2%</b> | <b>6%</b> | <b>-3%</b> | <b>7%</b> | <b>8%</b> | <b>2%</b> | <b>1%</b>  | <b>1%</b> | <b>2%</b> | <b>1%</b>  | <b>1%</b> | <b>2%</b> | <b>-3%</b> | <b>7%</b> | <b>8%</b> | <b>8%</b>  | <b>6%</b> |           |           |           |  |                   |  |  |                    |  |  |                    |  |  |

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| Stock Rating Category    | Coverage Universe |            | Investment Banking Clients (IBC) |                |                      |
|--------------------------|-------------------|------------|----------------------------------|----------------|----------------------|
|                          | Count             | % of Total | Count                            | % of Total IBC | % of Rating Category |
| <b>Overweight/Buy</b>    | <b>1025</b>       | <b>36%</b> | <b>394</b>                       | <b>39%</b>     | <b>38%</b>           |
| <b>Equal-weight/Hold</b> | <b>1242</b>       | <b>44%</b> | <b>477</b>                       | <b>47%</b>     | <b>38%</b>           |
| <b>Not-Rated/Hold</b>    | <b>104</b>        | <b>4%</b>  | <b>26</b>                        | <b>3%</b>      | <b>25%</b>           |
| <b>Underweight/Sell</b>  | <b>474</b>        | <b>17%</b> | <b>114</b>                       | <b>11%</b>     | <b>24%</b>           |
| <b>Total</b>             | <b>2,845</b>      |            | <b>1011</b>                      |                |                      |

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Zhaojin Mining Industry (1818.HK) - As of 3/24/13 in HKD  
Industry : China Gold



Volatility shading indicates "more volatile" (V) flag. As of Nov-14-2008 the V flag has been discontinued.

Stock Rating History: 3/1/10 : 0/I; 10/6/10 : E/I; 10/3/11 : 0/I; 12/1/11 : 0/A

Price Target History: 2/5/10 : 9.3; 6/23/10 : 10.3; 10/6/10 : 13.3; 1/17/11 : 16.7; 7/26/11 : 19; 1/17/12 : 18.61; 6/28/12 : 15.45; 8/20/12 : 12; 10/4/12 : 16.5; 1/24/13 : 16

Source: Morgan Stanley Research      Date Format : MM/DD/YY      Price Target - -      No Price Target Assigned (NA)  
 Stock Price (Not Covered by Current Analyst) - -      Stock Price (Covered by Current Analyst) - -  
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View  
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (V) No Rating Available (NA)  
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March 25, 2013

Zhaojin Mining Industry

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March 25, 2013

Zhaojin Mining Industry

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**The Americas**

1585 Broadway  
New York, NY 10036-8293  
**United States**  
Tel: +1 (1) 212 761 4000

**Europe**

20 Bank Street, Canary Wharf  
London E14 4AD  
**United Kingdom**  
Tel: +44 (0) 20 7 425 8000

**Japan**

4-20-3 Ebisu, Shibuya-ku  
Tokyo 150-6008  
**Japan**  
Tel: +81 (0) 3 5424 5000

**Asia/Pacific**

1 Austin Road West  
Kowloon  
**Hong Kong**  
Tel: +852 2848 5200

**Industry Coverage:China Gold**

| Company (Ticker)                  | Rating (as of) | Price* (03/22/2013) |
|-----------------------------------|----------------|---------------------|
| <b>Rachel L Zhang</b>             |                |                     |
| Zhaojin Mining Industry (1818.HK) | O (10/03/2011) | HK\$10.98           |
| Zijin Mining Group (2899.HK)      | O (12/01/2011) | HK\$2.57            |

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