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ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- During the Period, the revenue amounted to approximately RMB2,677,384,000, representing a decrease of approximately 5.90% as compared to the corresponding period of last year.
- During the Period, the net profit was approximately RMB220,900,000, representing a decrease of approximately 28.78% as compared to the corresponding period of last year.
- During the Period, the profit attributable to owners of the parent amounted to approximately RMB225,127,000, representing a decrease of approximately 30.54% as compared to the corresponding period of last year.
- During the Period, the basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.08, representing a decrease of approximately 27.27% as compared to the corresponding period of last year.
- The Board does not recommend payment of interim dividend for the six months ended 30 June 2015.

The board (the “Board”) of directors (the “Directors”) of Zhaojin Mining Industry Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 (the “Period”) prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”, which have been reviewed by the Board’s audit committee (the “Audit Committee”) and the Company’s auditors, Ernst & Young. Interim condensed consolidated financial information together with comparative figures for the corresponding period in 2014 are set out as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2015*

		For the six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
REVENUE	4	2,677,384	2,845,195
Cost of sales		(1,567,189)	(1,815,277)
Gross profit		1,110,195	1,029,918
Other income and gains	5	140,750	109,834
Selling and distribution costs		(38,391)	(50,694)
Administrative expenses		(431,521)	(367,002)
Other expenses	6	(151,196)	(82,655)
Finance costs	7	(301,915)	(255,503)
Share of profits/(losses) of:			
– Associates		3,122	4,299
– Joint ventures		(11,688)	20,160
PROFIT BEFORE TAX		319,356	408,357
Income tax expense	8	(98,456)	(98,174)
PROFIT FOR THE PERIOD		220,900	310,183
Attributable to:			
Owners of the parent		225,127	324,101
Non-controlling interests		(4,227)	(13,918)
		220,900	310,183
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the Period (RMB)	10	0.08	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	220,900	310,183
	<u><u>220,900</u></u>	<u><u>310,183</u></u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	(3,916)	–
Exchange differences on translation of foreign operations	8	(36)
	<u>8</u>	<u>(36)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(3,908)	(36)
	<u>(3,908)</u>	<u>(36)</u>
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	–	–
	<u>–</u>	<u>–</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(3,908)	(36)
	<u>(3,908)</u>	<u>(36)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	216,992	310,147
	<u><u>216,992</u></u>	<u><u>310,147</u></u>
Attributable to:		
Owners of the parent	221,219	324,065
Non-controlling interests	(4,227)	(13,918)
	<u>221,219</u>	<u>324,065</u>
	<u>(4,227)</u>	<u>(13,918)</u>
	<u><u>216,992</u></u>	<u><u>310,147</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		30 June 2015	31 December 2014
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	11,516,137	11,145,368
Prepaid land lease payments		502,232	326,733
Goodwill		932,792	932,792
Other intangible assets	<i>11</i>	4,301,006	4,368,355
Investments in joint ventures		2,846,112	135,300
Investments in associates		271,381	268,251
Available-for-sale investments		41,931	46,041
Deferred tax assets		332,523	345,535
Loans receivable		70,000	37,000
Long-term deposits		139,224	111,909
Other long-term assets	<i>12</i>	880,345	2,839,531
Total non-current assets		21,833,683	20,556,815
CURRENT ASSETS			
Inventories		3,568,803	3,172,280
Trade and notes receivables	<i>13</i>	166,990	102,569
Prepayments, deposits and other receivables		901,177	809,719
Equity investments at fair value through profit or loss		244,189	23,412
Derivative financial instruments	<i>15</i>	2,045	57,211
Pledged deposits		158,340	388,388
Loans receivable		70,000	35,000
Cash and cash equivalents		1,607,263	1,254,916
Total current assets		6,718,807	5,843,495

		30 June 2015	31 December 2014
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	<i>14</i>	459,211	479,140
Other payables and accruals		1,826,086	1,541,203
Financial liabilities at fair value through profit or loss	<i>15</i>	2,679,994	3,827,336
Interest-bearing bank and other borrowings	<i>16</i>	5,897,846	4,716,034
Tax payable		96,133	146,988
Provisions		22,228	24,504
		<hr/>	<hr/>
Total current liabilities		10,981,498	10,735,205
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(4,262,691)	(4,891,710)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,570,992	15,665,105
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>16</i>	3,609,112	2,173,987
Corporate bonds		2,692,197	2,690,309
Deferred tax liabilities		546,581	566,492
Deferred income		392,995	415,745
Provisions		76,846	68,608
		<hr/>	<hr/>
Total non-current liabilities		7,317,731	5,915,141
		<hr/>	<hr/>
NET ASSETS		10,253,261	9,749,964
		<hr/> <hr/>	<hr/> <hr/>

		30 June 2015	31 December 2014
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value		2,965,827	2,965,827
Perpetual capital instruments	<i>17</i>	504,628	–
Reserves		5,765,532	5,552,941
Proposed final dividend	<i>9</i>	–	148,291
		9,235,987	8,667,059
Non-controlling interests		1,017,274	1,082,905
TOTAL EQUITY		10,253,261	9,749,964

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent										
	Issued capital	Perpetual capital instruments	Capital reserve	Special reserve-safety fund	Statutory and distributable reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 (Audited)	2,965,827	-	1,291,794	19,315	799,921	(8,333)	3,450,244	148,291	8,667,059	1,082,905	9,749,964
Profit for the period	-	8,628	-	-	-	-	216,499	-	225,127	(4,227)	220,900
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	8	-	-	8	-	8
Changes in fair value of available-for-sale investments, net of tax	-	-	(3,916)	-	-	-	-	-	(3,916)	-	(3,916)
Total comprehensive income for the period	-	8,628	(3,916)	-	-	8	216,499	-	221,219	(4,227)	216,992
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(61,404)	(61,404)
Issue of perpetual capital instruments, net of issuance costs (note 17)	-	496,000	-	-	-	-	-	-	496,000	-	496,000
Dividends-2014 final paid	-	-	-	-	-	-	-	(148,291)	(148,291)	-	(148,291)
At 30 June 2015 (Unaudited)	<u>2,965,827</u>	<u>504,628</u>	<u>1,287,878*</u>	<u>19,315*</u>	<u>799,921*</u>	<u>(8,325)*</u>	<u>3,666,743*</u>	<u>-</u>	<u>9,235,987</u>	<u>1,017,274</u>	<u>10,253,261</u>

* These reserve accounts comprise the consolidated reserves of RMB5,765,532,000 (31 December 2014: RMB5,552,941,000) in the consolidated statement of financial position.

For the six months ended 30 June 2014

	Attributable to owners of the parent									
	Issued capital RMB'000	Capital reserve RMB'000	Special reserve– safety fund RMB'000	Statutory and distributable reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (Audited)	2,965,827	1,209,435	18,122	726,325	(8,305)	3,217,936	296,583	8,425,923	896,875	9,322,798
Profit for the period	-	-	-	-	-	324,101	-	324,101	(13,918)	310,183
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	(36)	-	-	(36)	-	(36)
Total comprehensive income for the period	-	-	-	-	(36)	324,101	-	324,065	(13,918)	310,147
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(73,379)	(73,379)
Settlement of commitment of profit distribution to non-controlling shareholders	-	34,740	-	-	-	-	-	34,740	-	34,740
Disposal of subsidiaries	-	-	-	-	-	-	-	-	3,304	3,304
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	245,000	245,000
Utilization of safety fund	-	-	(391)	-	-	-	-	(391)	-	(391)
Dividends–2013 final paid	-	-	-	-	-	-	(296,583)	(296,583)	-	(296,583)
At 30 June 2014 (Unaudited)	<u>2,965,827</u>	<u>1,244,175</u>	<u>17,731</u>	<u>726,325</u>	<u>(8,341)</u>	<u>3,542,037</u>	<u>-</u>	<u>8,487,754</u>	<u>1,057,882</u>	<u>9,545,636</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH GENERATED FROM OPERATIONS	571,044	1,049,140
Income taxes paid	(156,210)	(464,302)
NET CASH IN-FLOWS FROM OPERATING ACTIVITIES	414,834	584,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(935,507)	(1,005,115)
Advance paid for acquisition of subsidiaries	(258,405)	(797,002)
Acquisition of a joint venture	(400,000)	–
Acquisition of a subsidiary	–	(60,542)
Collection of the loans receivable	–	800,000
Net proceeds from acquisition and disposal of equity investments at fair value through profit or loss	(228,578)	(24,474)
Increase in the loans receivable	(68,000)	(10,000)
Other cash inflows/(outflows) from/(used in) investing activities	39,155	(26,039)
NET CASH OUT-FLOWS USED IN INVESTING ACTIVITIES	(1,851,335)	(1,123,172)

	For the six months ended 30 June	
	2015	2014
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	5,114,190	3,816,865
Repayments of bank and other borrowings	(2,494,865)	(3,938,034)
Receipts from gold leasing business	825,220	1,630,310
Deposits collected/(paid) for gold leasing business	100,000	(100,000)
Repayments of gold leasing business	(1,958,501)	(203,204)
Dividends paid	(125,137)	(132,817)
Decrease/(Increase) in pledged deposits for short-term bank borrowings	80,984	(170,984)
Interest paid	(316,444)	(246,975)
Proceeds from issue of perpetual capital instruments, net of issuance cost	496,000	–
Other cash inflows/(outflows) from/(used in) financing activities	67,602	(80,030)
	<hr/>	<hr/>
NET CASH IN-FLOWS FROM FINANCING ACTIVITIES	1,789,049	575,131
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	352,548	36,797
Cash and cash equivalents at beginning of period	1,254,916	1,035,825
Effects of foreign exchange rate changes, net	(201)	306
	<hr/>	<hr/>
Cash and cash equivalents at end of period	1,607,263	1,072,928
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances at end of period	1,607,263	1,072,928
	<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of period	1,607,263	1,072,928
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015

1. CORPORATE INFORMATION

Zhaojin Mining Industry Company Limited (the “Company”) was established as a joint stock limited liability company under the Company Law of the People’s Republic of China (the “PRC” or “China”) on 16 April 2004. The registered office of the Company is located at 299 Jinhui Road, Zhaoyuan, Shandong, China.

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

As of 30 June 2015, the major shareholders of the Company are Shandong Zhaojin Group Company Limited (“Zhaojin Group”) and Shanghai Yuyuan Tourist Mart Co., Ltd, who hold 39.83% and 25.73% of the issued share capital of the Company, respectively with their subsidiaries.

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

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2015 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the Period, have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as of 1 January 2015.

Several new standards and amendments apply for the first time in 2015 by the Group. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment are described below:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

HKAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition;
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

HKFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 (or HKAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

HKFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in HKFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 4 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*

The amendment is applied retrospectively and clarifies in HKAS 16 and HKAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the Period.

HKAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within HKFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of HKFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group does not have any joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

HKFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 (or HKAS 39, as applicable). The Group does not apply the portfolio exception in HKFRS 13.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

- (a) The gold operations segment consists of gold mining and smelting operations;
- (b) The copper operations segment consists of copper mining and smelting operations; 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 or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, deferred tax assets, derivative financial instruments for gold forward contracts, pledged deposits and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, financial liabilities at fair value through profit or loss – gold leasing business and gold forward contracts, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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

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

For the six months ended 30 June 2015 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenues from external customers	<u>2,467,389</u>	<u>195,510</u>	<u>14,485</u>	<u>2,677,384</u>
Segment results	685,149	(62,304)	(22,808)	600,037
<i>Reconciliation:</i>				
Interest income				21,234
Finance costs				<u>(301,915)</u>
Profit before tax				<u>319,356</u>
Segment assets	22,802,708	3,132,518	519,138	26,454,364
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,098,126</u>
Total assets				<u>28,552,490</u>
Segment liabilities	2,604,234	264,598	13,295	2,882,127
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>15,417,102</u>
Total liabilities				<u>18,299,229</u>
Other segment information				
Capital expenditure*	869,063	77,615	2,711	949,389
Investments in associates	271,381	–	–	271,381
Investments in joint ventures	2,722,500	123,612	–	2,846,112
Impairment losses recognised in the statement of profit or loss	76,319	7,713	–	84,032
Share of profits/(loss) of:				
– Associates	3,122	–	–	3,122
– Joint ventures	–	(11,688)	–	(11,688)
Depreciation and amortisation	400,658	51,464	4,990	457,112
Write-off of other intangible assets	8,306	–	–	8,306
Fair value loss on equity investments at fair value through profit or loss	–	–	16,749	16,749
Fair value gain on commodity derivative contracts	<u>2,045</u>	<u>–</u>	<u>–</u>	<u>2,045</u>

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

For the six months ended 30 June 2014 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenues from external customers	<u>2,447,905</u>	<u>382,453</u>	<u>14,837</u>	<u>2,845,195</u>
Segment results	637,781	31,850	(13,672)	655,959
<i>Reconciliation:</i>				
Interest income				7,901
Finance costs				<u>(255,503)</u>
Profit before tax				<u>408,357</u>
Segment assets	19,668,950	2,916,463	390,807	22,976,220
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>1,805,468</u>
Total assets				<u>24,781,688</u>
Segment liabilities	2,291,728	287,994	12,680	2,592,402
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>12,643,650</u>
Total liabilities				<u>15,236,052</u>
Other segment information				
Capital expenditure*	1,170,367	152,776	89,628	1,412,771
Investments in associates	268,089	–	–	268,089
Investment in a joint venture	–	136,224	–	136,224
Impairment losses recognised of receivables	4,962	–	–	4,962
Reversal of provision for inventories	24,601	944	–	25,545
Share of profits of:				
– Associates	4,299	–	–	4,299
– A joint venture	–	20,160	–	20,160
Depreciation and amortisation	312,438	79,360	5,165	396,963
Fair value loss on equity investments at fair value through profit or loss	–	–	1,088	1,088
Fair value loss on commodity derivative contracts	<u>(3,182)</u>	<u>9,198</u>	<u>–</u>	<u>6,016</u>

* 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.

Geographical information

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

Information about a major customer

During the Period, revenue of approximately RMB2,143,414,000 (for the six months ended 30 June 2014: RMB1,998,043,000) was derived from sales by the gold operations segment to a single customer.

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Sales of auxiliary materials	27,409	33,388
Reversal of provision for inventories	–	25,545
Government grants	30,962	17,973
Fair value gains, net:		
– Gold leasing business and gold forward contracts	–	9,654
– Commodity derivative contracts	2,045	–
Gain on settlement of commodity derivative contracts	37,930	–
Interest income	21,234	7,901
Others	21,170	15,373
	<u>140,750</u>	<u>109,834</u>

6. OTHER EXPENSES

	For the six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of sales of auxiliary materials	20,228	30,270
Losses on gold leasing business, net:		
– (Gains)/losses on return of gold for gold leasing business and settlement of gold forward contracts	(53,506)	12,587
– Fair value losses on gold leasing business and gold forward contracts	72,018	–
Fair value loss on equity investments at fair value through profit or loss	16,749	1,088
Fair value loss on commodity derivative contracts	–	6,016
Donations	1,591	7,077
Impairment of receivables	8,478	4,962
Provision for inventories	75,554	–
Losses on settlement of commodity derivative contracts	–	5,133
Others	10,084	15,522
	151,196	82,655

7. FINANCE COSTS

	For the six months ended 30 June	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Interest on bank and other borrowings		
– wholly repayable within five years	176,574	160,118
– repayable over five years	–	4,184
Interest on short-term bonds	55,601	23,818
Interest on corporate bonds	68,917	71,558
Interest on gold leasing business	65,428	46,308
	<hr/>	<hr/>
Subtotal	366,520	305,986
Less: Interest capitalised	(66,918)	(53,047)
Incremental interest on provisions	2,313	2,564
	<hr/>	<hr/>
Total	301,915	255,503
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity bases on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

	For the six months ended 30 June	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Current – Hong Kong	–	–
Current – Mainland China		
– Charge for the Period	105,355	89,037
Deferred tax	(6,899)	9,137
	<hr/>	<hr/>
Total tax charge for the Period	98,456	98,174
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

The proposed 2014 final dividend of RMB0.05 per share (tax included), RMB148,291,000 in aggregate, was approved by the shareholders on 27 May 2015. As at 30 June 2015, RMB50,248,000 among the 2014 final dividend has not been paid. No interim dividend is proposed for the Period (2014: Nil).

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

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the Period of RMB225,127,000 (for the six months ended 30 June 2014: RMB324,101,000) by the number of ordinary shares in issue during the Period of 2,965,827,000 (for the six months ended 30 June 2014: 2,965,827,000).

Diluted earnings per share amounts are equal to basic earnings per share amounts for the Period and the six months ended 30 June 2014, as no diluting events existed during these periods.

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the Period, the Group acquired property, plant and equipment with a cost of RMB739,599,000 (for the six months ended 30 June 2014: RMB760,902,000) and other intangible assets with a cost of RMB26,830,000 (for the six months ended 30 June 2014: RMB645,459,000).

During the Period, depreciation for property, plant and equipment was RMB382,157,000 (for the six months ended 30 June 2014: RMB314,515,000) and amortisation for other intangible assets was RMB67,494,000 (for the six months ended 30 June 2014: RMB81,611,000).

During the Period, property, plant and equipment with a net book value of RMB5,052,000 (for the six months ended 30 June 2014: RMB9,982,000) were disposed of by the Group resulting in a net loss on disposal of RMB1,659,000 (for the six months ended 30 June 2014: RMB4,668,000). Other intangible assets with a net book value of RMB8,306,000 (for the six months ended 30 June 2014: Nil) were written off by the Group resulting in a net loss of RMB8,306,000 (for the six months ended 30 June 2014: Nil). In addition, property, plant and equipment with a net book value of RMB3,600,000 were transferred to other intangible assets (for the six months ended 30 June 2014: Nil), and other intangible assets with a net book value of RMB21,979,000 were transferred to property, plant and equipment (for the six months ended 30 June 2014: Nil). There was no disposal of subsidiaries during the Period (for the six months ended 30 June 2014: property, plant and equipment and other intangible assets with net book values of RMB28,787,000 and RMB6,374,000, respectively, were disposed of through the disposal of subsidiaries during the Period).

12. OTHER LONG TERM ASSETS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Advance and deposits paid for acquisition of subsidiaries and exploration rights and assets	666,005	2,552,600
Advance payment for purchases of property, plant and equipment	214,340	286,931
	<u>880,345</u>	<u>2,839,531</u>

The outstanding commitments in relation to the above acquisitions are disclosed in Note 19.

13. TRADE AND NOTES RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	133,253	57,026
Notes receivable	33,737	45,543
	<u>166,990</u>	<u>102,569</u>

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Outstanding balances within one year	163,636	98,644
Outstanding balances with one to two years	3,354	3,925
	<u>166,990</u>	<u>102,569</u>

Trade and notes receivables are non-interest-bearing. As 80% (2014: 72%) of the sales of the Group for the Period were made through the Shanghai Gold Exchange (“SGE”), there were no significant receivables that were overdue or impaired.

14. TRADE PAYABLES

At 30 June 2015, the balance of trade payables mainly represents the amount regarding the unsettled procurement of gold concentrate. The trade payables are non-interest-bearing and are normally settled on 60 days' terms.

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

	30 June 2015 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i> (Audited)
Outstanding balances with ages:		
Within one year	406,638	402,909
Over one year but within two years	47,811	68,404
Over two years but within three years	2,768	5,410
Over three years	1,994	2,417
	<hr/> 459,211 <hr/>	<hr/> 479,140 <hr/>

15. DERIVATIVE FINANCIAL INSTRUMENTS/FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Derivative financial instruments			
– Commodity derivative contracts	(c)	2,045	–
– Gold forward contracts	(b)	–	57,211
		2,045	57,211
Financial liabilities at fair value through profit or loss			
Gold leasing business	(a)	2,588,423	3,709,702
Derivative financial liabilities			
– Gold forward contracts	(b)	91,571	106,189
– Commodity derivative contracts	(c)	–	11,445
		2,679,994	3,827,336

- (a) The Group financed through leases of gold from banks and subsequently sold through the SGE. On maturity, the Group would return gold with the same quantity and specification purchased through SGE, and pay rental fees to banks. The maturity periods range from 180 days to 1 year. As at 30 June 2015, unrealised gains on changes in fair value of the financial liabilities at fair value through profit or loss amounted to RMB129,996,000 (31 December 2014: RMB171,690,000).
- (b) The Group has engaged in gold forward contracts on the SGE and Shanghai Futures Exchange (“SHFE”) in accordance with the quantity, specification and repayment terms of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from the gold leasing business. As at 30 June 2015, unrealised losses on changes in fair value arising from derivative financial liabilities were RMB91,571,000 (31 December 2014: RMB106,189,000) and unrealised gains on changes in fair value arising from derivative financial assets were nil (31 December 2014: RMB57,211,000).
- (c) The Group uses commodity derivative contracts to hedge its commodity price risk, which do not meet the criteria of hedge accounting. As at 30 June 2015, commodity derivative contracts utilised by the Group were gold future contracts in the SHFE.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Unsecured:		
– Bank loans	3,630,330	3,280,875
– Other borrowings	1,397,157	1,909,555
– Short-term bonds	2,996,197	998,926
	8,023,684	6,189,356
Secured:		
– Bank loans (a)	474,110	297,665
Guaranteed:		
– Bank loans (b)	1,009,164	403,000
Total	9,506,958	6,890,021
Portion classified as:		
Current	5,897,846	4,716,034
Non-current	3,609,112	2,173,987

As at 30 June 2015, except for secured bank loans of RMB157,641,000 (31 December 2014: RMB237,901,000) and guaranteed bank loans of RMB611,165,000 (31 December 2014: Nil) denominated in Hong Kong dollars, and secured banks loans of RMB30,753,000 (31 December 2014: RMB30,764,000) denominated in United States dollars, respectively, all borrowings are denominated in RMB. The bank loans bear interest at effective interest rates of 1.37% to 6.55% (31 December 2014: 1.37% to 6.42%) per annum. The other borrowings bear interest at effective interest rates of 2.55% to 7.00% (31 December 2014: 2.55% to 7.00%) per annum.

- (a) As at 30 June 2015, the Group's bank loans of RMB285,715,000 (31 December 2014: RMB29,000,000) were secured by the Group's property, plant and equipment and mining rights, which had an aggregate carrying amount at the end of the reporting period of approximately RMB1,204,582,000 (31 December 2014: RMB210,027,000), and the Group's bank loans of RMB188,395,000 (31 December 2014: RMB268,665,000) were secured by the Group's pledged deposits of RMB148,548,000 (31 December 2014: RMB229,532,000).

- (b) As at 30 June 2015, bank loans of the subsidiaries of the Company with carrying amounts of RMB853,064,000 (31 December 2014: RMB215,650,000) and RMB35,100,000 (31 December 2014: RMB37,350,000) were guaranteed by the Company and a non-controlling shareholder of a subsidiary, respectively, among which RMB29,000,000 (31 December 2014: RMB29,000,000) was also secured by mortgages over the Group's property, plant and equipment and mining rights.

As at 30 June 2015, bank loans of a subsidiary with a total carrying amount of RMB150,000,000 (31 December 2014: RMB150,000,000) were guaranteed by another subsidiary of the Company.

17. PERPETUAL CAPITAL INSTRUMENTS

On 18 March 2015, the Company issued RMB500 million perpetual capital instruments at an initial distribution rate of 5.9% (the "2015 Perpetual Capital Instruments"). The proceeds from issuance of the 2015 Perpetual Capital Instruments after the issuance costs are RMB496 million. Coupon payments of 5.9% per annum on the 2015 Perpetual Capital Instruments are paid annually in arrears from 19 March 2016 and may be deferred at the discretion of the Company. The 2015 Perpetual Capital Instruments have no fixed maturity and are callable only at the Company's option on or after 19 March 2020 at their principal amounts together with any accrued, unpaid or deferred coupon distribution payments. After 19 March 2020, the coupon distribution rate will be reset every five years to a percentage per annum equal to the sum of (a) the initial spread, (b) the five-year China Government Bond rate, and (c) a margin of 3%. While any coupon distribution payments are unpaid or deferred, the Company cannot declare or pay dividends or reduce the registered capital of the Company.

Pursuant to the terms of the 2015 Perpetual Capital Instruments, the Company has no contractual obligation to repay their principal or to pay any coupon distribution. The 2015 Perpetual Capital Instruments do not meet the definition of financial liabilities according to HKAS 32 *Financial Instruments: Presentation*, and are classified as equity and subsequent distribution declared will be treated as distribution to equity owners.

18. CONTINGENT LIABILITIES

As at 30 June 2015, the contingent liabilities of the Group did not have any change as compared to those as at 31 December 2014.

19. COMMITMENTS

Capital commitments

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	79,095	180,713
Prepayment for potential acquisitions	851,101	1,477,500
	930,196	1,658,213
Authorised, but not contracted for:		
Property, plant and equipment	817,350	913,600
Exploration and evaluation assets	119,000	118,000
	936,350	1,031,600

Operating lease commitments

The Group leases certain of its land and offices under operating lease arrangements, which are negotiated for terms ranging between two and seventeen years.

Future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within one year	7,513	8,339
In the second to fifth years, inclusive	11,549	14,440
Beyond five years	8,500	9,000
	27,562	31,779

20. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Nature of relationships/transactions		
(i) Zhaojin Group		
Expenses:		
– Brokerage service fees	<u>1,915</u>	<u>1,688</u>
(ii) Subsidiaries of Zhaojin Group		
Sale of silver	<u>7,000</u>	<u>47,556</u>
Expenses:		
– Fees for refining services	<u>3,186</u>	<u>1,744</u>
– Brokerage service fees	<u>141</u>	<u>141</u>
Capital transactions:		
– Purchase of exploration services	5,147	23,692
– Purchase of digital mine construction technology services	4,018	5,138
– Purchase of water treatment engineering services and relevant necessary super filter membrane and equipment	<u>3,414</u>	<u>1,750</u>
Purchase of goods	<u>38,293</u>	<u>24,170</u>
(iii) Associate – Aletai Zhengyuan International Mining Company Limited		
– Purchase of gold concentrate	<u>46,329</u>	<u>55,866</u>
(iv) Joint venture – Ruoqiang Changyun Sanfengshan Mining Company Limited		
– Purchase of copper concentrate	33,974	49,157
– Entrusted loans	<u>8,000</u>	<u>10,000</u>

- (v) As at 30 June 2015, the corporate bonds issued by the Company amounted to RMB2,692,197,000 (31 December 2014: RMB2,690,309,000) are guaranteed by Zhaojin Group.
- (vi) Certain guarantees for securing the Group's indemnity in relation to certain government levies and funding arrangements predating the Company's IPO were provided free of charge by Zhaojin Group.

21. FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	30 June 2015 (Unaudited)			
	Financial assets at fair value through profit or loss		Available- for-sale financial assets	Total
	Held for trading <i>RMB'000</i>	Loans and receivables <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes receivables	–	166,990	–	166,990
Financial assets included in other receivables	–	620,975	–	620,975
Available-for-sale investments	–	–	41,931	41,931
Equity investments at fair value through profit or loss	244,189	–	–	244,189
Derivative financial instruments	2,045	–	–	2,045
Loans receivable	–	140,000	–	140,000
Pledged deposits	–	158,340	–	158,340
Cash and cash equivalents	–	1,607,263	–	1,607,263
Total	246,234	2,693,568	41,931	2,981,733

Financial liabilities

30 June 2015 (Unaudited)

	Financial liabilities at fair value through profit or loss			Total RMB'000
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	
Financial liabilities at fair value through profit or loss	2,588,423	91,571	–	2,679,994
Trade payables	–	–	459,211	459,211
Financial liabilities included in other payables and accruals	–	–	861,270	861,270
Interest-bearing bank and other borrowings	–	–	9,506,958	9,506,958
Corporate bonds	–	–	2,692,197	2,692,197
Total	2,588,423	91,571	13,519,636	16,199,630

Financial assets

31 December 2014 (Audited)

Financial assets at fair value through profit or loss	Available- for-sale financial assets			Total RMB'000
	Held for trading RMB'000	Loans and receivables RMB'000	RMB'000	
Trade and notes receivables	–	102,569	–	102,569
Financial assets included in other receivables	–	462,074	–	462,074
Available-for-sale investments	–	–	46,041	46,041
Equity investments at fair value through profit or loss	23,412	–	–	23,412
Derivative financial instruments	57,211	–	–	57,211
Loans receivable	–	72,000	–	72,000
Pledged deposits	–	388,388	–	388,388
Cash and cash equivalents	–	1,254,916	–	1,254,916
Total	80,623	2,279,947	46,041	2,406,611

Financial liabilities

31 December 2014 (Audited)

	Financial liabilities at fair value through profit or loss			Total <i>RMB'000</i>
	Designated as such upon initial recognition <i>RMB'000</i>	Held for trading <i>RMB'000</i>	Financial liabilities at amortised cost <i>RMB'000</i>	
Financial liabilities at fair value through profit or loss	3,709,702	117,634	–	3,827,336
Trade payables	–	–	479,140	479,140
Financial liabilities included in other payables and accruals	–	–	832,310	832,310
Interest-bearing bank and other borrowings	–	–	6,890,021	6,890,021
Corporate bonds	–	–	2,690,309	2,690,309
Total	3,709,702	117,634	10,891,780	14,719,116

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

	Carrying amounts		Fair values	
	30 June 2015 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i> (Audited)	30 June 2015 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i> (Audited)
Financial assets				
Equity investments at fair value through profit or loss	244,189	23,412	244,189	23,412
Derivative financial instruments	2,045	57,211	2,045	57,211
Available-for-sale investments	20,185	24,295	20,185	24,295
Loans receivable, non-current portion	70,000	37,000	71,902	37,677
Total	336,419	141,918	338,321	142,595
Financial liabilities				
Financial liabilities at fair value through profit or loss	2,679,994	3,827,336	2,679,994	3,827,336
Interest-bearing bank and other borrowings, non-current portion	3,609,112	2,173,987	3,637,109	2,196,188
Corporate bonds	2,692,197	2,690,309	2,736,870	2,670,270
Total	8,981,303	8,691,632	9,053,973	8,693,794

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets and notes receivables included in other receivables and financial liabilities included in other payables and accruals, the current portion of loans receivable, the current portion of interest-bearing bank and other borrowings, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of the non-current portion of loans receivable, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2015 was assessed to be insignificant.

The fair values of equity investments at fair value through profit or loss, derivative financial instruments, available-for-sale investments, financial liabilities at fair value through profit or loss and corporate bonds are based on quoted market prices.

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Assets measured at fair value

As at 30 June 2015

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)
Equity investments at fair value through profit or loss	244,189
Derivative financial instruments	2,045
Available-for-sale investments	20,185
	<hr/>
Total	266,419
	<hr/> <hr/>

As at 31 December 2014

	Quoted prices in active markets (Level 1) RMB'000 (Audited)
Equity investments at fair value through profit or loss	23,412
Derivative financial instruments	57,211
Available-for-sale investments	24,295
	<hr/>
Total	104,918
	<hr/> <hr/>

Liabilities measured at fair value

As at 30 June 2015

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)
Financial liabilities at fair value through profit or loss	<u>2,679,994</u>

As at 31 December 2014

	Quoted prices in active markets (Level 1) RMB'000 (Audited)
Financial liabilities at fair value through profit or loss	<u>3,827,336</u>

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2014: Nil).

Assets for which fair values are disclosed

As at 30 June 2015

	Significant observable inputs (Level 2) RMB'000 (Unaudited)
Loans receivable, non-current portion	<u>71,902</u>

As at 31 December 2014

	Significant observable inputs (Level 2) RMB'000 (Audited)
Loans receivable, non-current portion	<u>37,677</u>

Liabilities for which fair values are disclosed

As at 30 June 2015

	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Interest-bearing bank and other borrowings, non-current portion	–	3,637,109	3,637,109
Corporate bonds	2,736,870	–	2,736,870
	<u>2,736,870</u>	<u>3,637,109</u>	<u>6,373,979</u>
Total	<u>2,736,870</u>	<u>3,637,109</u>	<u>6,373,979</u>

As at 31 December 2014

	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Audited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Interest-bearing bank and other borrowings, non-current portion	–	2,196,188	2,196,188
Corporate bonds	2,670,270	–	2,670,270
	<u>2,670,270</u>	<u>2,196,188</u>	<u>4,866,458</u>
Total	<u>2,670,270</u>	<u>2,196,188</u>	<u>4,866,458</u>

22. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2015, Shandong Zhaojin Finance Company Limited (the “Finance Company”) was established by the Company, Zhaojin Group and Shandong Zhaojin Gold and Silver Refinery Company Limited (“Zhaojin Refinery”), a subsidiary of Zhaojin Group. The registered capital of the Finance Company is RMB500,000,000. The Company, Zhaojin Group and Zhaojin Refinery contributed RMB255,000,000, RMB200,000,000 and RMB45,000,000, respectively, to own 51%, 40% and 9% of the equity interests of the Finance Company.

On 7 July 2015, the Company issued the second batch of 2015 Perpetual Capital Instruments to institutional investors in the PRC bond market with a par value of RMB1.6 billion. The terms are the same as those of the first batch of 2015 Perpetual Capital Instruments, which are disclosed in Note 17, except for the initial distribution rate of 5.2%.

On 29 July 2015, the Company issued a five-year corporate bond on the Shanghai Stock Exchange with a par value of RMB950 million (the “2014 Zhaojin Bond”). The 2014 Zhaojin Bond carries a fixed interest at 3.80% per annum for the first three years, which is payable annually in arrears on 29 July each year. If the Company chooses to exercise the right to raise the coupon rate at the end of the third year, the re-set new coupon rate will be fixed for the subsequent two years. According to the offering memorandum of the 2014 Zhaojin Bond, the holders of the 2014 Zhaojin Bond have an option to request the Company to redeem the bonds at a redemption price equal to the principal amount on the interest payment date of the third years since the date of issuance.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information were approved and authorised for issue by the board of directors on 14 August 2015.

I. INTERIM RESULTS

Revenue

During the Period, the Group generated revenue of approximately RMB2,677,384,000 in total (corresponding period of 2014: approximately RMB2,845,195,000), representing a decrease of approximately 5.90% as compared to the corresponding period of last year.

Net profit

During the Period, the net profit of the Group was approximately RMB220,900,000 (corresponding period of 2014: approximately RMB310,183,000), representing a decrease of approximately 28.78% as compared to the corresponding period of last year.

Gold production

During the Period, the Group had attained an aggregate gold production of approximately 16,568.66 kg (approximately 532,694.39 ozs), representing an increase of approximately 10.70% as compared to the corresponding period of last year. In particular, gold output from the Group's mines amounted to 10,424.40 kg (approximately 335,151.99 ozs), representing an increase of approximately 7.61% as compared to the corresponding period of last year and gold output from smelting and tolling arrangement amounted to approximately 6,144.26 kg (approximately 197,542.40 ozs), representing an increase of approximately 16.37% as compared to the corresponding period of last year.

Profit attributable to owners of the parent

During the Period, the profit attributable to owners of the parent was approximately RMB225,127,000 (corresponding period of 2014: approximately RMB324,101,000), representing a decrease of approximately 30.54% as compared to the corresponding period of last year.

Earnings per share

During the Period, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent amounted to approximately RMB0.08 (corresponding period of 2014: approximately RMB0.11), representing a decrease of approximately 27.27% as compared to the corresponding period of last year.

Net assets per share

As at 30 June 2015, the consolidated net assets per share was approximately RMB3.46 (30 June 2014: approximately RMB3.22), and the yield to net assets during the Period was approximately 2.15% (corresponding period of 2014: approximately 3.25%).

II. INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015 (corresponding period of 2014: Nil).

III. BUSINESS REVIEW

In the first half of 2015, influenced by various factors including economic recovery in the United States, postponement of increase in interest rate by the US Federal Reserve as well as better-than-expected economy within the Euro Zone, obvious capital distributions were seen, and the actual needs of gold were weak. International gold market and bulk commodity market are in deep ice age, maintaining its fluctuations and the trend of depression and downturn. In the first half of the year, the opening price of the International Spot Gold Prices at the beginning of the year was US\$1,184.37 per ounce, going up to the highest point of US\$1,307.62 per ounce and falling to the lowest point of US\$1,142.92 per ounce, and the closing price was US\$1,172.35 per ounce. The average price was US\$1,206 per ounce, representing a decrease of 6.51% as compared to US\$1,290 per ounce for the corresponding period of last year.

Developing and strengthening the backbone mines with further improvement in the advantage of scale.

In the first half of 2015, the Company applied “quality, efficiency, compliance and stability” as the mainstream, leaning resources such as quality manpower, capital, technology and management to the backbone mines. Key mines including Xiadian Gold Mine, Dayingezhuang Gold Mine, Jinchiling Gold Mine, Zaozigou Gold Mine and Zhaojin North Xin Jiang were further expanded and enhanced. The scheduled plan of production and operation was smoothly completed in the Company. The cumulative output of gold amounted to 16,568.66 kg (approximately 532,694.39 ozs), representing an increase of approximately 10.70% as compared to the corresponding period of last year. Among which, 10,424.40 kg (approximately 335,151.99 ozs) of gold was mine-produced gold, representing an increase of approximately 7.61% as compared to the corresponding period of last year.

Keeping close watch over merger and acquisition of large projects, achieving gold reserves of thousands tonnes.

During low season of mine industry, the Company insisted on counter-cyclical layout, and implemented prudent and stable investment strategies. On the one hand, the Company struggled for breakthrough of prospecting and made a total contribution of RMB53.02 million as prospecting funds in the first half of 2015. 18.025 tonnes of gold and 2,412 tonnes of copper were newly mined. Gold mine was completed exploration of 18,306 metres, and drilling of 71,324 metres; RMB2.87 million was contributed for copper mine exploration business, completing 1,708 metres of exploration and 2,788 metres of drilling. On the other hand, the Company expanded quality resources for acquisition by adhering perfectionism. 18 exploration projects and 11 exploitation projects were accumulatively examined by the Company. In particular, successful merger and acquisition of gold mine project in Laizhou sea area from the Company achieved a substantial breakthrough in exploration and increase in reserves. Currently, the reserves reviewed and filed with Ministry of Land and Resources has reached over 470 tonnes, becoming the unique and tremendously large scale of gold mine worth over hundreds of billions with reserves over tens of millions in recent decades discovered in the world, becoming high-profile in the global gold mine industry. Presently, the Group maintains gold resources reserve of more than 1,000 tonnes, becoming one of the gold mine groups with the largest reserved resources in the gold mine industry in the country.

Implementing various projects for construction and smooth advancement in infrastructure and technical improvement.

In the first half of 2015, the Company actively promoted special measures such as on-site work, daily dispatch, weekly assessment and monthly settlement in key projects. There were 31 proposed development projects throughout the year. RMB278 million was contributed in the first half of 2015. Construction project of demonstration base for comprehensive use of gold resource in Shandong Province, construction project of blind shaft for Dayingezhuang Gold Mine, Zhaojin Jinhe sulphur enrichment and selection project, gold extraction project with smelting and chlorinating in Gansu and other projects were carried out smoothly. The smooth implementation of a series of key projects has laid a good foundation for further capacity expansion of the Company.

Innovation driven and continuous endeavor, obtaining progressive results in ten largest achievement and innovative projects.

During low season of the industry, the Company insisted on “valuing technological innovation as if valuing safe production”. The Company planned to implement 25 technological innovation projects in 2015 and completed investment of RMB20.896 million in the first half of 2015. Upon completion of installation, adjustment and testing of refrigeration and cooling construction in the deep part of Xiadian Gold Mine, the on-site work environment in pits was obviously improved; the application of “four new technology projects” including accurate ball feeding and Mitsubishi Electric was promoted; the achievement of recycling rate in Gansu was further consolidated and enhanced. In the first half of 2015, the Company commenced public creation and innovation activities and applied for 11 achievement awards and 15 patents. There were also 364 quarterly innovative achievements. The Company obtained 19 first-tier staff technology achievement of gold system in the PRC. Meanwhile, the demonstrative base for integrated utilization of gold resources of the Company was inspected by the Ministry of Land and Natural Resources and the Ministry of Finance in 2014 and it was duly passed the inspection.

Promotion of transformation for delicacy management and control, keeping the core advantages of low cost.

In the first half of 2015, the Company made further amendment on the rules and systems for corporate governance in accordance with the laws, commencing themed activities of “learning rules, using rules, behaving well” to strengthen internal audit management and further optimize the management and control system of corporate governance. In terms of cost-reduction and efficiency increasing, the Company attached importance to arrangement of price-reduction tasks in four main scopes in project development, material procurement, construction work and geological exploration. Over a hundred of million was saved accumulatively in terms of capital expenditure. For management of innovation, the Company introduced the promotion of perfect production guarantee system. Equipment and facilities and on-site management of production of pilot enterprises were newly introduced with satisfactory results, laying a foundation for the forward promotion of the Company.

Enhancing of safe ecology, participation of environmental protection in harmonious and stable environmental development.

In the first half of 2015, the Company withdrew some RMB46.97 million in total for the use of safety fees. Various themed activities for safety and governance of potential safety hazard were deeply commenced. The Company started ecological and environmental protection activities themed “protection of ecology and environment for joint development of gorgeous Zhaojin” within the scope of the Company, and cultivated an environmental friendly, harmonious and lovely ecological development atmosphere. In the meantime, the Group started various jobs in different scopes such as staff caring, construction in small districts, deepening in cultural development, ensuring harmonious and stable environment for corporate development.

IV. FINANCIAL AND RESULTS ANALYSIS

Revenue

During the Period, the Group’s revenue amounted to approximately RMB2,677,384,000 (corresponding period of 2014: approximately RMB2,845,195,000), representing a decrease of approximately 5.90% as compared to the corresponding period of last year. During the Period, the decrease in revenue was primarily due to the decrease in both sales volume and price of copper products during the Period over the corresponding period of last year.

Net profit

During the Period, net profit of the Group amounted to approximately RMB220,900,000 (corresponding period of 2014: approximately RMB310,183,000), representing a decrease of approximately 28.78% as compared to the corresponding period of last year. The decrease in net profit was primarily due to the increase in finance costs corresponding with the increase in interest-bearing bank and other borrowings, and also the inventory provision made in accordance with the fall in the selling price of gold and copper.

Integrated cost of gold per gram

During the Period, the Group’s integrated cost of gold was approximately RMB135.21 per gram (corresponding period of 2014: approximately RMB133.81 per gram), representing an increase of approximately 1.05% as compared to the corresponding period of last year. The increase in integrated cost of gold was due to the increase in labor cost.

Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB1,567,189,000 (corresponding period of 2014: approximately RMB1,815,277,000), representing a decrease of approximately 13.67% as compared to the corresponding period of last year. The decrease was primarily attributable to the decrease in the unit cost of raw materials and overhead during the Period.

Gross profit and gross profit margin

During the Period, the Group's gross profit was approximately RMB1,110,195,000, representing an increase of approximately 7.79% as compared to RMB1,029,918,000 of the corresponding period of last year. The increase in gross profit was mainly due to the substantial decrease in cost of sales resulted from the decrease in the usage of purchased gold concentrate by the Group for the Period. The Group's gross profit margin increased from approximately 36.20% in the corresponding period of last year to approximately 41.47% for the Period. The increase in gross profit margin was mainly due to the decrease in revenue was lower than that of cost of sales for the Period.

Other income and gains

During the Period, the Group's other income and gains were approximately RMB140,750,000 (corresponding period of 2014: approximately RMB109,834,000), representing an increase of approximately 28.15% as compared to the corresponding period of last year. The increase was mainly due to the increase in investment gain of settlement of future contracts recognised for the Period as compared to the corresponding period of last year.

Selling and distribution costs

During the Period, the Group's selling and distribution costs were approximately RMB38,391,000 (corresponding period of 2014: approximately RMB50,694,000), representing a decrease of approximately 24.27% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in the transportation cost of gold concentrate and copper.

Administrative and other operating expenses

During the Period, the Group's administrative and other operating expenses were approximately RMB582,717,000 (corresponding period of 2014: approximately RMB449,657,000), representing an increase of approximately 29.59% as compared to the corresponding period of last year. Such increase was mainly due to the increase of salary and the inventory provision made corresponding with the fall in the selling price of gold and copper.

Finance costs

During the Period, the Group's finance costs amounted to approximately RMB301,915,000 (corresponding period of 2014: approximately RMB255,503,000), representing an increase of approximately 18.16% as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in the Group's interest-bearing bank and other borrowings during the Period.

Liquidity and capital resources

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

As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB1,607,263,000, representing an increase of approximately 28.08% as compared to approximately RMB1,254,916,000 as at 31 December 2014. The increase was mainly due to cash inflows from the financing activities and operating activities of the Group during the Period.

As at 30 June 2015, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB620,110,000 (31 December 2014: RMB25,609,000) and those denominated in United States dollars amounted to RMB18,131,000 (31 December 2014: RMB20,747,000) those denominated in Australian dollars amounted to RMB198,000 (31 December 2014: Nil) and those denominated in Euro amounted to RMB4,000 (31 December 2014: Nil). All other cash and cash equivalents held by the Group are denominated in Renminbi.

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

Borrowings

As at 30 June 2015, the Group had outstanding bank borrowings and other borrowings of RMB9,506,958,000 (31 December 2014: RMB6,890,021,000), of which RMB5,897,846,000 (31 December 2014: RMB4,716,034,000) was repayable within 1 year, RMB2,611,875,000 (31 December 2014: RMB2,164,328,000) was repayable within 2 to 5 years and RMB997,237,000 (31 December 2014: RMB9,659,000) was repayable after 5 years. As at 30 June 2015, the Group had outstanding corporate bonds of approximately RMB2,692,197,000 (31 December 2014: RMB2,690,309,000). “09 Zhaojin Bond” and “12 Zhaojin Bond” would be repaid within 2 to 5 years.

In addition, the Group financed through leases of gold from banks and subsequently sold through Shanghai Gold Exchange (“SGE”). As at 30 June 2015, the Group had outstanding gold from gold leasing business of RMB2,588,423,000 (31 December 2014: RMB3,709,702,000), which should be repayable within 1 year.

Income tax

The effective income tax rate (i.e., the total income tax divided by profit before tax) of the Group during the Period was approximately 31% (corresponding period of 2014: approximately 24%).

Total assets

As at 30 June 2015, the total assets of the Group were approximately RMB28,552,490,000 representing an increase of approximately 8.15% as compared to approximately RMB26,400,310,000 as at 31 December 2014. Among which, total non-current assets amounted to approximately RMB21,833,683,000, accounting for approximately 76.47% of the total assets, and representing an increase of approximately 6.21% as compared to approximately RMB20,556,815,000 as at 31 December 2014. As at 30 June 2015, total current assets were approximately RMB6,718,807,000, accounting for approximately 23.53% of the total assets, and representing an increase of approximately 14.98% as compared to approximately RMB5,843,495,000 as at 31 December 2014.

Net assets

As at 30 June 2015, the net assets of the Group were approximately RMB10,253,261,000, representing an increase of approximately 5.16% as compared to approximately RMB9,749,964,000 as at 31 December 2014.

Total liabilities

As at 30 June 2015, the total liabilities of the Group were approximately RMB18,299,229,000, representing an increase of approximately 9.90% as compared to approximately RMB16,650,346,000 as at 31 December 2014. As at 30 June 2015, the gearing ratio (i.e., the net debt divided by the total equity plus net debt. Net debt includes interest bearing bank and other borrowings, corporate bonds, net financial liabilities arose from the gold leasing business less balance of cash and cash equivalents) was approximately 56.4% (31 December 2014: 55.3%).

Contingent liabilities

As at 30 June 2015, the contingent liabilities of the Group did not have any change as compared to those as at 31 December 2014.

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.

Interest rate risk

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

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

Foreign exchange risk

Substantially 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. Fluctuation 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.

During the Period, the Group had not entered into any hedging activities due to fluctuation of foreign exchange rate.

Gold price and other commodities price risks

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

The Group also entered into copper cathode and gold forward contracts in Shanghai Futures Exchange and AU (T+D) arrangements in SGE to hedge the price fluctuation created by the sale of copper and gold leasing business.

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

Pledge

As at 30 June 2015, except for the following assets pledged for the bank borrowings and notes payable of the Group, the Group had not pledged any assets: (1) property, plant and equipment and mining rights with net carrying amount of approximately RMB1,204,582,000 (31 December 2014: RMB210,027,000); and (2) pledged deposits of RMB158,340,000 (31 December 2014: RMB388,388,000).

V. BUSINESS OUTLOOK

In the second half of 2015, persisting in the quality efficiency, driven by management innovation, technological innovation and performance appraisal and based on the principle of compliance operation and institutional construction, the Company will strengthen its efforts in production organization, key projects, cost reduction and efficiency enhancement, reserve replenishment by mine exploration to guarantee the accomplishment of the target throughout the year.

Increasing adjustment of production organization for the assurance of steady improvement in production and operation.

On the one hand, the Company strengthened the adjustment of production organization of key and hardcore enterprises, highlighted existing the operation and management of production enterprises, and made great efforts in “Two Deductions” tasks. One was reduction of inventories by speeding up with full power and accelerating the product turnover; the other was cost reduction, where the key point was to realize a new breakthrough on five core parts, namely reduction of construction fees, depreciation fees, labor cost, material fees and power rates. On the other hand, the Company accelerated the transformation of key projects, forming pulling effect for the enhancement of productivity. The Company took advantages of the transformation and expansion of mine selection plants in Dayingezhuang Gold Mine, transformation of chlorinating and volatility projects of Xingta Mining, construction of Zhaojin Jinhe sulphur enrichment and selection project to ensure that the construction could be completed on time for commencement of operation.

Advancing “Two Innovations” with all strength, releasing innovation and driving energy.

One was being innovative in management. By insisting on the direction of “being competent through competitions”, the Company encouraged its subsidiaries to start various innovative new activities. On the basis of trial points of Xiadian Gold Mine, Dayingezhuang Gold Mine, Jinchiling Gold Mine, promotion and implementation of perfect production guarantee system were carried out in various units such as Gansu Zhaoye and Zaozigou Gold Mine. The other was technological innovation. The Company continued to follow up on the progress of scientific research projects for the year 2015, focusing on the implementation of key projects including “research on deep mining ventilation and temperature lowering technique” and “mineralization pattern research in the central area of fracture zone in Zhaoping” to ensure smooth progress of the projects. Moreover, the Company continued exploring mine and increasing reserves to strive for 33 tonnes of gold mine be explored in the second half of the year.

Firmly setting up three red lines for safety and stable development of the Company.

We will be down-to-earth and insist on three red lines, including safety, environmental protection and ecological protection. The Company will continue to pay more efforts in the study of the new Environmental Safety Law (新安全環保法) and implementation of systems and deepen the governance of hidden danger investigation to ensure the safety and stability. The Company will also strengthen the environmental protection management, establish green mines, strictly follow the concept of environmental protection of “prioritizing environmental protection over economic profits”, practice the principle of development of “developing a new mine, preserving a green land” and further enhance the ecological environmental protection to improve the quality of the environment.

OTHER INFORMATION

I. CHANGES IN SHAREHOLDING OF SHAREHOLDERS AND SHARE CAPITAL STRUCTURE

1. Number of shareholders

The details of the number of shareholders of the Company recorded in the register of members as at 30 June 2015 are as follows:

Class	Number of shareholders
Domestic share	6
Overseas-listed foreign share – H share	<u>1,832</u>
Total number of shareholders	<u><u>1,838</u></u>

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

As at 30 June 2015, none of the directors, supervisors and chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to notify the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) (for such purposes, the relevant provisions in the SFO were also construed as applicable to the supervisors).

III. RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND SUPERVISORS

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

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

IV. SUFFICIENT PUBLIC FLOAT

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

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

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

VI. CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

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

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

VII. EMPLOYEES

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

VIII. IMPORTANT EVENTS

- 1. On 27 May 2015, the 2014 annual general meeting considered and passed, among other things, the following resolutions:**
 - (1) the Company's profit distribution proposal for the year ended 31 December 2014 to distribute a cash dividend of RMB0.05 (before taxation) per share to all shareholders;
 - (2) authorizing the Board to allot, issue or deal with shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares and existing domestic shares of the Company as at the date of passing such resolution;
 - (3) authorizing the Board to repurchase shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;
 - (4) re-electing Mr. Wu Yijian as a non-executive director of the Company;
 - (5) the issuance of super short-term bonds of no more than RMB4 billion in the PRC and the grant of authority to the Board to deal with the matters relating to the issuance of the super short-term bonds.

Relevant details are set out in the circular, notice, supplemental notice and announcement of the Company dated 9 April 2015, 7 May 2015 and 27 May 2015 respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 27 May 2015, the domestic shares class meeting and H shares class meeting respectively considered the following proposal:

To grant a mandate to the Board to repurchase H shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution.

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

Relevant details are set out in the circular, notice, supplemental notice and announcement of the Company dated 9 April 2015, 7 May 2015 and 27 May 2015 respectively on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Changes in senior management

The Company held the fourteenth meeting of the fourth session of the Board on 21 January 2015, at which as nominated by the president, the Board agreed to appoint Mr. Qin Hongxun as the vice president of the Company, for a term commencing from 21 January 2015 to the expiration of the term of the current session of the Board.

4. Changes in the composition of the Board

The Company convened the fifteenth meeting of the fourth session of the Board on 20 March 2015, at which the Board agreed the resignation of Mr. Kong Fanhe as a non-executive director, with effect from 20 March 2015. Mr. Kong confirmed that he had no disagreement with the Board and there were no matters regarding his resignation that need to be brought to the attention to the shareholders of the Company. In accordance with the stipulations under the articles of association of the Company, the Board appointed Mr. Wu Yijian as a non-executive director of the Company. Meanwhile, the Board granted its consent at the meeting to the re-designation of Mr. Cong Jianmao from non-executive director to executive director due to changes in job duties, with effect from 20 March 2015.

Relevant details in relation to the changes in the composition of the Board are set out in the announcement of the Company dated 20 March 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Issuance of the first tranche of super short-term bonds, the second tranche of super short-term bonds and medium-term notes in 2015

On 23 January 2015, the Company issued the first tranche of super short-term bonds in 2015 with a par value of RMB1 billion for a term of 270 days at an interest rate of 4.7% per annum. The proceeds are used as the general working capital of the Company.

Relevant details are set out in the announcement of the Company dated 22 January 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 18 March 2015, the Company issued the first tranche of medium-term notes in 2015 with a par value of RMB0.5 billion and an interest rate of 5.90% per annum. Such medium-term notes will expire upon the redemption by the issuer pursuant to the stipulations under the terms of issuance. The proceeds are used as the general working capital of the Company.

Relevant details are set out in the announcements of the Company dated 11 March 2015 and 19 March 2015 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 22 April 2015, the Company issued the second tranche of super short-term bonds in 2015 with a par value of RMB1 billion for a term of 270 days at an interest rate of 4.48% per annum. The proceeds are used as the general working capital of the Company.

Relevant details are set out in the announcement of the Company dated 21 April 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 7 July 2015, the Company issued the second tranche of medium-term notes in 2015 with a par value of RMB1.6 billion and an interest rate of 5.20% per annum. Such medium-term notes will expire upon the redemption by the issuer pursuant to the stipulations under the terms of issuance. The proceeds are used as the general working capital of the Company.

Relevant details are set out in the announcements of the Company dated 3 July 2015 and 8 July 2015 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

IX. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code during the period from 1 January 2015 to 30 June 2015. No director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Corporate Governance Code (the “Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) by the Company during any time of the Period.

X. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

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

XI. AUDIT COMMITTEE

The fourth session of the Audit Committee of the Company includes one non-executive director and two independent non-executive directors, namely Mr. Xu Xiaoliang, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, and its chairman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed internal control affairs and reviewed the Company’s unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2015, and the Audit Committee is of the view that the unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2015 are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XII. CHANGE OF INFORMATION OF DIRECTORS

Mr. Xu Xiaoliang, non-executive director of the Company, has been appointed as an executive director of Fosun International Limited (a company listed on the Stock Exchange (stock code: 0656)) with effect from 10 July 2015.

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

Zhaoyuan, the PRC, 14 August 2015

As at the date of this announcement, the Board comprises Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Lu Dongshang and Mr. Cong Jianmao as executive Directors, Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Wu Yijian as non-executive Directors, and Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Xie Jiyan and Mr. Nie Fengjun as independent non-executive Directors.

* *For identification purposes only*