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ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2015, the Group's revenue was approximately RMB5,886,845,000 (2014: RMB5,606,182,000), representing an increase of approximately 5.01% as compared to the previous year.

For the year ended 31 December 2015, the Group's net profit was approximately RMB399,583,000 (2014: RMB506,741,000), representing a decrease of approximately 21.15% as compared to the previous year.

For the year ended 31 December 2015, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.10 (2014: RMB0.15), representing a decrease of approximately 33.33% as compared to the previous year.

For the year ended 31 December 2015, the profit attributable to owners of the parent was approximately RMB308,140,000 (2014: RMB455,388,000), representing a decrease of approximately 32.33% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.04 (tax included) per share (2014: RMB0.05 (tax included)) to all shareholders.

The board of directors (the "Board") of Zhaojin Mining Industry Company Limited (the "Company" or "Zhaojin") is pleased to announce the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

		2015	2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	3	5,886,845	5,606,182
Cost of sales		<u>(3,655,753)</u>	<u>(3,433,775)</u>
Gross profit		2,231,092	2,172,407
Other income and gains	3	362,928	260,140
Selling and distribution costs		(98,343)	(119,709)
Administrative expenses		(957,406)	(907,491)
Other expenses		(460,801)	(233,750)
Finance costs	4	(526,333)	(514,406)
Share of profits and losses of:			
– Associates		6,819	6,597
– A joint venture		(3,443)	19,236
PROFIT BEFORE TAX	5	554,513	683,024
Income tax expense	6	(154,930)	(176,283)
PROFIT FOR THE YEAR		<u>399,583</u>	<u>506,741</u>
Attributable to:			
Owners of the parent		308,140	455,388
Non-controlling interests		91,443	51,353
		<u>399,583</u>	<u>506,741</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	8	<u>0.10</u>	<u>0.15</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>399,583</u>	<u>506,741</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(11,398)	(28)
Available-for-sale investments:		
Changes in fair value	<u>2,382</u>	<u>(2,382)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(9,016)</u>	<u>(2,410)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of post-employment benefit obligations	(21,936)	–
Income tax effect	<u>5,484</u>	<u>–</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(16,452)</u>	<u>–</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(25,468)</u>	<u>(2,410)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>374,115</u>	<u>504,331</u>
Attributable to:		
Owners of the parent	282,672	452,978
Non-controlling interests	<u>91,443</u>	<u>51,353</u>
	<u>374,115</u>	<u>504,331</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2015*

		31 December 2015	31 December
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		12,819,789	11,145,368
Prepaid land lease payments		623,579	326,733
Goodwill		894,097	932,792
Other intangible assets		8,750,430	4,368,355
Investment in a joint venture		131,857	135,300
Investments in associates		268,914	268,251
Available-for-sale investments		21,746	46,041
Deferred tax assets		244,251	345,535
Loans receivable		8,000	37,000
Long-term deposits		109,090	111,909
Other long-term assets		649,679	2,839,531
		<hr/>	<hr/>
Total non-current assets		24,521,432	20,556,815
CURRENT ASSETS			
Inventories		3,439,183	3,172,280
Trade and notes receivables	9	67,127	102,569
Prepayments, deposits and other receivables		471,957	809,719
Equity investments at fair value through profit or loss		164,055	23,412
Derivative financial instruments		1,382	57,211
Pledged deposits		133,572	388,388
Loans receivable		222,348	35,000
Cash and cash equivalents		2,033,203	1,254,916
		<hr/>	<hr/>
Total current assets		6,532,827	5,843,495
CURRENT LIABILITIES			
Trade and notes payables	10	583,276	479,140
Other payables and accruals		1,814,445	1,541,203
Financial liabilities at fair value through profit or loss		–	3,827,336
Interest-bearing bank and other borrowings		8,024,668	4,716,034
Tax payable		20,549	146,988
Provisions		28,539	24,504
Corporate bonds		1,498,997	–
Deposits from customers		410,248	–
Current portion of other long-term liabilities		90,000	–
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Total current liabilities		12,470,722	10,735,205
NET CURRENT LIABILITIES		(5,937,895)	(4,891,710)
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TOTAL ASSETS LESS CURRENT LIABILITIES		18,583,537	15,665,105

	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	1,732,649	2,173,987
Corporate bonds	2,140,818	2,690,309
Deferred tax liabilities	479,733	566,492
Deferred income	464,370	415,745
Provisions	102,338	68,608
Other long-term liabilities	22,515	–
	<hr/>	<hr/>
Total non-current liabilities	4,942,423	5,915,141
	<hr/>	<hr/>
Net assets	13,641,114	9,749,964
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EQUITY		
Equity attributable to owners of the parent		
Share capital	2,965,827	2,965,827
Perpetual capital instruments	2,146,823	–
Reserves	5,628,376	5,701,232
	<hr/>	<hr/>
	10,741,026	8,667,059
	<hr/>	<hr/>
Non-controlling interests	2,900,088	1,082,905
	<hr/>	<hr/>
Total equity	13,641,114	9,749,964
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NOTES TO FINANCIAL INFORMATION

31 December 2015

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 Defined Benefit Plans: *Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. 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 of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- **HKFRS 8 *Operating Segments*:** Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - **HKFRS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*:** Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
 - **HKAS 24 *Related Party Disclosures*:** Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- **HKFRS 3 *Business Combinations*:** Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
 - **HKFRS 13 *Fair Value Measurement*:** 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 amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
 - **HKAS 40 *Investment Property*:** Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group does not have any acquisition of investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁶
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹
HKFRS 16	Lease ⁴
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ²
Amendments to HKAS 7	<i>Statement of Cash Flow</i> ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁶ No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group is currently assessing the impact of the amendments and adoption date has not been determined.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2. OPERATING SEGMENT INFORMATION

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

- (a) the gold operations segment consists of 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:

Year ended 31 December 2015

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenues from external customers	<u>5,311,452</u>	<u>533,567</u>	<u>41,826</u>	<u>5,886,845</u>
Segment results	1,109,878	19,776	(89,469)	1,040,185
<i>Reconciliation:</i>				
Interest income				40,661
Finance costs				<u>(526,333)</u>
Profit before tax				<u><u>554,513</u></u>

	Gold operations <i>RMB'000</i>	Copper operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	25,101,861	3,213,632	327,740	28,643,233
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,411,026</u>
Total assets				<u><u>31,054,259</u></u>
Segment liabilities	2,836,632	248,220	451,428	3,536,280
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>13,876,865</u>
Total liabilities				<u><u>17,413,145</u></u>
Other segment information				
Capital expenditure*	7,215,493	172,196	44,585	7,432,274
Investments in associates	268,914	–	–	268,914
Investment in a joint venture	–	131,857	–	131,857
Impairment losses recognized				
in the statement of profit or loss	243,181	4,112	27,233	274,526
Share of profits/(loss) of				
– Associates	6,819	–	–	6,819
– A joint venture	–	(3,443)	–	(3,443)
Depreciation and amortisation	687,943	62,956	1,381	752,280
Write-off of other intangible assets	17,832	–	–	17,832
Fair value gain on equity investments				
at fair value through profit or loss	–	–	14,147	14,147
Fair value gain on commodity derivative contracts	<u>1,382</u>	<u>–</u>	<u>–</u>	<u>1,382</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 subsidiaries.

Year ended 31 December 2014

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenues from external customers	4,848,114	728,402	29,666	5,606,182
Segment results	952,815	245,813	(25,337)	1,173,291
<i>Reconciliation:</i>				
Interest income				24,139
Finance costs				(514,406)
Profit before tax				683,024
Segment assets	20,824,427	3,143,861	385,972	24,354,260
<i>Reconciliation:</i>				
Corporate and other unallocated assets				2,046,050
Total assets				26,400,310
Segment liabilities	2,432,534	239,365	15,734	2,687,633
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				13,962,713
Total liabilities				16,650,346
Other segment information				
Capital expenditure*	2,492,367	422,704	104,611	3,019,682
Investments in associates	268,251	–	–	268,251
Investment in a joint venture	–	135,300	–	135,300
Reversal of provision for receivables	(3,156)	(72)	105	(3,123)
Impairment losses recognised in the statement of profit or loss	124,465	–	–	124,465
Share of profits of				
– Associates	6,597	–	–	6,597
– A joint venture	–	19,236	–	19,236
Depreciation and amortisation	626,977	52,879	11,362	691,218
Write-off of other intangible assets	600	–	–	600
Fair value loss on equity investments at fair value through profit or loss	(1,764)	–	10,131	8,367
Fair value loss on commodity derivative contracts	650	–	–	650

* 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 98% of the assets of the Group are located in Mainland China and over 99% of the sales are made to the Mainland China customers, no further geographical information has been presented.

Information about a major customer

Revenue of approximate RMB4,752,144,000 (81% of the total sales) (2014: RMB4,086,738,000, 72% of the total sales) was derived from sales by the gold operations segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

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

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue		
Sale of goods:		
Gold	5,240,201	4,609,924
Copper	471,830	687,930
Silver	46,977	142,072
Sulphur	66,192	69,937
Other by-products	69,789	89,186
Rendering of services:		
Processing of gold and silver	24,478	69,685
Others	44,305	31,478
	<u>5,963,772</u>	<u>5,700,212</u>
Less:		
Government surcharges	<u>(76,927)</u>	<u>(94,030)</u>
Revenue	<u>5,886,845</u>	<u>5,606,182</u>
Other income and gains		
Government grants	83,413	39,840
Sales of auxiliary materials	63,752	74,600
Interest income	40,661	24,139
Gain on settlement of commodity derivative contracts	97,159	46,090
Gain on gold leasing business	–	1,686
Others	77,943	73,785
	<u>362,928</u>	<u>260,140</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank and other borrowings	314,249	328,057
Interest on short-term bonds	103,021	52,700
Interest on corporate bonds	157,868	139,422
Interest on gold leasing business	75,421	107,134
	<u>650,559</u>	<u>627,313</u>
Subtotal		
	650,559	627,313
Less: Interest capitalised	(139,822)	(117,649)
Incremental interest on provisions	15,596	4,742
	<u>526,333</u>	<u>514,406</u>
Total	<u>526,333</u>	<u>514,406</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cost of inventories sold and services provided	<u>3,655,753</u>	<u>3,433,775</u>
Staff costs:		
Wages and salaries	633,868	523,898
Early retirement benefits	40,748	28,197
Defined contribution fund:		
– Retirement costs	112,761	108,455
– Other staff benefits	<u>92,175</u>	<u>79,587</u>
Total staff costs	<u>879,552</u>	<u>740,137</u>
Auditors' remuneration	2,700	2,700
Amortisation of prepaid land lease payments*	14,485	16,415
Amortisation of other intangible assets*	105,242	111,189
Depreciation	632,553	563,614
(Gain)/loss on disposal of items of property, plant and equipment	(11,785)	10,791
Operating lease rentals	13,969	17,302
Provision/(reversal) for impairment of receivables	13,169	(3,123)
Impairment loss of inventories	30,476	75,297
Impairment loss of loans receivable	522	–
Write-off of other intangible assets	17,832	600
Impairment loss of non-current assets	230,359	49,168
Fair value (gain)/loss, net:		
– Equity investments at fair value through profit or loss	(14,147)	8,367
– Commodity derivative contracts	(1,382)	650
Gain on settlement of commodity derivative contracts	97,159	46,090
Loss/(gain) on gold leasing business	49,237	(1,686)
Loss/(gain) on disposal of equity investments at fair value through profit or loss	53,178	(9,373)
(Gain)/loss on disposal of subsidiaries	<u>(1,207)</u>	<u>2,454</u>

* The amortisation of prepaid land lease payments and other intangible assets for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

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

Provision for Mainland China current income tax is based on the statutory rate of 25% (2014: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current – Hong Kong	–	–
Current – Mainland China – Charged for the year	134,921	250,660
Deferred tax	20,009	(74,377)
Total tax charge for the year	154,930	176,283

7. DIVIDEND

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Ordinary:		
Proposed final – RMB0.04 per share (2014: RMB0.05 per share)	118,633	148,291

The board of directors recommends a cash dividend to all shareholders on the basis of RMB0.04 per share (tax included) (2014: RMB0.05 per share (tax included)).

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,965,827,000 (2014: 2,965,827,000) in issue during the year.

The diluted earnings per share amounts are equal to the basic earnings per share amounts for the years ended 31 December 2015 and 2014, as no diluting events existed during these years.

The calculations of basic and diluted earnings per share are based on:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Earnings:		
Profit attributable to ordinary equity holders of the parent	308,140	455,388
	2015 <i>'000</i>	2014 <i>'000</i>
Shares:	2,965,827	2,965,827
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	2,965,827	2,965,827

9. TRADE AND NOTES RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	51,106	57,026
Notes receivable	16,021	45,543
	<u>67,127</u>	<u>102,569</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Outstanding balances due within 1 year	39,143	56,875
Outstanding balances due within 1 to 2 years	14,026	3,925
Outstanding balance due with 2 to 3 years	1,387	–
	<u>54,556</u>	<u>60,800</u>
Less: Provision for impairment of trade receivables	(3,450)	(3,774)
	<u>51,106</u>	<u>57,026</u>

Trade and notes receivable are non-interest-bearing. As 81% (2014: 72%) of the sales of the Group for the year ended 31 December 2015 were made through the Shanghai Gold Exchange (“SGE”).

10. TRADE AND NOTES PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	570,845	440,832
Notes payable	12,431	38,308
	<u>583,276</u>	<u>479,140</u>

At 31 December 2015, the balance of trade and notes payables mainly represents the amount regarding the unsettled procurement of gold concentrates. The trade payables are non-interest-bearing and are normally settled on 60 days’ terms.

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within one year	534,854	444,172
Over one year but within two years	24,738	14,369
Over two years but within three years	12,319	6,946
Over three years	11,365	13,653
	<u>583,276</u>	<u>479,140</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold Output

For the year ended 31 December 2015, the Group's total output of gold amounted to 33,958.16 kg (approximately 1,091,779.38 ozs), representing an increase of approximately 3.20% as compared to the previous year. Among which, 20,274.81 kg (approximately 651,849.79 ozs) of gold was mine-produced gold, representing an increase of approximately 0.88% as compared to the previous year, and 13,683.35 kg (approximately 439,929.59 ozs) was smelted and processed gold, representing a rise of approximately 6.84% as compared to the previous year.

Copper Output

For the year ended 31 December 2015, the Group's total output of copper amounted to 15,633.695 tons, representing a decrease of approximately 14.32% as compared to the previous year.

Revenue

For the year ended 31 December 2015, the Group's revenue was approximately RMB5,886,845,000 (2014: RMB5,606,182,000), representing an increase of approximately 5.01% as compared to the previous year.

Net Profit

For the year ended 31 December 2015, the Group's net profit was approximately RMB399,583,000 (2014: RMB506,741,000), representing a decrease of approximately 21.15% as compared to the previous year.

Earnings Per Share

For the year ended 31 December 2015, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.10 (2014: RMB0.15), representing a decrease of approximately 33.33% as compared to the previous year.

Analysis of Results

The drop in profit was primarily attributable to the drop in gold prices during the Year, which led to a drop in the selling price of gold.

Distribution Proposal

The Board proposed the payment of a cash dividend of RMB0.04 (tax included) per share (2014: RMB0.05 (tax included)) to all shareholders of the Company (the “Shareholders”).

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

The proposed distribution proposal for the Year is subject to the approval of the Shareholders at the annual general meeting of the Company for the year ended 31 December 2015 (the “2015 AGM”), which will be held on Wednesday, 8 June 2016.

If the distribution proposal is approved at the 2015 AGM, it is expected that the final dividend for the year ended 31 December 2015 will be paid on or before Thursday, 30 June 2016 to the Shareholders whose names appear on the register of members of the Company on Monday, 20 June 2016.

Under the relevant tax rules and regulations of the PRC (collectively the “PRC Tax Law”), the Company is required to withhold and pay the corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (which shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company on Monday, 20 June 2016.

In accordance with the PRC Tax Law, the Company is required to withhold and pay individual income tax when distributing the final dividend to individual Shareholders whose names appear on the H shares register of members of the Company on Monday, 20 June 2016. Individual H Shareholders are entitled to certain tax preferential treatments according to the bilateral tax treaties between countries where the individual H Shareholders reside in and China and the bilateral tax treaties between mainland China and Hong Kong or Macau. The Company will withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual H Shareholders who are Hong Kong residents, Macau residents or residents of those countries which have bilateral tax treaties with China for personal income tax rate in respect of dividend of 10%. For individual H Shareholders who are residents of those countries that entered into agreements with China for personal income tax rates in respect of dividend of lower than 10%, the Company will make applications on their behalf for entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124)(《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For individual H Shareholders who are residents of those countries having bilateral tax treaties with China for personal income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the actual tax rate. For individual H Shareholders who are residents of those countries without any bilateral tax treaties with China or having bilateral tax treaties with China for personal income tax in respect of dividend of 20% and for other situations, the Company would withhold and pay the individual income tax at a tax rate of 20%.

In accordance with the PRC Tax Law, the Company has an obligation to withhold and pay the corporate income tax and individual income tax for payment of the final dividend to non-resident enterprises and individual shareholders whose names appear on the H shares register of members of the Company on Monday, 20 June 2016. If the resident enterprises (which shall have the meaning as defined under the PRC Tax Law) and overseas resident individual shareholders whose names appear on the H shares register of members of the Company on Monday, 20 June 2016 do not wish to have the corporate income tax and individual income tax withheld and paid by the Company, they should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that they are resident enterprises or individual shareholders, on or before 4:30 p.m. on Tuesday, 14 June 2016. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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

Market Overview

In 2015, under the pressure of strong United States (“US”) dollars, the price of gold decreased during the whole year. Since the publication of the US Non-farm Payrolls data in early 2015, the expectation from the market as to the increase in the interest rate by the US Federal Reserve Board gradually increased. Although the price of gold rebounded since the end of 2014 to US\$1,308/oz in the second half of January 2015, it began to slide since then, falling from US\$1,308/oz to US\$1,142/oz. Due to the disappointment arising from the decision of unchanged interest rate made by the Federal Reserve Board in March 2015, gold price slightly rebounded to US\$1,232/oz, but maintained the downward trend subsequently. Gold price had decreased to US\$1,072/oz in September 2015, hitting the lowest price in the recent three years. Subsequently, gold price began to rise gradually. Due to the poor data of September and October 2015 published by the United States, gold price rose to US\$1,100/oz from US\$1,072/oz, with the highest price reaching US\$1,191/oz. By the end of 2015, gold price finally closed at the price of US\$1,061/oz, resulting from the better employment data and the earlier-than-expected increase in interest rate.

In 2015, the international gold price opened at US\$1,183.96/oz and reached the highest price of US\$1,307.59/oz during the year on 22 January 2015. Its closing price was US\$1,061.25/oz for the year, representing an accumulated decline of approximately 10.35% throughout the Year. The average price for the Year was US\$1,160/oz. The opening price of the “Au9995” in the SGE was RMB240.60/g with the highest at RMB280.00/g and the lowest at RMB210.79/g. The closing price was RMB222.86/g and the annual average price was approximately RMB234.16/g, representing a decrease of approximately 6.01% as compared with the corresponding period of last year.

According to the statistics from the China Gold Association, China's gold output reached 450.053 tons in 2015. China ranked as the number one gold producer in the world for nine consecutive years.

Business Review

Enhancing on the Reformation of Production Capacity, Optimizing the Resource Production and Further Improvement on Quality Development

Under the challenge of various unfavorable factors in 2015, the Company recorded an increase in production, the annual targets of self-produced gold and smelted and processed gold were achieved ahead of time. Its total output of gold amounted to 1,091,779.38 ozs (approximately 33,958.16 kg), representing an increase of approximately 3.20% as compared to the same period of last year. Among which, 651,849.79 ozs (approximately 20,274.81 kg) of gold was mine-produced gold, representing an increase of approximately 0.88% as compared to the same period of last year; 439,929.59 ozs (approximately 13,683.35 kg) of gold was smelted and processed gold, representing an increase of approximately 6.84% as compared to the same period of last year. The Company invested RMB802 million to enhance the quality and speed of infrastructure and technological transformation projects. At the same time, key projects including chlorination and volatilization, calcined capacity expansion, smelting technology improvement and construction of demonstrative base were carried forward as scheduled, which accumulated strength for the Company's improvement of production and efficiency. In the meantime, as for mining, the Company invested RMB134 million for geological mine exploration, 69.20 tons of gold resources and 30 tons reserve upgrading metal were explored respectively. Notably in terms of resources possession, the Company successfully acquired the largest single pit gold mine (the Haiyu Project) in China, the resources increased by of 470 tons and the future value provides room for further expansion. As at 31 December 2015, the Company owned 36 mining rights and 41 exploration rights in total, with areas of 137.3281 km² and 745.6 km² respectively. According to Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources ("JORC") standards, the Company's gold resource amounted to 1,228.01 tons (approximately 39.4814 million ozs), and the mineable reserves amounted to 544.13 tons (approximately 17.4942 million ozs).

Intensify corporate management and implement innovation-driven operation with further enhanced development efficiency

In 2015, the Company insisted on the direction of "letting a hundred flowers bloom, letting a hundred schools of thought contend" and commenced management innovation compliance and upgrading activity, implemented an assessment mechanism to identify red-light, yellow-light and green-light projects, promoted Zhaojin E office system and TOPS management system to promote a scientific, informative and standardized level of management to a new level, and enhanced a 5 in 1 overall construction of supervisory mechanizations of democratic appraisal, professional examination, audit supervision, financial management and discipline inspection and supervision. In addition, the Company carried out cost and consumption reduction activities in four areas including projects construction, geological exploration, device purchase and energy management and remain having low-cost operation advantage in the industry. The Company insisted on innovation-driven operation, completed its investment of RMB52,370,000 in research and development, launched 25 technological innovations, applied for 46 patents and 37 achievement awards, and obtained 5 invention patents and 11 utility model. In respect of the intergration of assets and financing, the Company commenced a huge amount of fund raising activities such as super short term financing, perpetual middle term notes, offshore financing and corporate bonds with accumulative financing capital of RMB12.4 billion, and the credit rating of the Company reached 3A, all of which provided a strong financial support for the growth of the Company.

Enhance red-line awareness and complete policy guarantee with further consolidated compliance operation base

In 2015, the Company implemented the legal compliance principle and strengthened the development in the Board, promoted information disclosure, three boards operation (三會運作), maintain investor relationship and other important work strictly in accordance with the relevant laws and regulations. The senior management and the annual report of the Company have been awarded with the Chinese Enterprise Management Leadership Awards and International ARC Awards for annual report. In respect of corporate governance, the Company developed internal control culture by establishing a system to manage power, affairs and people, formulated Zhaojin Mining regulations, extensively commenced activities of “learning rules, using rules, behaving well”. The Company also enhanced the promotion of anti-corruption behavior, actively improved leaders’ work style, commenced the special education of “being strict in morals, power and disciplining oneself; being honest in decisions, business and behavior (三嚴三實)”, and enhanced the development process of leaders selection, appointment, evaluation and appraisal. Meanwhile, the Company firmly adheres to the three “red lines” for safety, ecology and environmental protection with accumulative injection of RMB180 million. The Company deepened the governance of hidden danger investigation and develop safety awareness to continuously ensure the safety and stability.

Improve culture awareness and concentrate developing efforts with a stable corporate development

In 2015, the Company implemented measures to take care of its employees and vigorously commenced training education, mentoring scheme, skill competition and other activities, resulting in a constant improvement in the overall quality of our staff. Meanwhile, the Company carried out activities in supporting persons who are in difficulties so to transmit positive energy of humanistic concern to our staff. The Company established mechanism to keep talents with the Company for long term and created new principle of culturing new employees by recruiting college graduates and high-end and high-ended market-oriented talents, which provided powerful intelligent support for the Company’s growth. In addition, the Company endeavored to create harmonious mines and held activities including bringing Zhaojin culture into communities, which built a stable background for the Company’s operation.

Financial Analysis

Revenue

For the year ended 31 December 2015, the Group’s revenue was approximately RMB5,886,845,000 (2014: RMB5,606,182,000), representing an increase of approximately 5.01% (2014: a decrease of approximately 11.63%) as compared to the previous year. Such increase was primarily attributable to the increase in the sales volume of gold.

Cost of Sales

For the year ended 31 December 2015, the Group’s cost of sales was approximately RMB3,655,753,000 (2014: RMB3,433,775,000), representing an increase of approximately 6.46% (2014: a decrease of approximately 16.32%) as compared to the previous year. Such increase was primarily attributable to the increase in the sales volume of gold and unit cost of raw material and overhead during the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit and gross profit margin were approximately RMB2,231,092,000 (2014: RMB2,172,407,000) and approximately 37.90% (2014: 38.75%), respectively, representing an increase in gross profit of approximately 2.70% (2014: a decrease of approximately 3.04%) and a decrease in gross profit margin of approximately 0.85% (2014: an increase of approximately 9.71%), respectively, as compared to the previous year. The increase in gross profit as compared to 2014 was primarily attributable to the increase in the sales volume of gold. The decrease in gross profit margin as compared to 2014 was mainly attributable to the relatively smaller increase in revenue as compared with the increase in costs.

Other Income and Gains

During the Year, the Group's other income and gains were approximately RMB362,928,000 (2014: RMB260,140,000), representing an increase of approximately 39.51% (2014: an increase of approximately 65.94%) as compared to the previous year. The increase in other revenue and gains was mainly due to the increase in the gains from government grants.

Selling and Distribution Costs

For the year ended 31 December 2015, the Group's selling and distribution costs were approximately RMB98,343,000 (2014: RMB119,709,000), representing a decrease of approximately 17.85% (2014: an increase of approximately 23.06%) as compared to the previous year. Such decrease was mainly due to the decrease in transportation expenses during the Year.

Administrative and Other Expenses

The Group's administrative and other operating expenses were approximately RMB1,418,207,000 during the Year (2014: RMB1,141,241,000), representing an increase of approximately 24.27% (2014: an increase of approximately 15.88%) as compared to 2014. Such increase was mainly attributable to the increase in impairment loss of non-current assets.

Finance Costs

For the year ended 31 December 2015, the Group's finance costs were approximately RMB526,333,000 (2014: RMB514,406,000), representing an increase of approximately 2.32% (2014: an increase of approximately 50.36%) as compared to 2014. Such increase was mainly attributable to the increase in interest accrued from the short-term bonds.

Income Tax Expenses

For the year ended 31 December 2015, the Group's income tax expenses decreased by approximately RMB21,353,000 as compared to the previous year. It was attributable to the decrease in profit before taxation of the Group. During the Year, corporate income tax within the territory of the PRC has been provided at a rate of 25% (2014: 25%) on the taxable income (except for certain subsidiaries of the Group in Xinjiang and Gansu, where corporate income tax is provided at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 27.94% during the Year (2014: 25.81%).

Profit Attributable to Owners of the Parent

For the year ended 31 December 2015, the Group's profit attributable to the owners of the parent was approximately RMB308,140,000, representing a decrease of approximately 32.33% (2014: a decrease of approximately 37.97%) from approximately RMB455,388,000 in 2014.

Liquidity and Capital Resources

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations and borrowings, while the Group's capital for operating activities are mainly utilized to provide funding to acquisition activities, capital expenditures, and repayment of borrowings.

Cash Flows and Working Capital

The Group's cash and cash equivalents have increased from approximately RMB1,254,916,000 as at 31 December 2014 to approximately RMB2,033,203,000 as at 31 December 2015. The increase was mainly attributable to the excess of net cash inflows from operating activities and financing activities over the net cash outflows for investing activities (mainly for acquisition activities and capital expenditure).

As at 31 December 2015, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB431,885,000 (2014: RMB25,609,000) and those denominated in US dollars amounted to approximately RMB61,444,000 (2014: RMB20,474,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2015, the Group had outstanding bank loans, other borrowings and gold from gold leasing business (the Group financed through leases of gold from bank and subsequently sold through SGE) of approximately RMB9,757,317,000 (2014: RMB10,599,723,000), of which approximately RMB8,024,668,000 (2014: RMB8,425,736,000) shall be repaid within one year, approximately RMB1,728,077,000 (2014: RMB2,164,328,000) shall be repaid within two to five years, and approximately RMB4,572,000 (2014: RMB9,659,000) shall be repaid after five years. As at 31 December 2015, the Group had outstanding corporate bonds of approximately RMB1,498,997,000, which will be repaid in one year (2014: Nil) and approximately RMB2,140,818,000 (2014: RMB2,690,309,000), which shall be repaid within two to five years. The increase in the Group's borrowings during the year was mainly attributable to the resource acquisition activities, capital expenditures and working capital to maintain operating activities of the Group.

As at 31 December 2015, except for secured bank loans of RMB671,596,000 and RMB32,742,000 (2014: RMB237,901,000 and RMB30,764,000) denominated in Hong Kong dollars and US dollars respectively, all borrowings are denominated in RMB. As at 31 December 2015, approximately 66.43% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

Gearing Ratio

The Group monitors capital by gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds and financial liabilities arising from the gold leasing business less cash and cash equivalents. As at 31 December 2015, the gearing ratio of the Group was 45.4% (31 December 2014: 55.3%). As the Group issued RMB2.1 billion perpetual capital instruments and optimized all kinds of financing channels, the gearing ratio of the Group for the Year recorded a reasonable decrease.

Market Risks

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

Gold Prices and Other Commodities Prices Risks

The Group's exposure to price risk is primarily due to the fluctuations in the market price of gold and copper which can affect the Group's results of operations.

During the Year, under certain circumstances, the Group entered into AU (T+D) arrangements (hereinafter called the "Arrangements"), which are in fact forward commodity contracts, in SGE to hedge potential fluctuations in the price of gold. Under such Arrangements framework, the Group can forward purchase or acquire gold at the current day's price by depositing 10% of the total transaction amount as guarantee after the purchase of the contracts, it can close the deal by either physically delivering the gold or entering into an offsetting arrangement. There is no particular restriction imposed on the settlement period. During the Year, the Group has not entered into any long term AU (T+D) contract framework.

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

The transaction 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 Year.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds by placing them into appropriate short-term deposits at fixed or floating rate of interest and at the same time by borrowing loans at a mixture of fixed or floating rate of interest.

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

Foreign Exchange Risk

Most of the Group's transactions were carried out in RMB. The fluctuation in the RMB/US dollars exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuations in the exchange rate may have an adverse effect on net assets and earnings of and any dividend declared by the Group in Hong Kong dollars. Furthermore, the Group has not entered into any hedge activities during the Year due to fluctuations in foreign exchange rate.

Pledge

As at 31 December 2015, except for the following assets pledged for the bank borrowings and notes payable of the Group, the Group has not pledged any assets: (1) property, plant and equipment and mining rights with net carrying amount of approximately RMB175,149,000 (31 December 2014: RMB210,027,000); (2) pledged deposits of RMB133,572,000 (31 December 2014: RMB388,388,000).

Business Outlook

The year of 2016 is a crucial year for the Company to accelerate the transformation from the traditional mining company to the mining investment company and improve the quality and efficiency. The Company will follow the principle of "reform and innovation, maintenance of positive evolution" and focus on quality and efficiency to accelerate the transformation and upgrading of the Company.

Promote the internal market-oriented reform and add new force to the transformation of the Company

In 2016, the Company will introduce the market-oriented concept into internal management. In accordance with the principle of separating ownership and operational rights, it will deliver part of the operational right of the enterprise to the contractor within a certain period of time, set the contract base so that the contractor can operate independently and assume sole responsibility for the profit and loss. The Company will further optimize the allocation of human resources and carry out the action of "fitness and health". It will also implement the large department system, comprehensive workshop, and comprehensive department system and carry out the deputy part-time system of management. At the same time, it will implement the plans to downsize the number of staff of concentrator and auxiliary production workshops and promote the localization of employment out of town. The Company will promote the management system reform, streamline administration and delegate power to the lower levels, implement the system of parallel approval, time limit for approval and online approval system, implement mobile office system and improve management efficiency and level. In order to ensure the smooth implementation of reform, the Company will pay much more attention to operation quality in terms of production organization, strengthen high-quality asset, increase geological exploration, and improve security capacity of resources. At the same time, we will pay more attention to supervision and regulation over operation control, uphold the rules and systems and carry out financing, auditing, legal, discipline inspection and supervision.

Implement the innovation-driven strategy and release the new potential for the transformation and upgrading of the Company

In 2016, the Company will be innovative in making investment to establish and improve the new investment model of the strict decision-making, efficient information and risk control, and set up a specialized investment committee. With regard to project investment, the Company will invest RMB789 million to implement 27 construction projects; with regard to science and technology investment, it will invest RMB78.68 million to implement 56 scientific research and innovation projects, and put more efforts in tacking the mineralization pattern, safe and efficient mining technology, new cyanide flotation smelting technology, comprehensive utilization technology of tailings, and green environmental protection technology; with regard to exploration investment, it will put prospecting funds of RMB104 million to accomplish prospecting gold reserves of 50 tons, copper resources reserves of more than 2,000 tons. At the same time, the Company will expand counter-cyclical mining investment; based on domestic and foreign resource markets, the Company will screen and capture the low-lying land of valuable investment and plan to acquire the gold resource reserves of more than 20 tons at a consideration of RMB500 million. With regard to innovation in the combination of industry and finance, the Company will strengthen equity financing, debt financing and the construction of financial company, further optimize the capital structure, reduce financing cost, and accelerate the development of the Company by taking the opportunity of China's financial market reform, reserve requirement ratio and interest rate cuts, liberalization of the interest rate marketization. At the same time, the Company will make innovations in the post-investment management, intensify efforts in the marketing risk control, establish the sales system combining unity and liberation, and strengthen the guidance on hedging business.

Strict Compliance and upgrade the Company for the transformation

The Company will adhere to the value orientation of “engaging in the right business”, persist in the development strategy of pure gold, strengthen main business investment in the mining industry, expand the backbone enterprise strategy, and with a plan to complete the total gold production of 1.082 million ozs for the Year. At the same time, it will pay close attention to cost reduction, quality improvement, efficiency improvement, management innovation, technological innovation, personnel training, prospecting for reserves increase, and safety production, and improve core competitiveness of the good quality and efficient development of the Company. The Company shall adhere to the value orientation of “following the correct path”, strengthen the construction of engineering projects, tendering, purchase of goods, payment of taxes and other important key control, adhere to democratic centralism and the decision-making system of “Three Importance and One Greatness policy-making system”, strict rules of procedure and decision-making procedures to ensure lawful operations. At the same time, it will guide the leaders and workers to comply with the laws and disciplines. In addition, the Company should adhere to the value orientation of the “spread of positive energy”, vigorously carry out the construction of enterprise culture of working together and unite the joint efforts for the development of general business.

Constantly grow and evolve and reinforce the new foundation for the transformation and upgrading of the Company

The Company on one hand shall improve the management by using internet technology and new thinking to upgrade the management level, actively and steadily carry out administration streamlining and management power delegation, in order to optimize the approval process and delegate the powers and make the data available to the management; it should make use of internet technology to ensure that the data and behavior of the internal management can be visualized. On the other hand, it will upgrade the technical facilities in production and process to improve the level of automation and intelligence. It will rely on the intelligence and automation to improve production process, and ensure that the level of automation equipment is upgraded to version 2.0 and stand at the leading position of the industry.

ACQUISITIONS

- (1) On 30 May 2015, Yantai Jinshi Mining Investment Company Limited*, a wholly-owned subsidiary of the Company, entered into a supplemental agreement to the equity transfer agreement with Laizhou Ruihai Investment Company Limited* (“Laizhou Ruihai”) to acquire 63.86% equity interest in Shandong Ruiyin Mining Industry Development Company Limited* (“Shandong Ruiyin”) held by Laizhou Ruihai for a total consideration of RMB2.7225 billion. Shandong Ruiyin, the shareholder of Laizhou Ruihai Mining Industry Company Limited* (“Ruihai Mining”), lawfully held 83% equity interest in Ruihai Mining. Upon completion of the equity transfer, the Company will hold 63.86% equity interest in Shandong Ruiyin, thereby indirectly hold 53% equity interest in Ruihai Mining and further control the exploration right of the Haiyu Gold Mine in the north of Sanshan Island in Laizhou City (萊州市三山島北部). Ruihai Mining holds an exploration license (No. T01120090602030967). The name of the exploration project is the detailed survey of the Haiyu Gold Mine in the north of Sanshan Island in Laizhou City, Shandong Province with a mining area of 17.91 square kilometers, an average grade of gold of 4.30 g/t and a gold resources of approximately 470.47 tons.

The acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Relevant details are set out in the announcement of the Company dated 31 May 2015 published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

- (2) On 10 June 2015, the Company received a confirmation from Yantai Joint Property Right Exchange Center regarding the Company’s successful bidding at the listing-for-sale of the 60% equity interest in Beijing Dongfang Yanjing Mining Engineering Design Company Limited (“Dongfang Yanjing”), and was therefore qualified for acquisition of 60% equity interest in Dongfang Yanjing at a consideration of RMB10,137,000. On 15 June 2015, the Company and Shandong Zhaojin Group Company Limited entered into the equity transfer agreement. Upon completion of the acquisition, the Company will hold 60% equity interest in Dongfang Yanjing and Dongfang Yanjing will become a non-wholly-owned subsidiary of the Company.

The acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. It is also subject to the reporting and announcement requirements but is exempted from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Relevant details are set out in the announcement of the Company dated 16 June 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

CONNECTED TRANSACTIONS

For details of other connected transaction of the Company, please refer to the annual report for the year ended 31 December 2015 to be published by the Company.

SIGNIFICANT EVENTS

1. On 27 May 2015, the following resolutions, among other things, were passed at the 2014 annual general meeting of the Company:
 - (1) the Company's profit distribution proposal for the year ended 31 December 2014 to distribute a cash dividend of RMB0.05 (tax included) per share to all Shareholders. On 30 June 2015, the Company distributed the cash dividend of RMB0.05 (tax included) per share for 2014 to all Shareholders;
 - (2) authorizing the Board to allot, issue or deal with the H shares and domestic shares of up to a maximum of 20% of the aggregate nominal value of each 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 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;
 - (4) to issue super short-term bonds of not more than RMB4.0 billion in the PRC and to grant authority to the Board to deal with such matters relating to the issue of the super short-term bonds;
 - (5) to change the term of validity of the resolution in relation to the issuance of corporate bonds in the PRC and the mandate granted to the Board for handling all matters in relation to the issuance of corporate bonds at the annual general meeting of 2013; and
 - (6) the proposed amendments to Article 13(1) of the Rules of Procedures for General Meetings of the Company.

Relevant details of 2014 annual general meeting were set out in the circular and notice both dated 10 April 2015, supplemental notice dated 7 May 2015 and voting results announcement dated 27 May 2015, published by the Company 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 following proposals, among other things, were reviewed at the domestic shares class meeting and H shares class meeting (collectively "Class Meetings") respectively:

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

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

Relevant details of the Class Meetings were set out in the circular and notice both dated 10 April 2015, supplemental notice dated 7 May 2015 and voting results announcement dated 27 May 2015 published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Issuance of Debt Financial Instruments

On 27 May 2015, the resolution in relation to the issuance of super short-term bonds of not more than RMB4.0 billion in the PRC and authorizing the Board to deal with the matters related to the issuance of super short-term bonds was considered and approved by the 2014 annual general meeting. The purpose of the issuance of super short-term bonds was to refinance bank loans, replenish liquid capital, adjust and optimise the financial structure of the Company.

Relevant details of 2014 annual general meeting were set out in the circular and notice both dated 10 April 2015, supplemental notice dated 7 May 2015 and voting results announcement dated 27 May 2015, published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. Distribution of Interest of “09 Corporate Bonds” for 2015

On 23 December 2015, the Company distributed the interest of “09 Corporate Bonds” in an aggregate sum of RMB75,000,000 for the sixth distributing year from 23 December 2014 to 22 December 2015.

Relevant details were set out in the announcement of the Company dated 17 December 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. Distribution of Interest of “12 Corporate Bonds” for 2015

On 16 November 2015, the Company distributed the interest of “12 Corporate Bonds” in an aggregate sum of RMB59,880,000 for the third distributing year from 16 November 2014 to 15 November 2015.

Relevant details were set out in the announcement of the Company dated 10 November 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. Election of the Board and Changes in Composition of the Board

The Company held the fifteenth meeting of the fourth session of the Board on 20 March 2015, at which, Mr. Kong Fanhe resigned from his position as Non-executive Director, with effect from 20 March 2015. Mr. Kong confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needs to be notified to the Shareholders. In accordance with the Articles of Association, the Board appointed Mr. Wu Yijian as a Non-executive Director of the Company. In addition, Mr. Cong Jianmao has been re-designated from Non-executive Director to Executive Director due to reallocation of work arrangement, with effect from 20 March 2015.

The details of changes in directors of the Board were 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.

The Company held the first 2016 extraordinary general meeting on 26 February 2016, at which the Shareholders re-elected Mr. Weng Zhanbin, Mr. Li Xiuchen and Mr. Cong Jianmao as Executive Directors of the Company; Mr. Liang Xinjun and Mr. Xu Xiaoliang as Non-executive Directors of the Company; Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo as Independent Non-executive Directors of the Company; and appointed Mr. Li Shousheng and Mr. Gao Min as Non-executive Directors of the Company; Mr. Wei Junhao and Mr. Shen Shifu as Independent Non-executive Directors of the Company. Mr. Lu Dongshang (“Mr. Lu”) ceased to be the Executive Director of the Company; Mr. Wu Yijian (“Mr. Wu”) ceased to be the Non-executive Director of the Company; and Mr. Xie Jiyuan (“Mr. Xie”) and Mr. Nie Fengjun (“Mr. Nie”) ceased to be Independent Non-executive Directors of the Company. Mr. Lu, Mr. Wu, Mr. Xie and Mr. Nie confirmed that they had no disagreement with the Board and there was no matter relating to their resignation that needs to be notified to the Shareholders.

The Company held the first meeting of the fifth session of the Board on 26 February 2016, and agreed to appoint Mr. Weng Zhanbin as the Chairman of the Strategic Committee, Mr. Li Shousheng as a member of the Strategic Committee and Geological and Resources Management Committee, Mr. Gao Min as a member of the Audit Committee, Mr. Wei Junhao as the Chairman of the Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee, and Mr. Shen Shifu as a member of the Geological and Resources Management Committee and Safety and Environmental Protection Committee, effective from 26 February 2016.

The details of changes in the composition of the Board were set out in the announcement of the Company dated 26 February 2016 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. 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.

The Company held the first meeting of the fifth session of the Board on 26 February 2016, at which as nominated by the president, the Board agreed to appoint Mr. Sun Xiduan, Mr. Wang Ligang and Mr. Dong Xin as the vice presidents of the Company, Mr. Dai Hanbao as the Chief Financial Officer of the Company, the terms of office of above persons commencing from 26 February 2016 to the expiration of the term of the current session of the Board.

8. Issuance of Super Short-term Bonds and Medium-term Notes in 2015

On 18 March 2015, the Company issued the first tranche of medium-term notes for 2015 with a par value of RMB500 million and an interest rate of 5.90% per annum. Such medium-term notes will be expired when the issuer redeems pursuant to the agreement made in the terms of issuance. The proceeds is used as general working capital of the Company.

Relevant details were set out in the announcement of the Company dated 19 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.

On 7 July 2015, the Company issued the second tranche of medium-term notes for 2015 with a par value of RMB1.6 billion and an interest rate of 5.20% per annum. Such medium-term notes will be expired when the issuer redeems pursuant to the agreement made in the terms of issuance. The proceeds is used as general working capital of the Company.

Relevant details were set out in the announcement of the Company dated 3 July 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 19 October 2015, the Company issued the third tranche of super short-term bonds in 2015 with a par value of RMB1 billion for a term of 270 days and bearing interest at a rate of 3.30% per annum. The proceeds is used as general working capital of the Company.

Relevant details were set out in the announcement of the Company dated 16 October 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

PRE-EMPTIVE RIGHTS

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (collectively the "Code") during the period from 1 January 2015 to 31 December 2015. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code by the Company at any time during the Year.

For details of the Corporate Governance Report, please refer to the annual report to be dispatched to Shareholders in due course.

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

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

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

AUDIT COMMITTEE

The Audit Committee of the fourth session of the Board of the Company comprises 1 Non-executive Director and 2 Independent Non-executive Directors, namely Mr. Xu Xiaoliang, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. Its Chairman is Ms. Chen Jinrong.

The Audit Committee has reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2015 which have been agreed by the Company’s auditor, and is of the view that the Group’s audited consolidated financial statements for the year ended 31 December 2015 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it had received the annual confirmation of independence from each of the Independent Non-executive Directors in compliance with Rule 3.13 of the Listing Rules on 25 March 2016. The Company is of the view that the Independent Non-executive Directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the Shareholders who are entitled to attend the 2015 AGM, the register of members will be closed from 9 May 2016 to 8 June 2016, both days inclusive, during which no transfer of shares will be registered. If the resolution in relation to the distribution of final dividend is approved by the Shareholders at the AGM and in order to determine the Shareholders who are entitled to receive the final dividend for the year ended 31 December 2015, the register of members will be closed between 15 June 2016 and 20 June 2016, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2015 AGM, Shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company’s H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for H Shareholders), or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic shares) for registration at or before 4:30 p.m. on Friday, 6 May 2016.

To be qualified for receiving the final dividend for 2015, Shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic shares) for registration at or before 4:30 p.m. on Tuesday, 14 June 2016.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2015 AGM will be held on Wednesday, 8 June 2016. The notice of 2015 AGM will be posted to the Shareholders as soon as possible. The Group's annual report for the year ended 31 December 2015 will be posted to the Shareholders in due course.

Notes:

1. This annual results announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.zhaojin.com.cn).
2. As at the date of this announcement, the members of the Board include: Executive Directors: Mr. Weng Zhanbin, Mr. Li Xiuchen and Mr. Cong Jianmao, Non-executive Directors: Mr. Liang Xinjun, Mr. Li Shousheng, Mr. Xu Xiaoliang and Mr. Gao Min, Independent Non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.

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

Zhaoyuan, the PRC, 25 March 2016

* *For identification purpose only*