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)

2016 INTERIM REPORT

*For identification purposes only

Contents

CORPORATE INFORMATION

Name of the Company

招金礦業股份有限公司

English Name of the Company

Zhaojin Mining Industry Company Limited*

Legal Representative

Mr. Weng Zhanbin

Executive Directors

Mr. Weng Zhanbin *(Chairman)*
Mr. Li Xiuchen *(President)*
Mr. Cong Jianmao

Non-executive Directors

Mr. Liang Xinjun *(Vice Chairman)*
Mr. Li Shousheng
Mr. Xu Xiaoliang
Mr. Gao Min

Independent Non-executive Directors

Ms. Chen Jinrong
Mr. Choy Sze Chung Jojo
Mr. Wei Junhao
Mr. Shen Shifu

Supervisory Committee Members

Mr. Wang Xiaojie
(Chairman of Supervisory Committee)
Ms. Jin Ting
Ms. Zhao Hua

Secretary to the Board

Mr. Wang Ligang

Company Secretary

Ms. Mok Ming Wai

Qualified Accountant

Mr. Ma Ving Lung Nelson

Authorized Representatives

Mr. Weng Zhanbin *(Chairman)*
Mr. Li Xiuchen *(President)*

Board Committees

Audit Committee Members

Ms. Chen Jinrong *(Chairman of Audit Committee)*
Mr. Choy Sze Chung Jojo
Mr. Gao Min

Strategic Committee Members

Mr. Weng Zhanbin *(Chairman of Strategic Committee)*
Mr. Li Shousheng
Mr. Xu Xiaoliang

Nomination and Remuneration Committee Members

Mr. Choy Sze Chung Jojo *(Chairman of Nomination and Remuneration Committee)*
Mr. Liang Xinjun
Mr. Cong Jianmao
Ms. Chen Jinrong
Mr. Wei Junhao

Geological and Resources Management Committee Members

Mr. Wei Junhao *(Chairman of Geological and Resources Management Committee)*
Mr. Li Shousheng
Mr. Shen Shifu

* *For identification purpose only*

Safety and Environmental Protection Committee Members

Mr. Li Xiuchen *(Chairman of Safety and Environmental Protection Committee)*
Mr. Cong Jianmao
Mr. Shen Shifu

Auditors

International Auditor

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

PRC Auditor

Ernst & Young Hua Ming LLP
(Special General Partnership)
16/F, Ernst & Young Building
Dongfang Square
No. 1 East Changan Road
Beijing
PRC

Legal advisers

PRC Legal Adviser

King & Wood PRC Lawyers
17th Floor, One ICC
Shanghai International Commercial Center
999 Middle Huai Hai Road
Shanghai
PRC
Postal code: 200031

Hong Kong Legal Adviser

Eversheds
21/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Registered office

No. 299 Jinhui Road
Zhaoyuan City
Shandong Province
PRC

Principal Place of Business in Hong Kong

36th Floor
Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Hong Kong H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Bank of China
78 Fuqian Road
Zhaoyuan City
Shandong Province
PRC

Agricultural Bank of China
298 Wenquan Road
Zhaoyuan City
Shandong Province
PRC

Corporate Website

www.zhaojin.com.cn

Stock Code

1818

MANAGEMENT DISCUSSION AND ANALYSIS

I. PRINCIPAL ACTIVITIES

For the six months ended 30 June 2016 (the "Period"), Zhaojin Mining Industry Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the exploration, mining, ore processing, smelting and sale of gold products and other metallic products in the People's Republic of China (the "PRC"). The principal products include "Au9999" and "Au9995" standard gold bullions and other gold products under the brand name of "Zhaojin".

II. INTERIM RESULTS

Revenue

During the Period, the Group generated revenue of approximately RMB3,234,800,000 in total (corresponding period of 2015: approximately RMB2,677,384,000), representing an increase of approximately 20.82% as compared to the corresponding period of last year.

Net profit

During the Period, the net profit of the Group was approximately RMB274,552,000 (corresponding period of 2015: approximately RMB220,900,000), representing an increase of approximately 24.29% as compared to the corresponding period of last year.

Product production

During the Period, the Group had attained an aggregate gold production of approximately 18,490.87 kg (approximately 594,494.79 ozs), representing an increase of approximately 11.60% as compared to the corresponding period of last year. In particular, gold output from the Group's mines amounted to 10,422.53 kg (approximately 335,091.92 ozs), basically flat as compared to the corresponding period of last year and gold output from smelting and tolling arrangement amounted to approximately 8,068.34 kg (approximately 259,402.87 ozs), representing an increase of approximately 31.32% as compared to the corresponding period of last year. During the Period, the Group had attained an aggregate copper production of approximately 13,863.23 tons. In particular, copper output from mines amounted to 5,906.26 tons, and copper output from smelting amounted to 7,956.97 tons, representing an increase of approximately 13.17% 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 RMB254,557,000 (corresponding period of 2015: approximately RMB225,127,000), representing an increase of approximately 13.07% 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 RMB0.09 (corresponding period of 2015: approximately RMB0.08), representing an increase of approximately 12.5% as compared to the corresponding period of last year.

Net assets per share

As at 30 June 2016, the consolidated net assets per share was approximately RMB4.66 (30 June 2015: approximately RMB3.46), and the yield to net assets during the Period was approximately 1.99% (corresponding period of 2015: approximately 2.15%).

III. INTERIM DIVIDEND

The board of the Company (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2016 (corresponding period of 2015: Nil).

IV. BUSINESS REVIEW

In the first half of 2016, the hedge function of gold was amplified under the joint effects of various factors such as the rate hike delay by the United States Federal Reserve, the weaken US dollar, the slumped stock markets worldwide, the Brexit, the expectation of further rise in inflation as well as other abrupt incidents. Large amounts of capital flooded in the gold market, driving the gold price up rapidly. In particular, the "Brexit" on 24 June 2016 stimulated the gold price to surge from US$1,250.51/oz to US$1,358.59/oz, with the maximum daily price fluctuation exceeding US$100/oz in the first half of the year, the international gold spot price kept rising from US$1,062.47/oz at the beginning to US$1,321.70/oz at the end of the period with its highest and lowest at US$1,358.59/oz and US$1,061.79/oz, respectively, representing an average of US$1,221.15/oz, increased by 1.26% as compared with US$1,290/oz during the same period of last year.

Achieving rise in both output and benefit, and further reinforcing the production capacity pattern of "half in the province and half outside the province"

In the first half of the year, the Company grasped tightly the favorable opportunity of rising gold price, intensified the production organization scheduling, optimized the production process system, continuously activated the production vitality and efficiency, and created another new high in the half-year output of self-produced gold. Its total output of gold accumulated to 18,490.87 kg (approximately 594,494.79 ozs), representing an increase of approximately 11.60% as compared to the same period of last year. Among which, 10,422.53 kg (approximately 335,091.92 ozs) was mine-produced gold; 8,068.34 kg (approximately 259,402.87 ozs) was smelted and processed gold. The Company's productive mines grew obviously outside the province, and achieved the self-produced gold output of 4,391 kg (approximately 141,178.09 ozs), increasing by 24% on a year-on-year basis, which has become an important growth pole supporting the growth of Company's production capacity and benefit.

Deepening reform and innovation projects, improving the quality and enhancing efficiency via technological and management innovation

In the first half of the year, as guided by the reform and innovation strategy, the Company promoted the management, innovation and transformation projects comprehensively. The Company innovated upon the internal market-oriented operation and management system, adopted the contractor operation and management comprehensively in various mining enterprises, and carried out deeply the activities of organizational downsizing, streamlining administration and delegating power, benchmarking management, audit supervision and management, specialized support and assistance, etc. Meanwhile, the Company promoted the "Total Optimizational Production-Supporting Systems" management, which further stimulated the business operation image of enterprises and the enthusiasm and creativity of all employees, and continuously intensified the atmosphere of starting business and striving for excellence. In terms of technological innovation, the Company invested the total scientific research fund of RMB36.985 million to implement the ten innovation projects and ten scientific research projects, applied for 23 new patents, obtained 18 new authorized patents, and applied for 12 municipal and provincial-level science and technology progress awards. The project of "National Science & Technology Supporting Plan during the Twelfth Five-year Plan Period – Gold Ore Short-Process Floating-Grinding Technology" undertaken by the Company has passed the national acceptance smoothly, with output value of more than RMB300 million increased every year. The enterprises totally carried out 418 small reforms and innovations, and created economic benefits of over RMB38 million.

Strengthening project construction and resources occupation, and further expanding development potential and space of enterprises

The Company attached great importance to 29 construction projects this year, among which 8 infrastructure projects were completed on schedule; 12 deep production continuation projects were implemented smoothly as scheduled; Ore Dressing Plant Transformation Project of Dayingezhuang Gold Mine, Smelting Plant Transformation Project of Xinhui Copper, and Ore Dressing Process Transformation Project of Sanfengshan Gold Mine have been completed smoothly and put into trial production in advance. The enterprises accomplished the management benefits of RMB8.97 million by means of solution review, contract management and quality assessment, and saved the project funds of more than RMB18 million from price reduction of outsourced shaft sinking and drifting projects. In terms of resources occupation, the Company invested the mineral prospecting funds of RMB57.62 million in the first half of the year, and realized the phased targets smoothly, with 25,856 kg of gold metals and 788 tons of copper metals newly increased.

Adhering to the "red lines" for safety, ecology and environmental protection, and building up a safe and green development shield

In the first half of the year, the Company vigorously implemented the strategy of safety promotion by science and technology, actively promoted mechanization, automation, informatization and intelligence, further achieved the targets of "substituting people by mechanization and decreasing people by automation", and continually carried out comprehensive safety renovation actions, with more than RMB50 million withdrawn and used totally. In terms of ecology and environmental protection, the Company actively conducted green mine construction activities, and planted trees widely in the mining areas, with more than 30 hectares of greening areas newly increased. Hence, the Company has fulfilled the development philosophy of "developing a new mine and preserving a green land" with physical actions.

V. FINANCIAL AND RESULTS ANALYSIS

Revenue

During the Period, the Group's revenue amounted to approximately RMB3,234,800,000 (corresponding period of 2015: approximately RMB2,677,384,000), representing an increase of approximately 20.82% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the increase in both selling price and sales volume of gold during the Period.

Net profit

During the Period, net profit of the Group amounted to approximately RMB274,552,000 (corresponding period of 2015: approximately RMB220,900,000), representing an increase of approximately 24.29% as compared to the corresponding period of last year. The increase in net profit was primarily due to the prosperous market of gold.

Integrated cost of gold per gram

During the Period, the Group's integrated cost of gold was approximately RMB129.89 per gram (corresponding period of 2015: approximately RMB135.21 per gram), representing a decrease of approximately 3.93% as compared to the corresponding period of last year. The decrease in integrated cost of gold was due to the increase of ore grade, the comprehensive recovery rate of ore processing and smelting and the increase of production as compared to the corresponding period of last year.

Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB1,826,188,000 (corresponding period of 2015: approximately RMB1,567,189,000), representing an increase of approximately 16.53% as compared to the corresponding period of last year. The increase was primarily attributable to the significant increase of sales volume of gold.

Gross profit and gross profit margin

During the Period, the Group's gross profit was approximately RMB1,408,612,000, representing an increase of approximately 26.88% as compared to RMB1,110,195,000 of the corresponding period of last year. The increase in gross profit was mainly due to the significant increase in the selling price of gold. The Group's gross profit margin increased from approximately 41.47% in the corresponding period of last year to approximately 43.55% for the Period. The increase in gross profit margin was mainly due to the increase in price and the decrease in unit cost.

Other income and gains

During the Period, the Group's other income and gains were approximately RMB185,678,000 (corresponding period of 2015: approximately RMB140,750,000), representing an increase of approximately 31.92% as compared to the corresponding period of last year. The increase was mainly due to the increase in interest income 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 RMB44,526,000 (corresponding period of 2015: approximately RMB38,391,000), representing an increase of approximately 15.98% as compared to the corresponding period of last year. The increase was mainly due to the increase in transportation cost of gold concentrates, copper and by-product.

Administrative and other operating expenses

During the Period, the Group's administrative and other operating expenses were approximately RMB904,869,000 (corresponding period of 2015: approximately RMB582,717,000), representing an increase of approximately 55.28% as compared to the corresponding period of last year. Such increase was mainly due to the losses on commodity derivative contracts and written off of certain assets.

Finance costs

During the Period, the Group's finance costs amounted to approximately RMB193,741,000 (corresponding period of 2015: approximately RMB301,915,000), representing a decrease of approximately 35.83% as compared to the corresponding period of last year. Such decrease was mainly attributable to adjustments to the Group's debt structure and decrease in the average interest rate on the borrowings from interest-bearing banks 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 2016, the Group had cash and cash equivalents of approximately RMB1,299,940,000, representing a decrease of approximately 36.06% as compared to approximately RMB2,033,203,000 as at 31 December 2015. The decrease was mainly due to cash outflows from the financing activities and investing activities of the Group during the Period.

As at 30 June 2016, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB203,101,000 (31 December 2015: RMB431,885,000), those denominated in United States dollars amounted to RMB65,168,000 (31 December 2015: RMB61,444,000), those denominated in Australian dollars amounted to RMB29,070,000 (31 December 2015: Nil). All other cash and cash equivalents held by the Group are denominated in Renminbi.

The Renminbi is not freely convertible into other currencies, however, pursuant to the Regulation of the People's Republic of China on Foreign Exchange Administration and the Administration Regulations on Foreign Exchange Settlement, Sales and Payment, the Group is permitted to exchange Renminbi for other currencies through those banks which were authorized to conduct foreign exchange business.

Borrowings

As at 30 June 2016, the Group had outstanding bank borrowings, other borrowings and gold from gold leasing business (the Group financed through leases of gold from bank and subsequently sold through Shanghai Gold Exchange ("SGE")) of RMB9,797,969,000 (31 December 2015: RMB9,757,317,000), of which RMB8,554,978,000 (31 December 2015: RMB8,024,668,000) was repayable within one year, RMB1,242,991,000 (31 December 2015: RMB1,728,077,000) was repayable within two to five years and nil (31 December 2015: RMB4,572,000) was repayable after 5 years. As at 30 June 2016, the Group had outstanding corporate bonds of approximately RMB1,499,988,000 (31 December 2015: RMB1,498,997,000), which will be repaid in one year and approximately RMB2,141,528,000 (31 December 2015: RMB2,140,818,000), which shall be repaid within two to five years.

As at 30 June 2016, except for secured and guaranteed bank loans of RMB683,675,000 and RMB66,662,000 (31 December 2015: RMB671,596,000 and RMB32,742,000) denominated in Hong Kong dollars and United States dollars respectively, all borrowings are denominated in Renminbi. As at 30 June 2016, 76.17% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

Income tax

The effective income tax rate (i.e., the total income tax divided by profit before tax) of the Group during the Period was approximately 38.59% (corresponding period of 2015: approximately 30.83%).

Total assets

As at 30 June 2016, the total assets of the Group were approximately RMB32,556,013,000, representing an increase of approximately 4.84% as compared to approximately RMB31,054,259,000 as at 31 December 2015. Among which, total non-current assets amounted to approximately RMB25,394,861,000, accounting for approximately 78.00% of the total assets, and representing an increase of approximately 3.56% as compared to approximately RMB24,521,432,000 as at 31 December 2015. As at 30 June 2016, total current assets were approximately RMB7,161,152,000, accounting for approximately 22.00% of the total assets, and representing an increase of approximately 9.62% as compared to approximately RMB6,532,827,000 as at 31 December 2015.

Net assets

As at 30 June 2016, the net assets of the Group were approximately RMB13,826,177,000, representing an increase of approximately 1.36% as compared to approximately RMB13,641,114,000 as at 31 December 2015.

Total liabilities

As at 30 June 2016, the total liabilities of the Group were approximately RMB18,729,836,000, representing an increase of approximately 7.56% as compared to approximately RMB17,413,145,000 as at 31 December 2015. As at 30 June 2016, 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 less the balance of cash and cash equivalents) was approximately 46.75% (31 December 2015: 45.45%).

Contingent liabilities

As at 30 June 2016, the contingent liabilities of the Group increased by approximately RMB72,703,000 as compared to at 31 December 2015.

Market risks

The Group is exposed to various types of market risks, including fluctuations in gold price 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 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

Majority of the Group's transactions are carried out in Renminbi. The fluctuation in 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. Under certain circumstances, the Group entered into AU (T+D) arrangements, which are substantially forward commodity contracts, in SGE during the Period 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 as guarantee. Subsequently, it can close the deal by either physically delivering or entering into an offsetting arrangement. There are no special restrictions imposed on the settlement period. During the Period, the Group had not entered into any long-term AU (T+D) framework.

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

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 2016, except for the following assets pledged for environmental improvement, forward commodity contracts, Au (T+D) arrangements, the bank borrowings and notes payable, the Group had not pledged any assets: (1) property, plant and equipment, prepaid land lease payments and mining rights with net carrying amount of approximately RMB170,595,000 (31 December 2015: RMB175,149,000); (2) pledged deposits of RMB236,488,000 (31 December 2015: 133,572,000); and (3) notes of RMB55,000,000 (31 December 2015: Nil).

VI. BUSINESS PROSPECTS

Amidst the uncertainties brought about by the profound reform in the global politic and economic environment, the price trend of both the gold and commodity prices remain obscure. However, challenges and opportunities have always co-exist. The rebound of the gold price suggests a critical period for the Company to optimize the production arrangement, improve economic effectiveness and speed up development. In the second half of the year, the Company will spare no effort to rectify the weaknesses and take various measures to ensure that the annual profit target can be over-fulfilled, and all the systematic and fundamental risk countermeasures will be in place for the harmonious and stable development of the Company.

Optimizing the production organization, and improving production efficiency and quality

In the second half of the year, the Company will grasp the gold season of production organizations, speed up and accelerate production. Adjust production strategy and make every endeavor to realize production and marketing integration; optimize the production process system, and break through bottlenecks that affect the production efficiency; promote vigorously the scientific and technological level of mechanized, automated, informatized and intelligent equipment; strengthen the contractor operation and take full advantage of economic leverage to enhance the per capita labor productivity. Meanwhile, the Company will bring into full play the driving force of innovation and benefit-making, attach great importance to establish the employee innovation studio, strengthen the training and cultivation of industrial technical workers, and enable the innovation studio to generate a larger group effect and flourish throughout the Company.

Developing competence for delicacy management for increasing income and reducing expenditure

In the second half of the year, the Company will carry out the cost reduction and efficiency increase activities profoundly and endeavor to develop competence by closely surrounding the strategy of increasing income and reducing expenditure. On the one hand, the Company will make every endeavor to enhance the economic and technical indicators, firmly grasp the lifeline of resources grading, intensify the on-site management, continually optimize the mining preparations, and try the best to reduce the ore dissipation and dilution rate. Meanwhile, the Company will further optimize the process flow technology, make great efforts to reduce the cost of ore dressing and smelting technology, and enhance the capability for increase in the income and efficiency. On the other hand, the Company will intensify the delicacy management as follows: In terms of logistics and procurement management, continue increasing the ratio of central procurement and direct supply by manufacturers, reinforce investigation of and negotiation with suppliers, and take advantage of scale procurement. In terms of energy consumption management, strengthen the energy consumption monitoring of key enterprises, and accelerate to promote the energy-saving technology transformation and the application of new energy-saving technologies and products. In terms of project investment management, focus on strengthening the full-process audit and supervision, enhance the quality and efficiency of construction works, and ensure to achieve the project management benefits of RMB50 million as at the end of the current year. Besides, the Company will further reduce management costs and financial expenses. By grasping the favorable opportunities from the national policy of replacing business tax with value-added tax and the adjustment of bank loan interest rate for the corresponding period, the Company will strengthen integration and cooperation with local financial institutions and taxation authorities, endeavor to promote localized financing, and reduce financing cost.

Truly strengthening risk control and enhancing the enterprise's anti-risk capability

In terms of the enterprise risk identification, great importance shall be attached to the three risks, namely internal risk, external risk and market risk. Firstly, in terms of internal risk control, the Company will intensify audit supervision and discipline inspection and supervision, conduct business strictly in accordance with rules, systems and procedures, and set up orderly and disciplined awareness and atmosphere. Secondly, in terms of external risk control, all mining and smelting enterprises will strictly observe the legal permits and licenses as well as the safety, ecology and environmental protection risks, strengthen the relationship maintenance with the community and local government, and create an external environment subject to sustainable and stable development. Thirdly, in terms of market risk control, the mining enterprises and smelting enterprises will endeavor to proceed with full speed, intensify production organization, accelerate production pace, and take the initiative to cope with market risk and seize the opportunity.

Carrying out key projects elevating activities, and realizing new breakthroughs in project construction, geological exploration and overseas development

In the second half of the year, the Company will set the project schedule in reversed order and ensure the scheduled completion of shaft sinking and drifting projects undertaken by Xiadian Gold Mine and Dayingezhuang Gold Mine as well as key projects for ore dressing and smelting technology transformation undertaken by Subei Jinying, Zhaojin Baiyun and Gansu Zhaoye. Meanwhile, the Company will make great efforts to implement the master project of Laizhou Ruihai and the construction project of Zaozigou Tailing Pond, and attempt to commence and construct as early as possible. The Company will continue to accelerate the geological exploration of key enterprises. Special attention will be made to Laizhou Ruihai, Zaozigou Gold Mine, etc., to ensure fulfillment of their annual plans. Grasp current favorable market opportunities, accelerate the integration of peripheral resources, and provide new resource reserves for enterprise development.

Highly emphasing safety, environmental protection and ecology, and implementing the development philosophy of "developing a new mine and preserving a green land"

The Company will truly regard ecological protection as a business card for enterprise development, as well as a self-portrait of the enterprise, and more importantly the overseas development brand. The Company will plant grass and trees in the mining areas to enhance the enterprise image and win high reputation among communities and local governments. Take the advanced enterprises as an example, persevere in carrying out safety and ecological protection work, increase inputs, and realize green and harmonious development. Furthermore, the Company will attach great importance to community construction, maintain close relationship with local governments and community citizens perseveringly, and ensure the stable and harmonious development of the enterprise. Meanwhile, the Company will give prominence to warm heart projects, do more good things for employees to ensure their stability, and implement heart-winning projects.

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 2016 are as follows:

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

2. *Substantial shareholders*

To the best knowledge of the directors, supervisors and chief executives of the Company, as at 30 June 2016, the interests and short positions of substantial shareholders in the issued share capital of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong), to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which were required to be notified to the Company were as follows:

	Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
1	Shandong Zhaojin Group Company Limited	Domestic shares	Beneficial owner	1,086,514,000 *(Note 1)*	36.63	51.95	–	Long position
		Domestic shares	Interest of controlled corporation	50,967,195 *(Note 4)*	1.72	2.44	–	Long position
		H shares	Interest of controlled corporation	47,455,000 *(Note 1, Note 4 and Note 6)*	1.60	–	5.43	Long position

	Name of shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
2	Shanghai Yuyuan Tourist Mart Co., Ltd.	Domestic shares	Beneficial owner	742,000,000	25.02	35.48	–	Long position
		Domestic shares	Interest of controlled corporation	21,200,000 *(Note 1 and Note 2)*	0.71	1.01	–	Long position
3	Shanghai Fosun Industrial Investment Co., Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
4	Shanghai Fosun High Technology (Group) Company Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
5	Fosun International Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
6	Fosun Holdings Limited	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
7	Fosun International Holdings Ltd.	Domestic shares	Beneficial owner	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
8	Guo Guangchang	Domestic shares	Interest of controlled corporation	106,000,000 *(Note 1 and Note 3)*	3.57	5.07	–	Long position
9	Schroders Plc	H shares	Investment manager	87,204,940 *(Note 5)*	2.94	–	9.97	Long position
10	Luyin Trading Pte Ltd.	H shares	Beneficial owner	47,455,000 *(Note 1, Note 4 and Note 6)*	1.60	–	5.43	Long position

Notes:

(1) Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a shareholder's shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange of Hong Kong ("Stock Exchange") unless certain criteria are fulfilled, therefore substantial shareholders' latest shareholding in the Company may be different to the shareholding filed with the Company and the Stock Exchange.

(2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Shanghai Yuyuan") holds 95% equity interests in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 domestic shares held by Laomiao Gold in the Company is shown as long position of Shanghai Yuyuan.

(3) The 106,000,000 shares represent the same block of shares.

(4) Shandong Zhaojin Group Company Limited ("Shandong Zhaojin") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), therefore the 50,967,195 domestic shares held by Zhaojin Non-Ferrous in the Company is shown as long position of Shandong Zhaojin. Luyin Trading Pte Ltd. is a wholly-owned subsidiary of Shandong Zhaojin.

(5) Schroders Plc is interested in the shares of the Company through its directly or indirectly controlled companies.

(6) As at the date of this interim report, Luyin Trading Pte Ltd. held 43,890,000 H shares of the Company.

As at 30 June 2016, apart from the above disclosure and to the best knowledge of the directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or held 5% or above in the issued share capital of the Company which was required to be notified to the Company.

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

To the best knowledge of the directors, supervisors and chief executives of the Company, as at 30 June 2016, the interests and short positions of the directors, supervisors and chief executives in the issued share capital of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors/chief executive	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending Pool
Mr. Weng Zhanbin	H shares	Beneficiary of a trust	565,000	0.02	–	0.06	Long position
Mr. Li Xiuchen	H shares	Beneficiary of a trust	565,000	0.02	–	0.06	Long position
Mr. Cong Jianmao	H shares	Beneficiary of a trust	565,000	0.02	–	0.06	Long position

Note:

(1) Huatai No. 8 QDII Asset Management Plan holds the 565,000 H shares on behalf of Zhaoyuan Jinshitou Business Consulting Co., Ltd., a company established under the laws of the PRC whose shareholders are the directors (namely Weng Zhanbin, Li Xiuchen and Cong Jianmao), senior management and employees of the Company. Weng Zhanbin, Li Xiuchen and Cong Jianmao holds 7.943%, 3.971% and 2.383% equity interest in Zhaoyuan Jinshitou Business Consulting Co., Ltd., respectively.

As at 30 June 2016, apart from the above disclosure and to the best knowledge of the directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required to notify the Company and the Stock Exchange pursuant to the Model Code.

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

Save as disclosed under the section headed "Directors', Supervisors' and Chief Executives, Interests and Short Position in Shares, Undelying Shares or Debentures of the Company and Its Associated Corporations" and other part of this interim report, 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 person.

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

IV. SUFFICIENT PUBLIC FLOAT

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

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

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

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

During the Period, the Company did not issue any convertible securities, share options, warrants or similar rights. During the Period and up to the date of this interim report, the Group has no share option scheme.

VII. EMPLOYEES

As of 30 June 2016, the Company had a total of 6,779 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices. Other benefits offered to the employees include retirement benefit plans, medical benefit 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 8 June 2016, the 2015 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 2015 to distribute a cash dividend of RMB0.04 (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;

   Relevant details are set out in the circular, notice and announcement of the Company dated 21 April 2016 and 8 June 2016 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 8 June 2016, the domestic shares class meeting and H shares class meeting respectively considered the following proposal:***

   The Board was granted a general mandate 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 and announcement of the Company dated 21 April 2016 and 8 June 2016 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 first meeting of the fifth session of the Board on 26 February 2016, at which as nominated by the chairman, the Board appointed Mr. Li Xiuchen as the president of the Company, for a term commencing from 26 February 2016 to the expiration of the term of the current session of the Board. As nominated by the president, the Board appointed Mr. Sun Xiduan, Mr. Wang Ligang and Mr. Dong Xin as the vice presidents of the Company and Mr. Dai Hanbao as the Chief Financial Officer of the Company, for a term commencing from 26 February 2016 to the expiration of the term of the current session of the Board.

4. *Changes in the Composition of the Board*

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.

Relevant details in relation to the changes in the composition of the Board are 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.

5. *Issuance of the First Tranche of Super Short-Term Bonds in 2016 and the Second Tranche of Super Short-Term Bonds in 2016*

On 11 January 2016, the Company issued the first tranche of super short-term bonds in 2016 with a par value of RMB1 billion for a term of 270 days, and the interest for this tranche of super short-term bonds was paid at fixed rate, the coupon rate was determined through book-building process.

Relevant details are set out in the announcement of the Company dated 11 January 2016 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 12 July 2016, the Company issued the second tranche of super short-term bonds in 2016 with a par value of RMB1 billion for a term of 270 days, and the coupon rate for this tranche of super short-term bonds was 2.82%.

Relevant details are set out in the announcement of the Company dated 14 July 2016 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

IX. OTHER EVENTS

1. Issue of Renewable Corporate Bonds

On 30 June 2016, the Company published a circular in respect of the proposed issuance of renewable corporate bonds to eligible investors in the PRC with an aggregate principal amount of not more than RMB4.0 billion. On 15 August 2016, the shareholders of the Company approved the proposed issuance of the said corporate bonds at the 2016 second extraordinary general meeting of the Company.

Relevant details were set out in the circular dated 30 June 2016 and the poll results announcement dated 15 August 2016 of the Company published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. Employee Shares Subscription Plan

On 29 July 2016, the Company published a circular in respect of, among others, the proposed adoption of employee shares subscription plan ("ESSP"), proposed non-public issuance of not more than 80 million domestic shares for the implementation of the ESSP, proposed subscriptions by certain connected persons in the ESSP and specific mandates. The shareholders' meeting and class meetings to approve the above matters will be held on 19 September 2016.

Relevant details were set out in the circular dated 29 July 2016 of the Company published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

X. 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 as set out in Appendix 14 of the Listing Rules (the "Code") during the period from 1 January 2016 to 30 June 2016. No director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the Period.

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' and supervisors' securities dealings.

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

XII. AUDIT COMMITTEE

On 26 February 2016, at the first meeting of the fifth session of the Board, the Board members have been re-elected. The audit committee of the fifth session ("Audit Committee") of the Board comprises of Mr. Gao Min, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. Each member of the Audit Committee is appointed for a term of three years 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 2016, 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 2016 are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XIII. INVESTOR RELATIONS

The Company has attached great importance to the management of investor relations and has actively and regularly maintain close contact with investors since its listing. In the first half of 2016, the Company received more than 50 phone enquiries from investors, analysts and fund managers. In addition to maintaining good investor relations, the Company also maintained good relations with various mass media such as Ming Pao Daily News, Economic Times, Sing Tao Daily and Hong Kong Economic Journal which have always reported the Company proactively and positively, so as to build a healthy, sound and positive image to investors. We will make great efforts to change Zhaojin Mining Industry into an enterprise with universal value and social responsibility and to be China Zhaojin and Global Zhaojin.

In the first half of 2016, the Company conscientiously fulfilled its obligation of information disclosure set out in the "Administrative Measures on Information Disclosure of Listed Companies" to ensure truthfulness, accuracy, completeness, timeliness and fairness of information disclosure. It published 31 announcements and the notices on the Stock Exchange and disclosed such information on the website of the Company simultaneously.

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

Zhaoyuan, the PRC, 19 August 2016

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of
Zhaojin Mining Industry Company Limited
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 23 to 54 which comprises the condensed consolidated statement of financial position of Zhaojin Mining Industry Company Limited and its subsidiaries (the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

19 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	**For the six months ended 30 June 2016** RMB'000 (Unaudited)	For the six months ended 30 June 2015 RMB'000 (Unaudited)
REVENUE	4	**3,234,800**	2,677,384
Cost of sales		**(1,826,188)**	(1,567,189)
Gross profit		**1,408,612**	1,110,195
Other income and gains	5	**185,678**	140,750
Selling and distribution costs		**(44,526)**	(38,391)
Administrative expenses		**(432,720)**	(431,521)
Other expenses	6	**(472,149)**	(151,196)
Finance costs	7	**(193,741)**	(301,915)
Share of profits and losses of:			
– Associates		**4,100**	3,122
– Joint ventures		**(8,169)**	(11,688)
PROFIT BEFORE TAX		**447,085**	319,356
Income tax expense	8	**(172,533)**	(98,456)
PROFIT FOR THE PERIOD		**274,552**	220,900
Attributable to:			
Owners of the parent		**254,557**	225,127
Non-controlling interests		**19,995**	(4,227)
		274,552	220,900
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the Period (RMB)	10	**0.09**	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**274,552**	220,900
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,075)**	8
Available-for-sale investments:		
Change in fair value	**–**	(3,916)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(3,075)**	(3,908)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**–**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(3,075)**	(3,908)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**271,477**	216,992
Attributable to:		
Owners of the parent	**251,482**	221,219
Non-controlling interests	**19,995**	(4,227)
	271,477	216,992

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016 *RMB'000* (Unaudited)**	31 December 2015 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**12,990,035**	12,819,789
Prepaid land lease payments		**632,465**	623,579
Goodwill		**885,815**	894,097
Other intangible assets	*11*	**9,407,294**	8,750,430
Investments in joint ventures		**113,688**	131,857
Investments in associates		**268,113**	268,914
Available-for-sale investments		**23,746**	21,746
Deferred tax assets		**256,998**	244,251
Loans receivable		**25,200**	8,000
Long-term deposits		**119,697**	109,090
Other long-term assets	*12*	**671,810**	649,679
Total non-current assets		**25,394,861**	24,521,432
CURRENT ASSETS			
Inventories		**3,670,166**	3,439,183
Trade and notes receivables	*13*	**105,443**	67,127
Prepayments, deposits and other receivables		**894,899**	471,957
Equity investments at fair value through profit or loss		**358,229**	164,055
Derivative financial instruments		**–**	1,382
Pledged deposits		**236,488**	133,572
Loans receivable		**595,987**	222,348
Cash and cash equivalents		**1,299,940**	2,033,203
Total current assets		**7,161,152**	6,532,827
CURRENT LIABILITIES			
Trade and notes payables	*14*	**587,999**	583,276
Other payables and accruals		**3,073,662**	1,814,445
Interest-bearing bank and other borrowings	*15*	**8,554,978**	8,024,668
Tax payable		**84,559**	20,549
Provisions		**26,000**	28,539
Corporate bonds		**1,499,988**	1,498,997
Deposits from customers		**493,071**	410,248
Current portion of other long-term liabilities		**–**	90,000
Total current liabilities		**14,320,257**	12,470,722

Continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NET CURRENT LIABILITIES		**(7,159,105)**	(5,937,895)
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,235,756**	18,583,537
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**1,242,991**	1,732,649
Corporate bonds		**2,141,528**	2,140,818
Deferred tax liabilities		**480,844**	479,733
Deferred income		**425,374**	464,370
Provisions		**95,782**	102,338
Other long-term liabilities		**23,060**	22,515
Total non-current liabilities		**4,409,579**	4,942,423
NET ASSETS		**13,826,177**	13,641,114
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,965,827**	2,965,827
Perpetual capital instruments		**2,203,019**	2,146,823
Reserves		**5,705,352**	5,628,376
		10,874,198	10,741,026
Non-controlling interests		**2,951,979**	2,900,088
TOTAL EQUITY		**13,826,177**	13,641,114

Weng Zhanbin
Director

Li Xiuchen
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent									
	Issued capital	Perpetual capital instruments	Capital reserve	Special reserve	Statutory and distributable reserve	Exchange fluctuation reserve	Retained profits	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*
At 1 January 2016 (Audited)	2,965,827	2,146,823	1,135,208	18,217	818,038	(19,731)	3,676,644	10,741,026	2,900,088	13,641,114
Profit for the period	-	-	-	-	-	-	254,557	254,557	19,995	274,552
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(3,075)	-	(3,075)	-	(3,075)
Total comprehensive income for the period	-	-	-	-	-	(3,075)	254,557	251,482	19,995	271,477
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(45,677)	(45,677)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	71,087	71,087
Disposal of partial interest in a subsidiary without loss of control	-	-	323	-	-	-	-	323	6,486	6,809
Transfer to reserves	-	-	-	2,426	-	-	(2,426)	-	-	-
Accrued distribution of perpetual capital instruments	-	56,196	-	-	-	-	(56,196)	-	-	-
Final 2015 dividend declared and paid	-	-	-	-	-	-	(118,633)	(118,633)	-	(118,633)
At 30 June 2016 (Unaudited)	2,965,827	2,203,019	1,135,531*	20,643*	818,038*	(22,806)*	3,753,946*	10,874,198	2,951,979	13,826,177

* These reserve accounts comprise the consolidated reserves of RMB5,705,352,000 (31 December 2015: RMB5,628,376,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Issued capital	Perpetual capital instruments	Capital reserve	Special reserve	Statutory and distributable reserve	Exchange fluctuation reserve	Retained profits	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*
At 1 January 2015 (Audited)	2,965,827	–	1,291,794	19,315	799,921	(8,333)	3,598,535	8,667,059	1,082,905	9,749,964
Profit for the period	–	–	–	–	–	–	225,127	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	–	–	(3,916)	–	–	8	225,127	221,219	(4,227)	216,992
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(61,404)	(61,404)
Issue of perpetual capitalinstruments, net of issuance costs	–	496,000	–	–	–	–	–	496,000	–	496,000
Accrued distribution of perpetual capital instruments	–	8,628	–	–	–	–	(8,628)	–	–	–
Dividends – 2014 final paid	–	–	–	–	–	–	(148,291)	(148,291)	–	(148,291)
At 30 June 2015 (Unaudited)	2,965,827	504,628	1,287,878*	19,315*	799,921*	(8,325)*	3,666,743*	9,235,987	1,017,274	10,253,261

* *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.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH GENERATED FROM OPERATIONS	**1,444,804**	571,044
Income taxes paid	**(120,159)**	(156,210)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,324,645**	414,834
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**86,724**	21,234
Purchases of items of property, plant and equipment	**(610,941)**	(935,507)
Increase in other intangible assets	**(328,475)**	(26,830)
Acquisition of a joint venture	**–**	(400,000)
Advance paid for acquisition of subsidiaries	**(65,976)**	(258,405)
Net proceeds from settlement of commodity derivative contracts	**(272,539)**	24,441
Deposits (paid for)/retrieved from commodity derivative contracts	**(173,851)**	8,705
Net proceeds from acquisition of equity investments at fair value through profit or loss	**(210,230)**	(228,578)
Decrease in loans receivable	**130,000**	–
Increase in loans receivable	**(163,000)**	(68,000)
Other cash inflows from investing activities	**15,348**	11,605
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,592,940)**	(1,851,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	**2,654,896**	5,114,190
Repayment of bank and other borrowings	**(3,346,543)**	(2,494,865)
Capital contribution from non-controlling shareholders of subsidiaries	**71,087**	–
Receipts from gold leasing business	**972,829**	825,220
Deposits retrieved from gold leasing business	**–**	100,000
Repayments of gold leasing business	**(440,530)**	(1,958,501)
Dividends paid	**(67,644)**	(125,137)
Payment for commitment of profit distribution to non-controlling shareholders	**(90,000)**	–
(Increase)/decrease in pledged deposits for short-term bank loans	**(33,000)**	80,984
Issuance of perpetual capital instruments net of issuance expense	**–**	496,000
Interest paid	**(183,086)**	(316,444)
Other cash inflows from financing activities	**–**	67,602
NET CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	**(461,991)**	1,789,049

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(730,286)**	352,548
Cash and cash equivalents at beginning of period	**2,033,203**	1,254,916
Effects of foreign exchange rate changes, net	**(2,977)**	(201)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,299,940**	1,607,263
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,268,891**	1,607,263
Non-pledged time deposits with original maturity of less than three months when acquired	**31,049**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of period	**1,299,940**	1,607,263

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016

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 2016, the major shareholders of the Company are Shandong Zhaojin Group Company Limited ("Zhaojin Group") and Shanghai Yuyuan Tourist Mart Co., Ltd, who hold 39.95% 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 "Hong Kong 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 2016 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 2015.

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 2015, 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 2016.

Several new standards and amendments apply for the first time in 2016 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

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

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of HKFRS. Entities that adopt HKFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. HKFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing HKFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to HKFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to HKFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant HKFRS 3 Business Combinations principles for business combination accounting. 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 if 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 and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to HKAS 16 and HKAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through 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 effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to HKAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of HKFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to HKFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's separate financial statements as the Group does not elect to change to the equity method in their separate financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in HKFRS 5. This amendment must be applied prospectively.

HKFRS 7 Financial Instruments: Disclosures

(i) *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) *Applicability of the amendments to HKFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

HKAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

HKAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

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, finance company operation, a hotel and catering operations.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2016 (Unaudited)

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	2,886,238	322,597	25,965	3,234,800
Segment results	582,339	(19,067)	(24,330)	538,942
Reconciliation:				
Interest income				101,884
Finance costs				(193,741)
Profit before tax				447,085
Segment assets	27,621,431	2,290,671	850,488	30,762,590
Reconciliation:				
Corporate and other unallocated assets				1,793,423
Total assets				32,556,013
Segment liabilities	3,849,776	188,593	771,138	4,809,507
Reconciliation:				
Corporate and other unallocated liabilities				13,920,329
Total liabilities				18,729,836
Other segment information				
Capital expenditure*	1,268,267	52,294	1,973	1,322,534
Investments in associates	268,113	–	–	268,113
Investments in a joint venture	–	113,688	–	113,688
Impairment losses recognised in the statement of profit or loss	39,864	(10)	4,462	44,316
Share of profits/(loss) of:				
– Associates	4,100	–	–	4,100
– A joint venture	–	(8,169)	–	(8,169)
Depreciation and amortisation	378,003	24,286	4,613	406,902
Loss/(gain) on commodity derivative contracts	272,655	(116)	–	272,539
Fair value (gain)/loss on equity investments at fair value through profit or loss	(712)	–	8,147	7,435
Write-off of other long-term assets	50,000	–	–	50,000
Write-off of property, plant and equipment	42,492	–	–	42,492
Write-off of prepaid land lease payments	2,749	–	–	2,749

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

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	2,467,389	195,510	14,485	2,677,384
Segment results	685,149	(62,304)	(22,808)	600,037
Reconciliation:				
Interest income				21,234
Finance costs				(301,915)
Profit before tax				319,356
Segment assets	22,802,708	3,132,518	519,138	26,454,364
Reconciliation:				
Corporate and other unallocated assets				2,098,126
Total assets				28,552,490
Segment liabilities	2,604,234	264,598	13,295	2,882,127
Reconciliation:				
Corporate and other unallocated liabilities				15,417,102
Total liabilities				18,299,229
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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

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

Information about a major customer

During the Period, revenue of approximately RMB2,407,132,000 (for the six months ended 30 June 2015: RMB2,143,414,000) 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	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**101,884**	21,234
Government grants	**49,223**	30,962
Sales of auxiliary materials	**27,144**	27,409
Gain on settlement of commodity derivative contracts	**–**	37,930
Others	**7,427**	23,215
	185,678	140,750

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

6. OTHER EXPENSES

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss on commodity derivative contracts	**272,539**	–
Cost of sales of auxiliary materials	**25,056**	20,228
Fair value losses on equity investments at fair value through profit or loss	**7,435**	16,749
Loss on gold leasing business	**–**	18,512
Impairment loss of other intangible assets	**18,800**	–
Impairment loss of receivables	**13,199**	8,478
Provision for impairment of inventories	**7,855**	75,554
Impairment loss of loans receivable	**4,462**	–
Write-off of other long-term assets	**50,000**	–
Write-off of property, plant and equipment	**42,492**	–
Write-off of prepaid land lease payments	**2,749**	–
Write-off of other intangible assets	**–**	8,306
Loss on disposal of property, plant and equipment	**14,050**	1,659
Others	**13,512**	1,710
	472,149	151,196

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

7. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**96,797**	176,574
Interest on short-term bonds	**35,474**	55,601
Interest on corporate bonds	**87,117**	68,917
Interest on gold leasing business	**57,063**	65,428
Subtotal	**276,451**	366,520
Less: interest capitalised	**(83,104)**	(66,918)
Incremental interest on provisions	**394**	2,313
Total	**193,741**	301,915

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

8. INCOME TAX EXPENSE

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

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**–**	–
Current – Mainland China		
– Charge for the Period	**184,169**	105,355
Deferred tax	**(11,636)**	(6,899)
Total tax charge for the Period	**172,533**	98,456

9. DIVIDENDS

The proposed 2015 final dividend of RMB0.04 per share (tax included), RMB118,633,000 in aggregate, was approved by the shareholders on 8 June 2016. As at 30 June 2016, RMB78,229,000 among the 2015 final dividend has not been paid. No interim dividend is proposed for the Period (2015: 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 RMB254,557,000 (for the six months ended 30 June 2015: RMB225,127,000) by the number of ordinary shares in issue during the Period of 2,965,827,000 (for the six months ended 30 June 2015: 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 2015, as no diluting events existed during these periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the Period, the Group acquired property, plant and equipment with a cost of RMB589,613,000 (for the six months ended 30 June 2015: RMB739,599,000) and other intangible assets with a cost of RMB712,055,000 (for the six months ended 30 June 2015: RMB26,830,000).

During the Period, depreciation for property, plant and equipment was RMB361,832,000 (for the six months ended 30 June 2015: RMB382,157,000) and amortisation for other intangible assets were RMB35,839,000 (for the six months ended 30 June 2015: RMB67,494,000).

During the Period, the Group recorded impairment losses of other intangible assets amounting to RMB18,800,000 (for the six months ended 30 June 2015: Nil), which was stated in other expenses in the statement of profit or loss.

During the Period, property, plant and equipment with a net book value of RMB42,492,000 (for the six months ended 30 June 2015: Nil) were written off by the Group resulting in a net loss of RMB42,492,000 (for the six months ended 30 June 2015: Nil). Other intangible assets with a net book value of RMB552,000 (for the six months ended 30 June 2015: RMB8,306,000) were written off by the Group and no impact on the statement of profit or loss (for the six months ended 30 June 2015: a net loss of RMB8,306,000).

During the Period, property, plant and equipment with a net book value of RMB15,043,000 (for the six months ended 30 June 2015: RMB5,052,000) were disposed of by the Group resulting in a net loss on disposal of RMB14,050,000 (for the six months ended 30 June 2015: RMB1,659,000).

In addition, there was no transfer from property, plant and equipment to other intangible assets (for the six months ended 30 June 2015: RMB3,600,000), and there was no transfer from other intangible assets to property, plant and equipment (for the six months ended 30 June 2015: RMB21,979,000).

12. OTHER LONG TERM ASSETS

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Advance and deposits paid for acquisitions of subsidiaries and exploration rights	**461,695**	445,717
Advance payments for purchases of property, plant and equipment	**172,198**	158,975
Long-term prepaid expenses	**37,917**	44,987
	671,810	649,679

The outstanding commitments in relation to the above acquisitions are disclosed in Note 17.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

13. TRADE AND NOTES RECEIVABLES

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade receivables	**97,872**	51,106
Notes receivable	**7,571**	16,021
	105,443	67,127

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

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Outstanding balances due within 1 year	**79,322**	39,143
Outstanding balances due within 1 to 2 years	**20,904**	14,026
Outstanding balances due within 2 to 3 years	**1,654**	1,387
	101,880	54,556
Less: provision for impairment of trade receivables	**(4,008)**	(3,450)
	97,872	51,106

Trade and notes receivables are non-interest-bearing. As 74% (for the six months ended 30 June 2015: 80%) of the sales of the Group for the period ended 30 June 2016 were made through the SGE without specific credit terms, there were no significant receivables that were overdue or impaired.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

14. TRADE AND NOTES PAYABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade payables	**576,375**	570,845
Notes payable	**11,624**	12,431
	587,999	583,276

At 30 June 2016, 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:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Outstanding balances with ages:		
Within one year	**544,158**	534,854
Over one year but within two years	**22,543**	24,738
Over two years but within three years	**5,448**	12,319
Over three years	**15,850**	11,365
	587,999	583,276

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Unsecured:		
– Bank loans	**2,328,641**	2,870,267
– Other borrowings	**1,306,338**	1,106,106
– Short-term bonds	**1,998,320**	1,997,321
– Gold leasing business	**2,805,212**	2,566,405
	8,438,511	8,540,099
Secured:		
– Bank loans (a)	**397,065**	336,528
Guaranteed:		
– Bank loans (b)	**962,393**	880,690
Total	**9,797,969**	9,757,317
Portion classified as:		
– Current	**8,554,978**	8,024,668
– Non-current	**1,242,991**	1,732,649

As at 30 June 2016, except for secured bank loans of RMB21,282,000 (31 December 2015: RMB20,906,000) and guaranteed bank loans of RMB662,393,000 (31 December 2015: RMB650,690,000) denominated in Hong Kong dollars, and secured banks loans of RMB66,662,327 (31 December 2015: RMB32,742,000) denominated in United States dollars, respectively, all borrowings are denominated in RMB. The bank loans bear interest at effective interest rates of 2.22% to 5.10% (31 December 2015: 2.12% to 5.10%) per annum. The other borrowings bear interest at effective interest rates of 2.55% to 7.00% (31 December 2015: 2.55 % to 7.00%) per annum.

(a) Certain of the Group's bank loans are secured by mortgages over the Group's plant and machinery, prepaid land lease payments, other intangible assets, pledged deposits and notes receivable, which had aggregate carrying values at the end of the reporting period of approximately 30 June 2016 RMB110,877,000 (31 December 2015: RMB114,580,000), RMB26,708,000 (31 December 2015: RMB27,559,000), RMB33,010,000 (31 December 2015: RMB33,010,000) and RMB91,802,000 (31 December 2015: RMB58,634,000), RMB55,000,000 (31 December 2015: Nil) respectively.

(b) As at 30 June 2016, bank loans of the subsidiaries of the Company with carrying amounts of RMB912,393,000 (31 December 2015: RMB880,690,000) were guaranteed by the Company, and RMB50,000,000 (31 December 2015: Nil) were guaranteed by the Company and a non-controlling shareholder of a subsidiary together.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

16. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

(a) Guarantees

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Guarantees provided to banks for loan facilities granted to subsidiaries:		
– Sparky International Trade Co., Ltd.	**662,393**	650,690
– Jiashi Tonghui Mining Co., Ltd.	**200,000**	200,000
– Tuoli Zhaojin Beijiang Mining Co., Ltd.	**50,000**	–
– Zhaojin Baiyun Mining Co., Ltd.	**27,500**	16,500
	939,893	867,190

(b) Indemnities from Zhaojin Group

The Group and the Company have received indemnities from Zhaojin Group in respect of certain State levies totalling RMB45.6 million and RMB33.4 million respectively for the period from 24 December 1999 to 8 December 2006 (listing date) and certain government funding arrangements amounting to RMB49.3 million, which predated the Company's formation on 16 April 2004. The directors are of the opinion that the Group and the Company do not have any financial liability in respect of these arrangements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

17. COMMITMENTS

Capital commitments

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
– Property, plant and equipment	**52,718**	64,218
– Prepayment for potential acquisitions	**2,012,517**	1,808,243
	2,065,235	1,872,461

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 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**7,149**	7,868
In the second to fifth years, inclusive	**6,793**	8,658
Beyond five years	**7,000**	8,000
	20,942	24,526

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Nature of relationships/transactions		
(i) Zhaojin Group		
Expenses:		
– Brokerage service fees	**1,276**	1,915
Others:		
– Increase in deposits from customers, net	**183,548**	–
– Interest expense in deposits from customers	**1,094**	–
(ii) Subsidiaries of Zhaojin Group		
Sale of silver	**–**	7,000
Expenses:		
– Fees for refining services	**3,684**	3,186
– Brokerage service fees	**196**	141
Capital transactions:		
– Purchase of materials	**38,481**	38,293
– Purchase of exploration services	**19,617**	5,147
– Purchase of digital mine construction technology services	**6,131**	4,018
– Purchase of water treatment engineering services and relevant necessary super filter membrane and equipment	**743**	3,414
Others:		
– Loans to related parties	**1,239,800**	–
– Interest income from loans to related parties	**973**	–
– Decrease in deposits from customers, net	**95,753**	–
– Interest expense in deposits from customers	**1,742**	–
(iii) Associate – Aletai Zhengyuan International Mining Company Limited		
– Purchase of gold concentrates	**49,345**	46,329
(iv) A subsidiary of an associate – Shandong Wucailong Investment Company Limited		
– Entrusted loans	**8,000**	–
– Interest income	**377**	–
(v) A Joint venture – Ruoqiang Changyun Sanfengshan Mining Company Limited		
– Purchase of copper concentrates	**35,329**	33,974
– Entrusted loans	**–**	8,000
– Interest income	**1,946**	–

(vi) As at 30 June 2016, the corporate bonds issued by the Company amounted to RMB3,641,516,000 (31 December 2015: RMB3,639,815,000) are guaranteed by Zhaojin Group.

(vii) 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. 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 2016 (Unaudited)			
	Financial assets at fair value through profit or loss			
	Financial assets – held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables	–	105,443	–	105,443
Financial assets included in other receivables	–	710,698	–	710,698
Available-for-sale investments	–	–	23,746	23,746
Equity investments at fair value through profit or loss	358,229	–	–	358,229
Loans receivable	–	621,187	–	621,187
Pledged deposits	–	236,488	–	236,488
Cash and cash equivalents	–	1,299,940	–	1,299,940
Total	358,229	2,973,756	23,746	3,355,731

Financial liabilities

	30 June 2016 (Unaudited)			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition	Financial liabilities – held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	–	–	587,999	587,999
Financial liabilities included in other payables and accruals	–	–	1,843,753	1,843,753
Interest-bearing bank and other borrowings	–	–	9,797,969	9,797,969
Corporate bonds	–	–	3,641,516	3,641,516
Deposits from customers	–	–	493,071	493,071
Other long-term liabilities (including current portion)	–	–	23,060	23,060
Total	–	–	16,387,368	16,387,368

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

Financial assets

	31 December 2015 (Audited)			
	Financial assets at fair value through profit or loss			
	Held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Trade and notes receivables	–	67,127	–	67,127
Financial assets included in other receivables	–	262,062	–	262,062
Available-for-sale investments	–	–	21,746	21,746
Equity investments at fair value through profit or loss	164,055	–	–	164,055
Derivative financial instruments	1,382	–	–	1,382
Loans receivable	–	230,348	–	230,348
Pledged deposits	–	133,572	–	133,572
Cash and cash equivalents	–	2,033,203	–	2,033,203
Total	165,437	2,726,312	21,746	2,913,495

Financial liabilities

	31 December 2015 (Audited)			
	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Held for trading *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Trade and notes payables	–	–	583,276	583,276
Financial liabilities included in other payables and accruals	–	–	1,433,229	1,433,229
Interest-bearing bank and other borrowings	–	–	9,757,317	9,757,317
Deposits from customers	–	–	410,248	410,248
Corporate bonds	–	–	3,639,815	3,639,815
Other long term liabilities (including current portion)	–	–	112,515	112,515
Total	–	–	15,936,400	15,936,400

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

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 2016 RMB'000 (Unaudited)	31 December 2015 *RMB'000* (Audited)	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 *RMB'000* (Audited)
Financial assets				
Equity investments at fair value through profit or loss	**358,229**	164,055	**358,229**	164,055
Derivative financial instruments	**–**	1,382	**–**	1,382
Loans receivable, non-current portion	**25,200**	8,000	**25,309**	8,068
Total	**383,429**	173,437	**383,538**	173,505
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	**1,242,991**	1,732,649	**1,242,697**	1,732,298
Corporate bonds	**3,641,516**	3,639,815	**3,719,610**	3,771,500
Other long-term liabilities, non-current portion	**23,060**	22,515	**23,060**	22,515
Total	**4,907,567**	5,394,979	**4,985,367**	5,526,313

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

The Group's finance department 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 finance department 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:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

The fair values of the non-current portion of loans receivable, interest-bearing bank and other borrowings and other long-term liabilities 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 2016 was assessed to be insignificant.

The fair values of listed equity investments without a lock-up period, derivative financial instruments and corporate bonds are based on quoted market prices. The fair values of listed investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

As at 30 June 2016, the fair value information has not been disclosed for certain available-for-sale investments in equity instruments that do not have a quoted market price in an active market and are measured at cost less any impairment because their fair value cannot be measured reliably. The reason why the fair value cannot be measured reliably is because that the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The carrying amount of these available-for-sale investments which were unlisted investments in China held by the Group is RMB23,746,000 (December 2015: RMB21,746,000).

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

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

Assets measured at fair value:

As at 30 June 2016

	Quoted prices in active markets (Level 1) *RMB'000* (Unaudited)	Significant observable inputs (Level 2) *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Equity investments at fair value through profit or loss	**324,465**	**33,764**	**358,229**

As at 31 December 2015

	Quoted prices in active markets (Level 1) *RMB'000* (Audited)	Significant observable inputs (Level 2) *RMB'000* (Audited)	Total *RMB'000* (Audited)
Equity investments at fair value through profit or loss	124,204	39,851	164,055
Derivative financial instruments	1,382	–	1,382
Total	125,586	39,851	165,437

Liabilities measured at fair value:

As at 30 June 2016 and 31 December 2015, there were no financial liabilities measured at fair value.

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 2015: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

Assets for which fair values are disclosed:

As at 30 June 2016

	Significant observable inputs (Level 2) ***RMB'000*** **(Unaudited)**
Loans receivable, non-current portion	**25,309**

As at 31 December 2015

	Significant observable inputs (Level 2) *RMB'000* (Audited)
Loans receivable, non-current portion	8,068

Liabilities for which fair values are disclosed:

As at 30 June 2016

	Quoted prices in active markets (Level 1) ***RMB'000*** **(Unaudited)**	**Significant observable inputs (Level 2)** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Interest-bearing bank and other borrowings, non-current portion	**–**	**1,242,697**	**1,242,697**
Corporate bonds	**3,719,610**	**–**	**3,719,610**
Other long-term liabilities, non-current portion	**–**	**23,060**	**23,060**
Total	**3,719,610**	**1,265,757**	**4,985,367**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2016

19. FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2015

	Quoted prices in active markets (Level 1) *RMB'000* (Audited)	Significant observable inputs (Level 2) *RMB'000* (Audited)	Total *RMB'000* (Audited)
Interest-bearing bank and other borrowings, non-current portion	–	1,732,298	1,732,298
Corporate bonds	3,771,500	–	3,771,500
Other long-term liabilities, non-current portion	–	22,515	22,515
Total	3,771,500	1,754,813	5,526,313

20. EVENTS AFTER THE REPORTING PERIOD

Issuance of Super Short-Term Bonds

On 13 July 2016, the Company issued a "Super Short-term Bond" to the public through China Ever-Bright Bank with a par value of RMB1 billion. The bond carries interest at a fixed rate of 2.82% per annum with a term of 270 days.

Issuance of Renewable Corporate Bonds

On 15 August 2016, the shareholders of the Company approved the proposed issuance of renewable corporate bonds to eligible investors in the PRC with an aggregate principal amount of no more than RMB4 billion at the 2016 second extraordinary general meeting of the Company.

Employee Shares Subscription Plan

On 29 July 2016, the Company announced an employee share subscription plan regarding to the proposed issuance of no more than 80 million domestic shares to certain qualified employees of the Company. Such plan is subject to the approval by the extraordinary general meeting of the Company's shareholders on 19 September 2016.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 19 August 2016.