



ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*
招金礦業股份有限公司

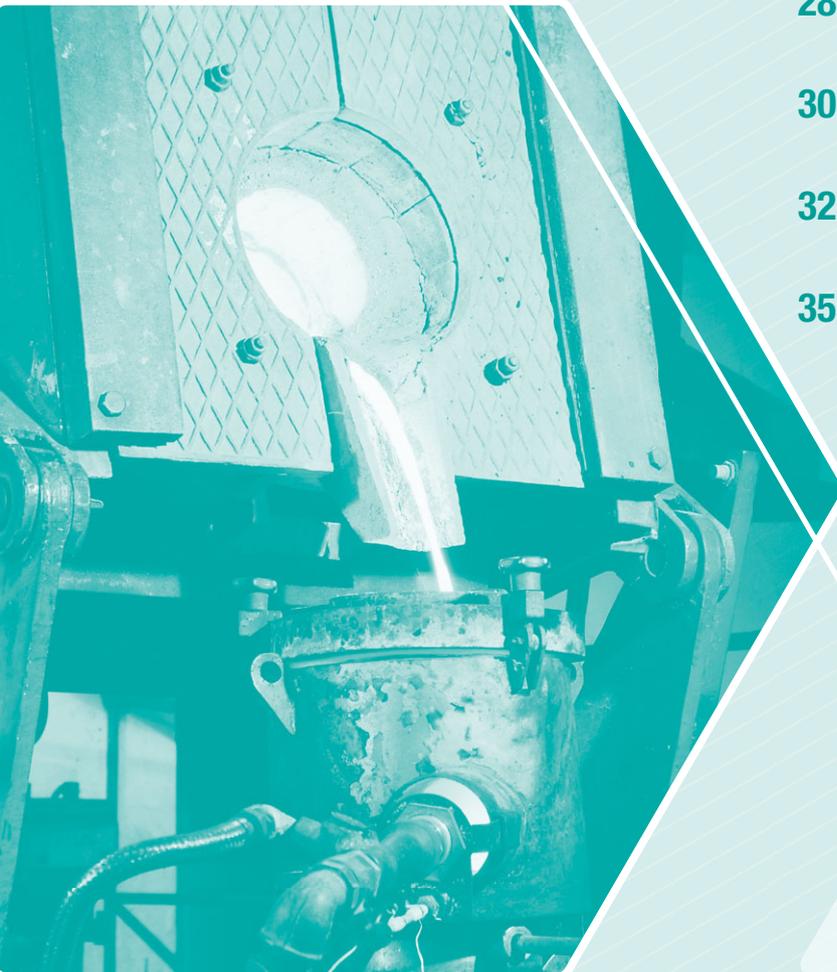
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01818)



*For identification purposes only

CONTENTS

- 2** Corporate Information
- 4** Management Discussion and Analysis
- 13** Other Information
- 25** Report on Review of Interim Financial Information
- 26** Interim Condensed Consolidated Statement of Profit or Loss
- 27** Interim Condensed Consolidated Statement of Comprehensive Income
- 28** Interim Condensed Consolidated Statement of Financial Position
- 30** Interim Condensed Consolidated Statement of Changes in Equity
- 32** Interim Condensed Consolidated Statement of Cash Flows
- 35** Notes to the Interim Condensed Consolidated Financial Statements



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. Dong Xin (*President*)

Mr. Wang Ligang (*Vice-President and Board Secretary*)

NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaoliang (*Vice Chairman*)

(*Resigned on 24 April 2020*)

Mr. Zhang Banglong (*Vice Chairman*)

(*Appointed on 24 April 2020*)

Mr. Liu Yongsheng

Mr. Gao Min

Mr. Huang Zhen

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 the*

Supervisory Committee)

Mr. Zou Chao

Ms. Zhao Hua

SECRETARY TO THE BOARD

Mr. Wang Ligang

COMPANY SECRETARY

Ms. Ng Ka Man

QUALIFIED ACCOUNTANT

Mr. Ma Ving Lung Nelson

AUTHORIZED REPRESENTATIVES

Mr. Weng Zhanbin (*Chairman*)

Mr. Dong Xin (*President*)

BOARD COMMITTEES

AUDIT COMMITTEE MEMBERS

Ms. Chen Jinrong (*Chairman of the*
Audit Committee)

Mr. Choy Sze Chung Jojo

Mr. Huang Zhen

STRATEGIC COMMITTEE MEMBERS

Mr. Weng Zhanbin (*Chairman of the*
Strategic Committee)

Mr. Xu Xiaoliang (*Resigned on 24 April 2020*)

Mr. Zhang Banglong (*Appointed on 24 April 2020*)

Mr. Liu Yongsheng

NOMINATION AND REMUNERATION COMMITTEE MEMBERS

Mr. Choy Sze Chung Jojo (*Chairman of the*
Nomination and Remuneration Committee)

Mr. Wang Ligang

Mr. Gao Min

Ms. Chen Jinrong

Mr. Wei Junhao

GEOLOGICAL AND RESOURCES MANAGEMENT COMMITTEE MEMBERS

Mr. Wei Junhao (*Chairman of the Geological and*
Resources Management Committee)

Mr. Liu Yongsheng

Mr. Shen Shifu

* For identification purpose only

SAFETY AND ENVIRONMENT PROTECTION COMMITTEE MEMBERS

Mr. Dong Xin (*Chairman of the Safety and
Environment Protection Committee*)
Mr. Wang Ligang
Mr. Shen Shifu

AUDITORS

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CORPORATE WEBSITE

www.zhaojin.com.cn

STOCK CODE

01818

MANAGEMENT DISCUSSION AND ANALYSIS

I. PRINCIPAL ACTIVITIES

For the six months ended 30 June 2020 (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 RMB3,131,980,000 in total (corresponding period of 2019: approximately RMB2,817,982,000), representing an increase of approximately 11.14% as compared to the corresponding period of last year.

NET PROFIT

During the Period, the net profit of the Group was approximately RMB456,168,000 (corresponding period of 2019: approximately RMB255,923,000), representing an increase of approximately 78.24% as compared to the corresponding period of last year.

PRODUCT PRODUCTION

During the Period, the Group attained an aggregate gold production of approximately 15,228.84 kg (approximately 489,618.20 ozs), representing a decrease of approximately 4.13% as compared to the corresponding period of last year. In particular, the gold output from the Group’s mines amounted to 7,920.75 kg (approximately 254,657.83 ozs), representing a decrease of approximately 21.85% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 7,308.09 kg (approximately 234,960.37 ozs), representing an increase of approximately 27.09% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 4,762 tons (of which copper output from mines amounted to 2,599 tons, and copper output from smelting amounted to 2,163 tons), representing a decrease of approximately 51.31% 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 RMB412,392,000 (corresponding period of 2019: approximately RMB238,855,000), representing an increase of approximately 72.65% 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 RMB0.13 (corresponding period of 2019: approximately RMB0.07), representing an increase of approximately 85.71% as compared to the corresponding period of last year.

NET ASSETS PER SHARE

As at 30 June 2020, the consolidated net assets per share was approximately RMB5.25 (30 June 2019: approximately RMB5.25), and the yield to net assets during the Period was approximately 2.66% (corresponding period of 2019: approximately 1.51%).

III. INTERIM DIVIDEND

The board of directors of the Company (the “Board”) does not recommend the payment of interim dividend for the six months ended 30 June 2020 (corresponding period of 2019: Nil).

IV. BUSINESS REVIEW

In the first half of 2020, under the impact of the spread of COVID-19 epidemic, the geopolitical crisis, the plunge in commodity prices and the monetary easing policies of various countries, the gold price showed an overall upward trend. The international gold price opened at US\$1,517.18/oz at the beginning of the year and continued to rise after closing at US\$1,780.72/oz at the end of June, recording an average of US\$1,645.42/oz for the first half of the year, representing a year-on-year increase of 25.94%.

According to statistics from the China Gold Association, the output of raw gold in China amounted to 170.07 tons in the first half of 2020, representing a reduction in production of 10.61 tons compared to the corresponding period in 2019 and a year-on-year decrease of 5.87%, in which 141.82 tons were produced from gold mines and 28.25 tons were produced from non-ferrous raw materials. At the beginning of 2020, the entire industry was affected by the COVID-19 epidemic, and the cumulative gold production nationwide fell sharply as compared with last year. However, since the second quarter, as the domestic epidemic eased, and the international gold price rose rapidly, the rate of resumption of work and production for domestic gold production has increased rapidly.

Since the beginning of 2020, the sudden outbreak of the epidemic has brought huge challenges to production and operation. Affected by the epidemic, overall resumption time of the Company was later than last year. However, benefiting from the soaring prices of gold and copper and effective epidemic prevention and control measures, the mines of the Company resumed work at a relatively rapid rate, especially since entering the second quarter. Adhering to the main direction of “campaign, test and opportunity”, the Company solidly proceeded with the “five-optimal competition”, “tackling problems” and “partner assistance”, quickly resumed normal business activities of all subsidiaries and achieved hard-won development achievements.

IMPROVEMENT IN PRODUCTION AND OPERATION DUE TO THE OBVIOUS MOMENTUM OF KEY BUSINESSES

In the first half of the year, the Company adopted extraordinary measures with superior strength for the challenges arising from the epidemic, and fully resumed production and achieved target production, thus proactively reversed the passive situation brought by the epidemic. In addition, it leveraged on high prices to promote production vigorously, and all indicators generally showed a good momentum featured by rise after fall and general improvement. For the first half of the year, the Company’s total output of gold amounted to 15,228.84 kg (approximately 489,618.20 ozs), among which 7,920.75 kg (approximately 254,657.83 ozs) of gold was mine-produced gold. Key businesses including Dayingezhuang Gold Mine and Zaozigou Gold Mine had obvious momentum. Benefited from the opportunity of a sharp rise in the gold price, and achieved a total profit before tax of RMB0.58 billion, representing a year-on-year substantial increase of 78.36%.

STEADY IMPLEMENTATION OF KEY TASKS WITH THE THEME OF “DOUBLE FOCUS”

Adhering to the theme of “double focus” in the overall work for the year, the Company cumulatively invested RMB239 million in the technical innovation of key infrastructure, while the construction of mining and ore processing facilities of Ruihai Mining and the reconstruction and expansion of Caogoutou mining area have fully commenced and advanced in an orderly manner; and the ore treatment plant expansion project of Fengningjinlong with a capacity of 2,000 tons/day was completed ahead of schedule and achieved target production and met standards. The financial sharing center was developed with full functions and was launched with a coverage rate of 97%. The H share full circulation involving the field of capital operation was successfully approved by the China Securities Regulatory Commission (the “CSRC”). In the first half of the year, the Company accumulated investments of RMB17.6912 million in science and technology, and implemented a total of 14 key scientific research projects; the Company applied for 27 patents in total, and has been granted 4 new invention patents and 30 utility novelty patents; the construction of Shandong Mine Solid Waste Resources Recycling And Manufacturing Innovation Center* (山東省礦山固廢資源循環利用製造業創新中心) (the “Shandong Manufacturing Innovation Center”) and Dayingezhuang Intelligent Mine passed the examination and acceptance at all levels of the province and city; the fine tailings filling experience at Hedong Gold Mine was successfully promoted and applied in Canzhuang Gold Mine, setting a model for the construction of green tailings-free mines in the entire industry.

REMARKABLE RESULTS IN COST REDUCTION AND EFFICIENCY ENHANCEMENT WITH A CONTINUOUSLY STABLE ENVIRONMENT FOR DEVELOPMENT

In the first half of the year, the Company strengthened policy research and judgment to seize the opportunities behind the epidemic, and obtained a low-interest loan of RMB500 million from China Development Bank, with an average financing cost significantly lower than the market rate. By striving for preferential policies such as social security reductions and exemptions, subsidies for employment stabilization, electricity charge reductions and exemptions, and adopting effective measures including locking-in oil price, direct supply from manufacturers, and direct purchase of electricity to reduce costs. Focusing on the top ten pro-people projects, employees’ work, life quality and happiness indices constantly improved in terms of wage growth, care for children of employees working in other places, health check-up, assistance to the poor, and the “4411 project” construction. The Company strengthened the building of cadre-mass relations, community relations, and government-enterprise relations, and attached great importance to Party conduct and integrity, compliance governance, etc. and thus maintained a harmonious and stable internal and external environment.

CONSCIENTIOUSLY UNDERTAKING RESPONSIBILITIES TO BUILD GREEN AND ECOLOGICAL MINES

In the first half of the year, the Company thoroughly implemented national laws and regulations and related policies, conscientiously undertook its responsibilities in the three key aspects of production safety, environmental protection, and epidemic prevention and control. The work in relation to safety, environmental protection, and epidemic prevention and control was steadily advanced through scientific and rigorous epidemic prevention deployment, safety culture construction, “partitioned management +” system integration, special rectification for key systems, restoration and governance of ecological environment, etc. In the first half of the year, a total of RMB87 million was invested in safety and environmental protection, and 38.55 hectares of green areas were added, accomplishing the annual greening target ahead of schedule, which guaranteed the healthy development of enterprise ecology. Zhaoyuan Zhaojin Jinhe Technology Co., Ltd.* (招遠市招金金合科技有限公司) successfully obtained the business license for utilising an additional capacity of 200,000 tons/year of hazardous waste of cyanidation tailings, laying a solid foundation for the sound development of the Company and its upstream enterprises.

V. FINANCIAL AND RESULTS ANALYSIS

REVENUE

During the Period, the Group's revenue amounted to approximately RMB3,131,980,000 (corresponding period of 2019: approximately RMB2,817,982,000), representing an increase of approximately 11.14% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the substantial increase of gold price and effective organization of production during the Period.

NET PROFIT

During the Period, net profit of the Group amounted to approximately RMB456,168,000 (corresponding period of 2019: approximately RMB255,923,000), representing an increase of approximately 78.24% as compared to the corresponding period of last year. The increase in net profit was due to the substantial increase of gold price and the strengthening of operation management during the Period.

INTEGRATED COST OF GOLD PER GRAM

During the Period, the Group's integrated cost of gold was approximately RMB167.39 per gram (corresponding period of 2019: approximately RMB160.17 per gram), representing an increase of approximately 4.51% as compared to the corresponding period of last year and a decrease of approximately 2.24% as compared to the end of last year. Although the integrated cost of gold per gram was affected by the decline in gold production during the Period which led to an increase in unit mining costs, through a series of cost-reduction measures, the cost has decreased compared with the end of last year.

COST OF SALES

During the Period, the Group's cost of sales amounted to approximately RMB1,775,280,000 (corresponding period of 2019: approximately RMB1,746,346,000), representing an increase of approximately 1.66% as compared to the corresponding period of last year. The increase was primarily attributable to the increase in cost of outsourcing gold concentrate during the Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Period, the Group's gross profit was approximately RMB1,356,700,000, representing an increase of approximately 26.60% as compared to RMB1,071,636,000 of the corresponding period of last year. The Group's gross profit margin has increased from approximately 38.03% for the corresponding period of last year to approximately 43.32% for the Period. The increase in gross profit was mainly due to the substantial increase of gold price during the Period.

OTHER INCOME AND GAINS

During the Period, the Group's other income and gains were approximately RMB323,771,000 (corresponding period of 2019: approximately RMB157,917,000), representing an increase of approximately 105.03% as compared to the corresponding period of last year. The increase was mainly due to the increase in investment income during the Period as compared to the corresponding period last year.

SELLING AND DISTRIBUTION COSTS

During the Period, the Group's selling and distribution costs were approximately RMB18,650,000 (corresponding period of 2019: approximately RMB33,466,000), representing a decrease of approximately 44.27% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in expenditure on overseas marketing activities during the Period.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the Period, the Group's administrative and other operating expenses were approximately RMB787,186,000 (corresponding period of 2019: approximately RMB621,071,000), representing an increase of approximately 26.75% as compared to the corresponding period last year. The increase was mainly due to the impairment losses on assets of the Group during the Period.

FINANCE COSTS

During the Period, the Group's finance costs amounted to approximately RMB354,244,000 (corresponding period of 2019: approximately RMB316,108,000), representing an increase of approximately 12.06% as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in interestbearing debt that was included in the profit and loss statement by the Company.

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 2020, the Group had cash and cash equivalents of approximately RMB3,221,230,000, representing a decrease of approximately 8.18% as compared to approximately RMB3,508,307,000 as at 31 December 2019. The decrease was mainly because the cash inflow from operating and financing activities was less than the net cash outflow of investing activities during the Period.

As at 30 June 2020, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB128,926,000 (31 December 2019: RMB141,544,000), and those denominated in United States dollars amounted to RMB1,066,330,000 (31 December 2019: RMB2,015,572,000). Those denominated in Kazakhstani Tenge amounted to approximately RMB3,000 (31 December 2019: RMB3,000). All other cash and cash equivalents held by the Group are denominated in RMB.

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 are authorized to conduct foreign exchange business.

BORROWINGS

As at 30 June 2020, 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 RMB11,463,595,000 (31 December 2019: RMB8,775,174,000), of which RMB11,327,455,000 (31 December 2019: RMB8,386,684,000) was repayable within one year, and RMB136,140,000 (31 December 2019: RMB388,490,000) was repayable within two to five years. As at 30 June 2020, the Group had outstanding corporate bonds of RMB2,255,491,000 (31 December 2019: RMB508,629,000), which shall be repaid within one year, and approximately RMB7,456,554,000 (31 December 2019: RMB9,170,130,000), which shall be repaid within two to five years.

As at 30 June 2020, except for bank loans of RMB7,080,000 (31 December 2019: RMB0) and corporate bonds of RMB2,112,000,000 (31 December 2019: RMB2,078,217,000) denominated in United States dollars, all borrowings are denominated in Renminbi. As at 30 June 2020, except for secured and guaranteed bank loans and other borrowings of RMB169,850,000 (31 December 2019: RMB397,800,000), all borrowings are unsecured. As at 30 June 2020, 89.13% 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 21.29% (corresponding period of 2019: approximately 21.23%).

TOTAL ASSETS

As at 30 June 2020, the total assets of the Group were approximately RMB43,829,543,000, representing an increase of approximately 8.89% as compared to approximately RMB40,251,780,000 as at 31 December 2019. Among which, total non-current assets amounted to approximately RMB28,577,652,000, accounting for approximately 65.20% of the total assets, and representing an increase of approximately 1.14% as compared to approximately RMB28,254,363,000 as at 31 December 2019. As at 30 June 2020, total current assets were approximately RMB15,251,891,000, accounting for approximately 34.80% of the total assets, and representing an increase of approximately 27.13% as compared to approximately RMB11,997,417,000 as at 31 December 2019.

NET ASSETS

As at 30 June 2020, the net assets of the Group were approximately RMB17,160,666,000, representing a decrease of approximately 1.16% as compared to approximately RMB17,362,858,000 as at 31 December 2019.

TOTAL LIABILITIES

As at 30 June 2020, the total liabilities of the Group were approximately RMB26,668,877,000, representing an increase of approximately 16.51% as compared to approximately RMB22,888,922,000 as at 31 December 2019. As at 30 June 2020, 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 51.13% (31 December 2019: 46.26%).

CONTINGENT LIABILITIES

As at 30 June 2020, the contingent liabilities of the Group did not have any change as compared to 31 December 2019.

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 holding 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

The majority of the Group's transactions are carried out in Renminbi. The fluctuations 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 by the Group, which shall be converted or translated into Hong Kong dollars.

During the Period, the Group had not entered into any foreign exchange swaps to hedge against foreign exchange risks.

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 operation results. Under certain circumstances, the Group entered into AU (T+D) arrangements, which are substantially forward commodity contracts, in SGE during the Period to hedge against potential price fluctuations of gold. Under those contractual framework, 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 by the contract. During the Period, the Group had not entered into any long-term AU (T+D) contractual 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 transaction price 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 2020, except for the following assets pledged or charged for environmental improvement funds, margin of commodity contracts, margin of AU (T+D) arrangements, and for obtaining bank borrowings and notes payable, the Group had not pledged or charged any other assets: (1) pledged deposits of RMB350,996,000 (31 December 2019: RMB278,303,000); (2) treasury bonds of RMB300,000,000 (31 December 2019: RMB400,000,000) and (3) financial assets at fair value through profit or loss of RMB100,000,000 (31 December 2019: RMB0).

MATERIAL CHANGES SINCE THE PUBLICATION OF THE ANNUAL REPORT

Save as disclosed above, there were no material changes in the business operations of the Group since the publication of the 2019 annual report dated 20 April 2020 to the date of this report.

VI. BUSINESS PROSPECTS

In the second half of 2020, the Company will adhere to its annual targets and missions and insist on being problem-oriented and performance-oriented. The two major campaigns, i.e. “five-optimal competition” and “tackling difficulties for achieving production and operation targets” will be further carried out throughout the Company to seize opportunities and race against time, in order to achieve progress and efficiency. All employees will gather strength for catch-up development.

SEIZING OPPORTUNITIES AND TAKING ADVANTAGE OF THE SITUATION TO FURTHER RELEASE PRODUCTION CAPACITY, INCREASE PRODUCTION AND CREATE BENEFITS

In the second half of the year, the Company will seize the opportunity of a sharp rise in the gold price to further promote the expansion of production capacity of key businesses, with a view to stabilising and expanding production and increasing efficiency. Projects in terms of key technical innovation of infrastructure, scientific research and innovation, and safety and environmental protection, will be sped up, striving to reach target production as soon as possible. The focus will be placed on speeding up the construction of infrastructure-related technical innovation projects in respect of production and capacity expansion and efficiency optimization, including the construction of the mining and ore processing system of Ruihai Mining and Wucailong Company, the development projects of the deep parts of the Dayingezhuang Gold Mine and Zaozigou Gold Mine, in order to further release production capacity, and increase production and efficiency. It is planned to invest RMB98 million in scientific research to give full play to the role of design institutes, technical centers, academician workstations, etc. as platforms, strengthen the research on ten major scientific research topics for the year, and accelerate the construction of the Shandong Manufacturing Innovation Center, improving the development and utilisation rate of tailing resources.

STRENGTHENING EXTERNAL DEVELOPMENT AND GEOLOGICAL PROSPECTING AND BUILDING A LIFELINE FOR SUSTAINABLE DEVELOPMENT

Resources are the lifeline of mining enterprises. In the second half of the year, the Company will focus on two aspects. On the one hand, it will speed up external development, broaden information channels, take the initiative and strive to achieve new breakthroughs. On the other hand, it will stress geological scientific research and prospecting, continue to implement the “hope project, life-saving project, and results project”, and steadily proceed with the exploration engineering of key mines to ensure prospecting results. It is planned to invest RMB61 million in geological prospecting, including 17,600 meters of tunneling engineering and 66,000 meters of drilling engineering, and it is expected to obtain 12 tons of gold metal and 900 tons of copper metal.

OPTIMIZING “FOUR KEY AREAS OF MANAGEMENT” TO COMPREHENSIVELY IMPROVE OPERATION QUALITY

In the second half of the year, the Company will proceed with in-depth implementation of the excellent performance management model to meet the overall requirements of “systematic management, standard work, refined process, and digital results”. First, strategic management should be strengthened. A good structural planning will form a new pattern of strategic leadership and scientific development. Second, cost management should be intensified. Adhering to increasing revenue and reducing expenditure, the Company will reduce costs through technical and management means. Third, information-based management should be reinforced. Through vigorously promoting the integration of the “four new technologies” of mines and the construction of industrial Internet, the Company will gradually realize mechanization, automation, digitization, and mine intelligence, and build intelligent mines; internal databases will be established for each line to realize big data management. Fourth, benchmarking management should be enhanced. The Company will establish a scientific and efficient benchmarking management system, and achieve strategic goals by seeking for, setting, reaching and creating standards.

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 (the “Shareholders”) recorded in the register of members as at 30 June 2020 are as follows:

Class	Number of Shareholders
Domestic share	7
Overseas-listed foreign share – H share	1,490
Total number of Shareholders	1,497

2. SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the directors, supervisors and chief executives of the Company, as at 30 June 2020, 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	1,136,211,009 (Note 1)	34.74	51.15	–	Long position
	Domestic shares	Interest of controlled corporation	50,967,195 (Note 3)	1.56	2.29	–	Long position
	H shares	Interest of controlled corporation	26,756,000 (Notes 1 and 3)	0.82	–	2.55	Long position

OTHER INFORMATION

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 (Group) Co., Ltd.	Domestic shares	Beneficial owner	742,000,000	22.69	33.41	-	Long position
	Domestic shares	Interest of controlled corporation	21,200,000 (Notes 1 and 2)	0.65	0.95	-	Long position
3 Guo Guangchang	Domestic shares	Interest of controlled corporation	869,200,000 (Note 4)	26.58	39.13	-	Long position
4 Fosun International Limited	Domestic shares	Interest of controlled corporation	869,200,000 (Note 4)	26.58	39.13	-	Long position
5 Fosun International Holdings Ltd.	Domestic shares	Interest of controlled corporation	869,200,000 (Note 4)	26.58	39.13	-	Long position
6 VanEck Vectors ETF – VanEck Vectors Gold Miners ETF	H shares	Beneficial owner	62,730,500 (Note 5)	1.92	-	5.98	Long position
7 Van Eck Associates Corporation	H shares	Investment manager	94,551,300 (Note 5)	2.89	-	9.01	Long position
8 Schroders Plc	H shares	Investment manager	71,263,940 (Note 6)	2.18	-	6.79	Long position

OTHER INFORMATION

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
9 Deutsche Bank Aktiengesellschaft	H shares	Beneficial owner	47,804,200	1.46	–	4.56	Long position
	H shares	Beneficial owner	60,470,400	1.85	–	5.76	Short position
10 BlackRock, Inc.	H shares	Interest of controlled corporation	84,022,426 (Note 7)	2.57	–	8.01	Long position
	H shares	Interest of controlled corporation	521,500 (Note 7)	0.02	–	0.05	Short position
11 JPMorgan Chase & Co.	H shares	Interest of controlled corporation	14,377,987 (Note 8)	0.44	–	1.37	Long position
	H shares	Interest of controlled corporation	13,158,512 (Note 8)	0.40	–	1.25	Short position
	H shares	Investment manager	68,500 (Note 8)	0.002	–	0.006	Long position
	H shares	Approved lending agent	44,208,051 (Note 8)	1.35	–	4.21	Lending pool
	H shares	Person having a security interest in shares	3,000 (Note 8)	0.00009	–	0.0003	Long position
12 State Street Bank & Trust Company	H shares	Approved lending agent	105,347,990 (Note 9)	3.22	–	10.04	Lending pool

Notes:

- (1) Pursuant to Section 336 of the SFO, the Shareholders 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 Limited (the "Stock Exchange") unless certain criteria are fulfilled, therefore substantial Shareholders' latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.
- (2) Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. ("Shanghai Yuyuan") holds 100% 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) Shandong Zhaojin Group Company Limited ("Zhaojin Group") 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 Zhaojin Group. Luyin Trading Pte Ltd. ("Luyin") is a wholly-owned subsidiary of Zhaojin Group and therefore the 28,645,000 H shares held by Luyin is shown as long position of Zhaojin Group.
- (4) Guo Guangchang is interested in the shares of the Company through his directly or indirectly controlled companies (including Fosun International Limited and Fosun International Holdings Ltd.).
- (5) Van Eck Associates Corporation is the investment manager of the VanEck Vectors ETF – VanEck Vectors Gold Miners ETF.
- (6) Schroders Plc is interested in the shares of the Company through its directly or indirectly controlled companies.
- (7) BlackRock, Inc. is interested in the shares of the Company through its directly or indirectly controlled companies.
- (8) JPMorgan Chase & Co. is interested in the shares of the Company through its directly or indirectly controlled companies.
- (9) State Street Bank & Trust Company is interested in the shares of the Company through its directly or indirectly controlled companies.

As at 30 June 2020, save as disclosed above 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

As at 30 June 2020, the interests or short position of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name and position	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 shares of the Company	Long position/ Short position
1 Weng Zhanbin (Chairman and Executive Director)	Domestic shares	Beneficiary of a trust (other than a discretionary interest)	1,200,000	0.04%	0.05%	Long position
2 Dong Xin (Executive Director and President)	Domestic shares	Beneficiary of a trust (other than a discretionary interest)	300,000	0.009%	0.01%	Long position
3 Wang Ligang (Executive Director and Vice-president)	Domestic shares	Beneficiary of a trust (other than a discretionary interest)	1,000,000	0.03%	0.05%	Long position
4 Zhao Hua (Supervisor)	Domestic shares	Beneficiary of a trust (other than a discretionary interest)	200,000	0.006%	0.009%	Long position

OTHER INFORMATION

Note:

1. The interests set out above relate to the employee shares subscription plan portions (“ESSP Portions”) under the employee shares subscription plan subscribed by the directors, supervisors and chief executives. One ESSP Portion corresponds to one domestic share.

Save as disclosed above, as at 30 June 2020, and to the knowledge of the directors, supervisors and chief executives of the Company, no person had any interests or 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 required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

III. CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

Save as disclosed in the section headed “IX. Important Events – 6. Changes in Composition of the Board and Member of the Strategic Committee under the Board” of this interim report, the Company is not aware of any change in the information of the directors, supervisors or chief executives of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the Company’s last published annual report and up to the date of this interim report.

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

Save as disclosed in this report, 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.

V. 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 report, sufficient public float of the shares of the Company was maintained.

VI. 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.

VII. 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 report, the Group has no share option scheme.

VIII. EMPLOYEES

As of 30 June 2020, the Company had a total of 6,670 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices and provide other benefits to employees (including 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.

IX. IMPORTANT EVENTS

1. ON 5 JUNE 2020, THE 2019 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 2019 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 H shares and domestic shares of up to a maximum of 20% of the respective total number of issued H shares and existing domestic shares of the Company as at the date of passing such resolution;
- (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution;
- (4) the appointment of Mr. Huang Zhen and Mr. Zhang Banglong as non-executive directors;
- (5) amending Article 8.5, Article 8.6, Article 8.7, Article 8.9, and Article 9.6 of the articles of association of the Company; and
- (6) amending Article 18, Article 26, Article 27, Article 33, Article 34, and Section 2 of the rules of procedures for general meetings of the Company.

Relevant details were set out in the circular and notice of the Company both dated 21 April 2020, the supplemental circular and supplemental notice of the Company both dated 20 May 2020 and the voting results announcement of the Company dated 5 June 2020 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. ON 5 JUNE 2020, THE DOMESTIC SHARES CLASS MEETING AND H SHARES CLASS MEETING CONSIDERED AND APPROVED THE FOLLOWING PROPOSALS RESPECTIVELY:

- (1) the Board was granted a general mandate to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution;
- (2) amending Article 8.5, Article 8.6, Article 8.7, Article 8.9, and Article 9.6 of the articles of association of the Company; and
- (3) amending Article 18, Article 26, Article 27, Article 33, Article 34, and Section 2 of the rules of procedures for general meetings of the Company.

The proposals were approved at the domestic shares class meeting and H shares class meeting respectively.

Relevant details were set out in the circular and notices of the Company both dated 21 April 2020, the supplemental circular and supplemental notices of the Company both dated 20 May 2020 and the voting results announcement of the Company dated 5 June 2020 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. PROPOSED IMPLEMENTATION OF THE H SHARE FULL CIRCULATION

On 13 January 2020, the Company received an official letter from the CSRC, stating that the CSRC has accepted the Company's application in relation to the implementation of the H share full circulation. Under its application, the Company would apply for the conversion of up to 1,560,340,597 domestic shares into H shares of the Company and the listing thereof (the "Conversion and Listing"). On 18 June 2020, the Company received the formal approval (the "Approval") from the CSRC approving the Conversion and Listing. The Approval shall be valid for 12 months from 17 June 2020. During such 12-month period, the Company shall complete the Conversion and Listing. On 3 August 2020, the Company received the approval from the Stock Exchange for the listing of and the permission to deal in 1,560,340,597 H shares (the "Converted H Shares"). The conversion was completed on 7 August 2020. The listing of the Converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 10 August 2020.

Relevant details were set out in the announcements of the Company dated 13 January 2020, 18 June 2020, 3 August 2020 and 10 August 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. ENTERING INTO THE MANAGEMENT INCENTIVE AGREEMENT FOR ZHAOJIN MINING INDUSTRY COMPANY LIMITED

On 13 January 2020, the Company entered into the Management Incentive Agreement for Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司管理層激勵協議書) (the “Agreement”) with Shanghai Yuyuan and Shanghai Fosun Industrial Investment Co., Ltd. (“Fosun Industrial Investment”), respectively, aiming to provide incentives to the management of the Company to effectively facilitate the full conversion of domestic shares of the Company into listed H shares for full circulation, and the management of market capitalization of the Company. Pursuant to the Agreement, Shanghai Yuyuan and Fosun Industrial Investment shall respectively provide the incentives in cash to the management of the Company conditionally. The conditions of the incentives are the realization of conversion of domestic shares of the Company into listed H shares for full circulation, management of its market capitalization and gains from any disposal of shares.

Relevant details were set out in the announcement of the Company dated 13 January 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. REDEMPTION OF MEDIUM-TERM NOTES

On 19 March 2020, the Company redeemed the first tranche of medium-term notes for 2015 with a par value of RMB0.5 billion at an interest rate of 5.9% per annum.

Relevant details were set out in the announcement of the Company dated 10 March 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. CHANGES IN COMPOSITION OF THE BOARD AND MEMBER OF THE STRATEGIC COMMITTEE UNDER THE BOARD

The Company held the 11th meeting of the sixth session of the Board on 24 April 2020, at which Mr. Xu Xiaoliang tendered his resignation as a non-executive director, vice chairman and a member of the Strategic Committee of the Company due to the re-allocation of his work arrangement. His resignation was with effect from 24 April 2020. The Board appointed Mr. Zhang Banglong as a non-executive director, vice chairman and a member of the Strategic Committee of the Company. His appointment was with effect from 24 April 2020.

The details of changes in the composition of the Board were set out in the announcement dated 24 April 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. CHANGES IN SENIOR MANAGEMENT

The Company held the 11th meeting of the sixth session of the Board on 24 April 2020. As Mr. Sun Xiduan had reached the age of retirement and transfer, he applied for early retirement and transfer. The Board agreed to dismiss Mr. Sun Xiduan from the position of vice president of the Company, and the dismissal date was with effect from 24 April 2020.

8. ISSUE OF SUPER SHORT-TERM BONDS

On 25 March 2020, the Company issued the first tranche of super short-term bonds for 2020 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 2.28% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 24 March 2020 and 27 March 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 15 April 2020, the Company issued the second tranche of super short-term bonds for 2020 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 1.60% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 14 April 2020 and 16 April 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 20 April 2020, the Company issued the third tranche of super short-term bonds for 2020 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 1.80% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 17 April 2020 and 21 April 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 18 May 2020, the Company issued the fourth tranche of super short-term bonds for 2020 with a par value of RMB1 billion for a term of 265 days and bearing interest rate of 1.50% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 15 May 2020 and 20 May 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

X. EVENTS AFTER THE REPORTING PERIOD

REDEMPTION OF CORPORATE BONDS

On 8 July 2020, the Company redeemed the second tranche of medium-term notes for 2015 with a par value of RMB1.6 billion at an interest rate of 5.2% per annum.

Relevant details were set out in the announcement of the Company dated 2 July 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 29 July 2020, the Company redeemed the corporate bonds for 2014 with a par value of RMB0.507 billion at an interest rate of 4.8% per annum.

Relevant details were set out in the announcement of the Company dated 20 July 2020 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

XI. 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 (the “Code”) as set out in Appendix 14 to the Listing Rules during the period from 1 January 2020 to 30 June 2020. 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.

XII. 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 to 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.

XIII. AUDIT COMMITTEE

The Audit Committee includes one non-executive director and two independent non-executive directors, namely Mr. Huang Zhen, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, and its chairman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed risk management and internal control affairs and reviewed the Company’s unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2020, 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 2020 have been prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XIV. INVESTOR RELATIONS

Investor relations is an important bridge between the Company and the capital market. The Company insists on putting investor relations management in an important position, eliminating doubts of investors by adhering to having a respectful and frank attitude. In the first half of 2020, the Company received more than 40 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 Wen Wei Po, Hong Kong Commercial Daily and Ta Kung Pao which have always proactively and positively reported about the Company, so as to build a healthy, sound and positive image to investors. We will make great efforts to change the Company into an enterprise with universal value and social responsibility to become China's Zhaojin and the world's Zhaojin.

In the first half of 2020, 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 has published 55 announcements, circulars and/or notices in total on the website of the Stock Exchange and simultaneously disclosed such information on the website of the Company.

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

Zhaoyuan, the PRC, 25 August 2020

* For identification purpose only

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of Zhaojin Mining Industry Company Limited

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 58, which comprises the condensed consolidated statement of financial position of Zhaojin Mining Industry Company Limited and its subsidiaries (the "Group") as at 30 June 2020 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month 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 ("HKICPA").

The directors of the Company 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 HKICPA. 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	5	3,131,980	2,817,982
Cost of sales		(1,775,280)	(1,746,346)
Gross profit		1,356,700	1,071,636
Other income and gains	5	323,771	157,917
Selling and distribution expenses		(18,650)	(33,466)
Administrative expenses		(491,338)	(443,056)
Impairment losses on financial assets		(79,290)	(9,604)
Gain on disposal of financial assets		46,688	52,040
Other expenses	6	(216,558)	(168,411)
Finance costs		(354,244)	(316,108)
Share of profits and losses of:			
– Associates		6,590	1,598
– Joint ventures		5,856	12,373
PROFIT BEFORE TAX	7	579,525	324,919
Income tax expense	8	(123,357)	(68,996)
PROFIT FOR THE PERIOD		456,168	255,923
Attributable to:			
Owners of the parent		412,392	238,855
Non-controlling interests		43,776	17,068
		456,168	255,923
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
Earnings per share for the period (RMB)	10	0.13	0.07

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	456,168	255,923
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	19,430	17,602
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	19,430	17,602
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	200	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	19,630	17,602
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	475,798	273,525
Attributable to:		
Owners of the parent	432,014	256,209
Non-controlling interests	43,784	17,316
	475,798	273,525

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	15,066,780	14,988,626
Right-of-use assets		754,087	768,088
Goodwill		609,525	666,179
Other intangible assets	11	9,576,716	9,603,768
Investments in joint ventures		182,544	173,954
Investments in associates		769,380	718,584
Deferred tax assets		150,209	163,052
Long-term deposits		29,734	22,312
Term deposit		200,000	–
Loans receivable		239,850	252,525
Financial assets measured at amortised cost		476,973	400,994
Other long-term assets	12	521,854	496,281
Total non-current assets		28,577,652	28,254,363
CURRENT ASSETS			
Inventories		4,212,159	4,310,373
Trade and notes receivables	13	418,057	142,447
Prepayments, deposits and other receivables		683,156	591,874
Financial assets at fair value through profit or loss		3,679,383	554,642
Pledged deposits		350,996	278,303
Loans receivable		2,686,910	2,611,471
Cash and cash equivalents		3,221,230	3,508,307
Total current assets		15,251,891	11,997,417
CURRENT LIABILITIES			
Trade and notes payables	14	423,221	368,166
Other payables and accruals		1,931,894	1,770,923
Interest-bearing bank and other borrowings	15	11,327,455	8,386,684
Tax payable		131,481	108,189
Provisions		4,287	9,616
Deposits from customers		2,086,764	1,223,619
Current portion of other long-term liabilities		130,000	159,368
Corporate bonds	16	2,255,491	508,629
Total current liabilities		18,290,593	12,535,194

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
	<i>Notes</i>		
NET CURRENT LIABILITIES		(3,038,702)	(537,777)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,538,950	27,716,586
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	136,140	388,490
Corporate bonds	16	7,456,554	9,170,130
Lease liabilities		36,452	41,085
Deferred tax liabilities		384,381	361,400
Deferred income		217,775	250,505
Provisions		50,506	50,506
Other long-term liabilities		96,476	91,612
Total non-current liabilities		8,378,284	10,353,728
NET ASSETS		17,160,666	17,362,858
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,270,393	3,270,393
Perpetual capital instruments		2,169,276	2,664,600
Reserves		8,254,465	8,014,594
		13,694,134	13,949,587
Non-controlling interests		3,466,532	3,413,271
TOTAL EQUITY		17,160,666	17,362,858

Weng Zhanbin
Director

Don Xin
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent									Total equity RMB'000
	Share capital	Perpetual capital instruments	Capital reserve	Special reserve	Statutory and distributable reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2020 (Unaudited)	3,270,393	2,664,600	2,618,648	36,373	1,102,469	26,955	4,230,149	13,949,587	3,413,271	17,362,858
Profit for the period	-	-	-	-	-	-	412,392	412,392	43,776	456,168
Changes in fair value of equity investments through other comprehensive income	-	-	200	-	-	-	-	200	-	200
Exchange differences on translation of foreign operations	-	-	-	-	-	19,422	-	19,422	8	19,430
Total comprehensive income for the period	-	-	200	-	-	19,422	412,392	432,014	43,784	475,798
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(9,278)	(9,278)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	16,755	16,755
Safety production cost	-	-	-	3,616	-	-	(3,616)	-	-	-
Accrued distribution of perpetual capital instruments	-	61,327	-	-	-	-	(61,327)	-	-	-
Transfer to retained earnings	-	-	21,546	-	-	-	(21,546)	-	-	-
Distribution of perpetual capital instruments	-	(56,651)	-	-	-	-	-	(56,651)	-	(56,651)
Redemption of perpetual capital instruments	-	(500,000)	-	-	-	-	-	(500,000)	-	(500,000)
Establishment of a subsidiary	-	-	-	-	-	-	-	-	2,000	2,000
2019 final dividend declared	-	-	-	-	-	-	(130,816)	(130,816)	-	(130,816)
At 30 June 2020 (Unaudited)	3,270,393	2,169,276	2,640,394*	39,989*	1,102,469*	46,377*	4,425,236*	13,694,134	3,466,532	17,160,666

* These reserve accounts comprise the consolidated reserves of RMB8,254,465,000 (31 December 2019: RMB8,014,594,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent									
	Share 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 31 December 2018 (Audited)	3,220,696	2,664,600	2,264,755	26,433	1,028,595	(9,096)	4,102,494	13,298,477	3,509,088	16,807,565
Effect of adoption of HKFRS 16	-	-	-	-	-	-	(3,082)	(3,082)	-	(3,082)
At 1 January 2019 (Unaudited)	3,220,696	2,664,600	2,264,755	26,433	1,028,595	(9,096)	4,099,412	13,295,395	3,509,088	16,804,483
Profit for the period	-	-	-	-	-	-	238,855	238,855	17,068	255,923
Exchange differences on translation of foreign operations	-	-	-	-	-	17,354	-	17,354	248	17,602
Total comprehensive income for the period	-	-	-	-	-	17,354	238,855	256,209	17,316	273,525
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(15,875)	(15,875)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	39,200	39,200
Safety production cost	-	-	-	5,752	-	-	(5,752)	-	-	-
Accrued distribution of perpetual capital instruments	-	69,350	-	-	-	-	(69,350)	-	-	-
Distribution of perpetual capital instruments	-	(56,650)	-	-	-	-	-	(56,650)	-	(56,650)
2018 final dividend declared	-	-	-	-	-	-	(128,828)	(128,828)	-	(128,828)
At 30 June 2019 (Unaudited)	3,220,696	2,677,300	2,264,755*	32,185*	1,028,595*	8,258*	4,134,337*	13,366,126	3,549,729	16,915,855

* These reserve accounts comprise the consolidated reserves of RMB7,468,130,000 (31 December 2018: RMB7,413,181,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		579,525	324,919
Adjustments for:			
Finance costs		354,244	316,108
Share of profits and losses of associates		(6,590)	(1,598)
Share of profits and losses of joint ventures		(5,856)	(12,373)
Interest income from loans receivable		(13,619)	(49,958)
Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, prepaid land lease payments and other long-term assets	6	1,429	1,529
Gain on disposal of subsidiaries	5	(4,232)	–
Fair value gain, net:			
– Equity investments at fair value through profit or loss	5	(133,196)	–
Gain on disposal of financial assets at fair value through profit or loss		(46,688)	(52,040)
Loss on settlement of commodity derivative contracts	6	9,035	64,156
Depreciation of property, plant and equipment		431,324	434,491
Depreciation of right-of-use assets		17,097	20,020
Amortisation of other intangible assets		50,186	56,374
Amortisation of long-term prepaid expenses		8,399	6,314
Provision for impairment of receivables	7	14,625	7,103
Impairment loss on loans receivable	7	64,665	2,501
Impairment loss/(reversal) of inventories	7	13,739	(4,956)
Impairment of property, plant and equipment	6	2,965	–
Impairment of intangible assets	6	66,714	–
Impairment of goodwill	6	56,654	–
Expense of other long-term assets		11,322	–
(Increase)/decrease in long-term deposits		(7,422)	4,585
Decrease/(increase) in inventories		84,476	(47,239)
Increase in trade and notes receivables		(280,418)	(112,770)
Increase in prepayments and other receivables		(70,698)	(294,972)
(Increase)/decrease in pledged deposits		(72,693)	73,873
Increase in loans receivable		(89,020)	(196,258)
Increase/(decrease) in trade and notes payables		55,055	(126,300)
Increase in other payables and accruals		47,714	42,237
Increase in deposits from customers		863,145	238,190
Decrease in deferred income		(36,321)	(30,659)
Decrease in provisions		(5,414)	(7,320)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CASH GENERATED FROM OPERATIONS	1,960,146	655,957
Income taxes paid	(64,244)	(88,548)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,895,902	567,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	30,044	45,608
Purchases of items of property, plant and equipment	(476,203)	(639,990)
Increase in other intangible assets	(20,352)	(120,433)
Proceeds from disposal of items of property, plant and equipment	3,368	7,392
Acquisition of a joint venture	(1,000)	(52,000)
Acquisition of an associate	(30,580)	–
Acquisition of a subsidiary	(6,842)	–
Net payment of commodity derivative contracts	(9,035)	(64,156)
Deposits paid for commodity derivative contracts	(48,869)	(40,287)
Net proceeds (to)/from acquisition and disposal of equity investments at fair value through profit or loss	(2,944,875)	117,204
Increase in right-of-use assets	(3,096)	(24,238)
Payment for investments in financial assets measured at amortised cost	(75,979)	(131,983)
Increase in loans receivable	(35,174)	(8,400)
Other cash inflows/(outflows) from investing activities	944	(4,250)
Increase in term deposits with original maturity of more than three months	(335,000)	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,952,649)	(915,533)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans and other borrowings	11,819,760	8,610,348
Repayment of bank loans and other borrowings	(9,631,340)	(7,521,050)
Capital contribution from non-controlling shareholders	2,000	–
Dividends paid	(177,409)	(114,101)
Increase in corporate bonds	–	2,051,453
Interest paid	(345,803)	(272,304)
Principal portion of lease payments	(7,203)	(8,415)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,660,005	2,745,931
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(396,742)	2,397,807
Cash and cash equivalents at beginning of period	3,508,307	1,143,299
Effects of foreign exchange rate changes, net	(25,335)	(2,202)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,086,230	3,538,904
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,421,230	3,538,904
Less: Term deposits with original maturity of more than three months	335,000	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	3,086,230	3,538,904

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

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”) 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 and smelting of gold, the sale of gold products, and the mining and processing of copper and the sale of copper products in Mainland China. In addition, the Group processed and sold silver in Mainland China.

As of 30 June 2020, the major shareholders of the Company were Shandong Zhaojin Group Company Limited (“Zhaojin Group”) and Shanghai Yuyuan Tourist Mart Co., Ltd., who held 37.12% and 23.34% of the issued share capital of the Company, respectively, with their subsidiaries.

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

As at 30 June 2020, the Group had net current liabilities of RMB3,038,702,000 (31 December 2019: RMB537,777,000). In view of this circumstance, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2020, by taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group’s future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these financial statements have been prepared on a going concern basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

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;
- (c) the "others" segment comprises, principally, the Group's other investment activities, a finance company operation, a hotel and catering operation and engineering design and consulting operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

4. OPERATING SEGMENT INFORMATION (continued)

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

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

The Group's operating segments are as follows:

For the six months ended 30 June 2020 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	2,872,583	121,480	137,917	3,131,980
Segment results	809,051	(57,883)	74,035	825,203
<i>Reconciliation:</i>				
Interest income				108,566
Finance costs				(354,244)
Profit before tax				579,525
Segment assets	33,594,737	2,245,475	4,266,896	40,107,108
<i>Reconciliation:</i>				
Corporate and other unallocated assets				3,722,435
Total assets				43,829,543
Segment liabilities	2,534,489	220,160	2,354,207	5,108,856
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				21,560,021
Total liabilities				26,668,877
Other segment information				
Capital expenditure*	591,053	27,365	6,677	625,095
Investments in associates	763,970	–	5,410	769,380
Investments in joint ventures	–	32,475	150,069	182,544
Impairment losses recognised/(reversed) in the statement of profit or loss	218,446	3,721	(2,805)	219,362
Share of profits and losses of:				
– Associates	6,975	–	(385)	6,590
– Joint ventures	–	(1,876)	7,732	5,856
Depreciation and amortisation	453,969	41,016	12,021	507,006
Gain on disposal of financial assets	10,184	–	36,504	46,688
Fair value gain on financial assets at fair value through profit or loss	23,357	–	109,839	133,196

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and right-of-use assets.

4. OPERATING SEGMENT INFORMATION (continued)

The Group's operating segments are as follows (continued):

For the six months ended 30 June 2019 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	2,505,031	238,301	74,650	2,817,982
Segment results	548,565	38,442	(21,561)	565,446
<i>Reconciliation:</i>				
Interest income				75,581
Finance costs				(316,108)
Profit before tax				324,919
Segment assets	30,538,039	2,533,779	2,308,351	35,380,169
<i>Reconciliation:</i>				
Corporate and other unallocated assets				3,963,727
Total assets				39,343,896
Segment liabilities	2,586,632	293,722	1,337,978	4,218,332
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				18,209,709
Total liabilities				22,428,041
Other segment information				
Capital expenditure*	819,375	34,982	10,693	865,050
Investments in associates	682,207	–	–	682,207
Investments in joint ventures	–	109,024	128,052	237,076
Impairment losses (reversed)/recognised in the statement of profit or loss	(1,818)	4,338	2,128	4,648
Share of profits of:				
– Associates	1,598	–	–	1,598
– Joint ventures	–	4,473	7,900	12,373
Depreciation and amortisation	444,708	59,343	6,834	510,885
Gain on disposal of equity investments at fair value through profit or loss	5,098	–	46,942	52,040

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and right-of-use assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

As over 92% 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

For the six months ended 30 June 2020, revenue of approximately RMB2,524,627,000 (for the six months ended 30 June 2019: RMB2,249,823,000) was derived from sales by the gold operations segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Sale of goods	3,185,736	2,796,895
Rendering of services	70,391	102,936
	3,256,127	2,899,831
Less: Government surcharges	(124,147)	(81,849)
	3,131,980	2,817,982
Goods recognised at a point in time	3,232,714	2,896,784
Services recognised over time	23,413	3,047
	3,256,127	2,899,831
Less: Government surcharges	(124,147)	(81,849)
Total revenue from contracts with customers	3,131,980	2,817,982

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

5. REVENUE, OTHER INCOME AND GAINS (continued)

OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gain on financial assets at fair value through profit or loss	133,196	–
Interest income	108,566	75,581
Government grants	36,321	30,659
Sales of auxiliary materials	24,983	38,637
Exchange gains	8,178	–
Others	12,527	13,040
	323,771	157,917

6. OTHER EXPENSES

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss on disposal or write-off of items of property, plant and equipment	1,429	1,529
Impairment of intangible assets	66,714	–
Impairment of property, plant and equipment	2,965	–
Impairment of goodwill	56,654	–
Cost of auxiliary materials and other business	60,572	49,979
Exchange losses	–	12,192
Loss on settlement of commodity derivative contracts	9,035	74,689
Others	19,189	30,022
	216,558	168,411

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

7. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cost of inventories sold	1,775,280	1,746,346
Impairment loss/(reversal) of inventories	13,739	(4,956)
Impairment loss on loans receivable	64,665	2,501
Provision for impairment of receivables	14,625	7,103
Impairment of intangible assets	66,714	–
Impairment of goodwill	56,654	–
Impairment of property, plant and equipment	2,965	–
Exchange differences, net	(8,178)	12,192

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.

Provision for current income tax in Mainland China is based on the statutory rate of 25% (2019: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain high and new technology enterprises and western-region-development enterprises of the Group in Mainland China, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

8. INCOME TAX EXPENSE (continued)

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
– Charge for the period	87,533	61,097
Deferred tax	35,824	7,899
Total tax charge for the period	123,357	68,996

9. DIVIDENDS

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Ordinary:		
Proposed final – RMB0.04 per share (2019: RMB0.04 per share)	130,816	128,828

The proposed 2019 final dividend of RMB0.04 per share (tax included) in aggregate of RMB130,816,000 was approved by the shareholders on 5 June 2020. As at 30 June 2020, all the final dividend of 2019 has been paid. No interim dividend was proposed for the period (2019: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

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 RMB412,392,000 (for the six months ended 30 June 2019: RMB238,855,000) by the number of ordinary shares in issue during the period of 3,270,393,000 (for the six months ended 30 June 2019: 3,220,696,000).

The diluted earnings per share amounts were equal to the basic earnings per share amounts for the six months ended 30 June 2020 and 30 June 2019, as no diluting events existed during these periods.

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with a cost of RMB517,240,000 (30 June 2019: RMB637,782,000) and other intangible assets with a cost of RMB89,848,000 (30 June 2019: RMB146,633,000).

During the six months ended 30 June 2020, depreciation for property, plant and equipment was RMB431,324,000 (30 June 2019: RMB434,491,000) and amortisation for other intangible assets was RMB50,186,000 (30 June 2019: RMB56,374,000).

During the six months ended 30 June 2020, impairment losses on property, plant and equipment were amounted to RMB2,965,000 (30 June 2019: Nil), and impairment losses on other intangible assets were amounted to RMB66,714,000 (30 June 2019: Nil), which were stated in other expenses in the statement of profit or loss.

During the six months ended 30 June 2020, property, plant and equipment with a net book value of RMB4,797,000 (30 June 2019: RMB8,921,000) were disposed of by the Group, resulting in a net loss on disposal of RMB1,429,000 (30 June 2019: RMB1,529,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

12. OTHER LONG-TERM ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Advances and deposits paid for acquisitions of subsidiaries and exploration rights	415,958	415,958
Advance payments for purchases of property, plant and equipment	95,322	67,225
Long-term prepaid expenses	10,574	13,098
	521,854	496,281

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

13. TRADE AND NOTES RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	431,706	132,867
Notes receivable	8,717	27,138
Impairment	(22,366)	(17,558)
	418,057	142,447

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

13. TRADE AND NOTES RECEIVABLES (continued)

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Outstanding balances due within one year	379,760	92,493
Outstanding balances due over one year but within two years	33,052	18,528
Outstanding balances due over two years but within three years	1,802	1,809
Outstanding balances due over three years	17,092	20,037
	431,706	132,867
Less: impairment of trade receivables	(22,366)	(17,558)
	409,340	115,309

Trade and notes receivables are non-interest-bearing. As 81% of the sales of the Group for the period ended 30 June 2020 (for the six months ended 30 June 2019: 80%) were made through the Shanghai Gold Exchange without specific credit terms, there were no significant receivables that were overdue or impaired.

14. TRADE AND NOTES PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	389,202	324,109
Notes payable	34,019	44,057
	423,221	368,166

At 30 June 2020, the balance of trade and notes payables mainly represented the amount regarding the unsettled procurement of gold concentrates. The trade payables are non-interest-bearing and are normally settled on 60 days' terms.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

14. TRADE AND NOTES PAYABLES (continued)

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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Outstanding balances are due as follows:		
Within one year	383,546	289,344
Over one year but within two years	21,814	50,021
Over two years but within three years	10,599	17,742
Over three years	7,262	11,059
	423,221	368,166

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current:		
– Bank loans – unsecured	1,790,000	1,037,000
– Bank loans – guaranteed (b)	100,000	–
– Gold leasing business – unsecured	3,484,473	3,712,494
– Other borrowings – unsecured	562,993	439,390
– Other borrowings – secured (a)	291,000	397,800
– Short-term bonds – unsecured	5,098,989	2,800,000
	11,327,455	8,386,684
Non-current:		
– Bank loans – unsecured	–	288,000
– Other borrowings – unsecured	136,140	100,490
	136,140	388,490
Total	11,463,595	8,775,174

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

As at 30 June 2020, most of the borrowings were denominated in RMB. The bank loans bear interest at effective interest rates of 2.50% to 4.35% (31 December 2019: 3.69% to 7.53%) per annum. The other borrowings bear interest at effective interest rates of 0.70% to 4.75% (31 December 2019: 2.55% to 4.75%) per annum.

- (a) Certain of the Group's other borrowings are secured by certificates of deposits and pledges over the Group's treasury bonds, which had aggregate carrying values at the end of the reporting period of approximately RMB300,000,000 (31 December 2019: RMB400,000,000).
- (b) As at 30 June 2020, bank loans of the Company with carrying amounts in aggregate of RMB100,000,000 were guaranteed by Zhaojin Group (31 December 2019: Nil).

16. CORPORATE BONDS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Zhaojin bonds	6,600,927	6,601,837
Zhaojin medium term notes	999,118	998,806
USD guaranteed notes	2,112,000	2,078,116
Current	2,255,491	508,629
Non-current	7,456,554	9,170,130
Corporate bonds at the end of the period	9,712,045	9,678,759

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	490,298	300,108
– Prepayment for potential acquisitions	1,538,797	1,538,797
	2,029,095	1,838,905

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS		
(i) Zhaojin Group		
Expenses:		
– Payment of rental of land use rights	4,710	4,710
– Payment of rental of equipment	10,025	–
– Brokerage service fees	3,772	2,255
Others:		
– Increase in deposits from customers, net	832,544	210,292
– Interest expense on deposits from customers	5,213	9,192
(ii) Subsidiaries of Zhaojin Group		
Sales:		
– Sales of silver	34,338	–
– Sales of gold material	3,172	–
– Provision of exploration services	1,682	–
– Provision of digital mine construction technology services	6,510	–
Expenses:		
– Fees for refining services	2,048	2,617
– Brokerage service fees	–	2
Capital transactions:		
– Purchase of materials	–	58,364
– Purchase of exploration services	–	19,509
– Purchase of digital mine construction technology services	–	3,606
– Purchase of water treatment engineering services	5,070	10
– Purchase of relevant necessary super filter membrane and equipment	–	3,704
Others:		
– (Decrease)/increase in loans to related parties	(124,921)	381,500
– Interest income from loans	2,004	13,082
– Increase in deposits from customers, net	30,194	28,762
– Interest expense on deposits from customers	5,813	3,977

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

18. RELATED PARTY TRANSACTIONS (continued)

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (continued)		
(iii) Associate – Aletai Zhengyuan International Mining Company Limited		
– Purchase of gold concentrates	–	46,807
(iv) Subsidiary of an associate – Shandong Wucaolong Investment Company Limited		
– Entrusted loans	15,000	2,000
– Interest income	3,563	2,710
(v) Joint venture – Ruoqiang Changyun Sanfengshan Mining Company Limited		
– Purchase of copper concentrates	–	7,940
(vi) Minority shareholder – No. 3 Exploration Institute		
– Exploration services	2,735	–

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

The Group had an outstanding trade in nature balance due from Zhaojin Group of RMB6,858,000 (31 December 2019: RMB8,816,000) and no amounts of trade in nature due to Zhaojin Group (31 December 2019: Nil) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Short term employee benefits	3,817	3,175
Post-employment benefits	202	322
Total compensation paid to key management personnel	4,019	3,497

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF 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 2020 (Unaudited)			
	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and notes receivables	–	8,717	409,340	418,057
Financial assets included in other receivables	–	–	258,966	258,966
Financial assets at fair value through profit or loss	3,679,383	–	–	3,679,383
Financial assets at amortised cost	–	–	476,973	476,973
Loans receivable	–	–	2,926,760	2,926,760
Term deposit	–	–	200,000	200,000
Pledged deposits	–	–	350,996	350,996
Total	3,679,383	8,717	4,623,035	8,311,135

FINANCIAL LIABILITIES

	30 June 2020 Financial liabilities at amortised cost RMB'000 (Unaudited)
Trade and notes payables	423,221
Financial liabilities included in other payables and accruals	1,588,104
Interest-bearing bank and other borrowings	11,463,595
Corporate bonds	9,712,045
Deposits from customers	2,086,764
Other long-term liabilities (including current portion)	226,476
Lease liabilities	36,452
Total	25,536,657

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

FINANCIAL ASSETS

	31 December 2019 (Audited)			
	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and notes receivables	–	27,138	115,309	142,447
Financial assets included in other receivables	–	–	242,286	242,286
Financial assets at fair value through profit or loss	554,642	–	–	554,642
Financial assets at amortised cost	–	–	400,994	400,994
Loans receivable	–	–	2,863,996	2,863,996
Pledged deposits	–	–	278,303	278,303
Total	554,642	27,138	3,900,888	4,482,668

FINANCIAL LIABILITIES

	31 December 2019 Financial liabilities at amortised cost RMB'000 (Audited)
Trade and notes payables	368,166
Financial liabilities included in other payables and accruals	1,449,164
Interest-bearing bank and other borrowings	8,775,174
Corporate bonds	9,678,759
Deposits from customers	1,223,619
Other long-term liabilities (including current portion)	250,980
Lease liabilities	41,085
Total	21,786,947

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF 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 2020 RMB'000	31 December 2019 RMB'000	30 June 2020 RMB'000	31 December 2019 RMB'000
Financial assets				
Term deposit	200,000	–	196,915	–
Loans receivable, non-current portion	239,850	252,525	259,295	270,122
Total	439,850	252,525	456,210	270,122
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	136,140	388,490	136,140	375,592
Corporate bonds	9,712,045	9,678,759	9,843,527	9,830,720
Total	9,848,185	10,067,249	9,979,667	10,206,312

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivables, financial assets at fair value through profit or loss, 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 THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2020 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required by fair value measurement are observable, hence these financial instruments are included in level 2.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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 in the open market
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (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 2020

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Financial assets at fair value through other comprehensive income included in trade and notes receivables	–	8,717	8,717
Financial assets at fair value through profit or loss	977,322	2,702,061	3,679,383
Total	977,322	2,710,778	3,688,100

As at 31 December 2019

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Financial assets at fair value through other comprehensive income included in trade and notes receivables	–	27,138	27,138
Financial assets at fair value through profit or loss	486,040	68,602	554,642
Total	486,040	95,740	581,780

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Assets for which fair values are disclosed:

As at 30 June 2020

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Term deposit	–	196,915	196,915
Loans receivable, non-current portion	–	259,295	259,295
Total	–	456,210	456,210

As at 31 December 2019

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Loans receivable, non-current portion	–	270,122	270,122

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Liabilities for which fair values are disclosed

As at 30 June 2020

	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	–	136,140	136,140
Corporate bonds	6,720,479	3,123,048	9,843,527
Other long-term liabilities, non-current portion	–	96,476	96,476
Total	6,720,479	3,355,664	10,076,143

As at 31 December 2019

	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	–	375,592	375,592
Corporate bonds	6,703,148	3,127,572	9,830,720
Other long-term liabilities, non-current portion	–	91,612	91,612
Total	6,703,148	3,594,776	10,297,924

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2020

20. EVENTS AFTER THE REPORTING PERIOD

On 3 August 2020, the Company received the approval from the Stock Exchange for the listing of and the permission to deal in 1,560,340,597 H shares (the “Converted H Shares”). The conversion was completed on 7 August 2020. The listing of the Converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 10 August 2020.

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 25 August 2020.