

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ZHAOJIN

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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1818)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021, the Group's revenue was approximately RMB6,859,446,000 (2020: RMB7,648,587,000), representing a decrease of approximately 10.32% as compared to the previous year.

For the year ended 31 December 2021, the Group's net profit was approximately RMB191,033,000 (2020: RMB1,234,798,000), representing a decrease of approximately 84.53% as compared to the previous year.

For the year ended 31 December 2021, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.01 and RMB0.01, respectively (2020: RMB0.32 and RMB0.32, respectively), representing a decrease of approximately 96.80% and 96.80%, respectively as compared to the previous year.

For the year ended 31 December 2021, the profit attributable to owners of the parent was approximately RMB33,697,000 (2020: RMB1,052,163,000), representing a decrease of approximately 96.80% as compared to the previous year.

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2021 (2020: RMB0.05 (tax included)).

The board (the "Board") of directors (the "Directors") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2021*

		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	3	6,859,446	7,648,587
Cost of sales		<u>(4,167,369)</u>	<u>(4,033,416)</u>
Gross profit		2,692,077	3,615,171
Other income and gains	3	557,978	806,759
Selling and distribution expenses		(31,460)	(45,026)
Administrative expenses		(1,495,844)	(1,209,386)
Impairment losses on financial assets		(79,835)	(309,784)
Other expenses	4	(753,464)	(843,466)
Finance costs	5	(607,867)	(699,444)
Share of profits and losses of:			
– Associates		25	18,918
– Joint ventures		73	3,679
PROFIT BEFORE TAX	6	281,683	1,337,421
Income tax expense	7	(90,650)	(102,623)
PROFIT FOR THE YEAR		<u>191,033</u>	<u>1,234,798</u>
Attributable to:			
Owners of the parent		33,697	1,052,163
Non-controlling interests		157,336	182,635
		<u>191,033</u>	<u>1,234,798</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	9	<u>0.01</u>	<u>0.32</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	191,033	1,234,798
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(25,661)</u>	<u>(62,010)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(25,661)</u>	<u>(62,010)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligations	(2,131)	(1,018)
Income tax effect	483	254
Equity investments designated at fair value through other comprehensive income	<u>–</u>	<u>200</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(1,648)</u>	<u>(564)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(27,309)	(62,574)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	163,724	1,172,224
Attributable to:		
Owners of the parent	6,356	989,601
Non-controlling interests	<u>157,368</u>	<u>182,623</u>
	163,724	1,172,224

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	31 December 2021	31 December 2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	15,458,321	15,209,375
Investment properties	84,894	–
Right-of-use assets	741,174	773,760
Goodwill	609,525	609,525
Other intangible assets	11,612,142	9,494,465
Investments in joint ventures	4,082	56,200
Investments in associates	689,672	716,214
Financial assets measured at amortised cost	490,051	626,083
Deferred tax assets	281,511	255,493
Loans receivable	292,500	248,625
Long-term deposits	16,262	15,802
Term deposits	351,000	200,000
Other long-term assets	766,478	506,025
	<hr/>	<hr/>
Total non-current assets	31,397,612	28,711,567
CURRENT ASSETS		
Inventories	4,180,883	5,125,690
Trade and notes receivables	188,263	283,320
Prepayments, other receivables and other assets	625,918	556,570
Financial assets at fair value through profit or loss	1,244,912	1,020,883
Pledged deposits	407,268	375,465
Loans receivable	1,979,537	1,775,653
Cash and cash equivalents	2,998,213	1,840,469
	<hr/>	<hr/>
Total current assets	11,624,994	10,978,050

		31 December 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and notes payables	<i>11</i>	389,243	508,179
Other payables and accruals		1,880,567	2,004,055
Derivative financial instruments		25,592	41,266
Interest-bearing bank and other borrowings		7,828,593	8,444,969
Corporate bonds		3,444,601	3,448,895
Tax payable		64,349	126,709
Provisions		4,836	7,887
Deposits from customers		1,885,571	1,729,782
Current portion of other long-term liabilities		249,741	205,990
		<hr/>	<hr/>
Total current liabilities		15,773,093	16,517,732
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(4,148,099)	(5,539,682)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,249,513	23,171,885
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,299,261	734,140
Corporate bonds		4,300,489	4,780,379
Lease liabilities		21,170	30,153
Deferred tax liabilities		310,685	331,020
Deferred income		137,805	195,093
Provisions		42,348	44,129
Other long-term liabilities		1,408,881	–
		<hr/>	<hr/>
Total non-current liabilities		7,520,639	6,114,914
		<hr/>	<hr/>
Net assets		19,728,874	17,056,971
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,270,393	3,270,393
Perpetual capital instruments		4,539,287	1,527,022
Reserves		8,492,662	8,755,409
		<hr/>	<hr/>
		16,302,342	13,552,824
		<hr/>	<hr/>
Non-controlling interests		3,426,532	3,504,147
		<hr/>	<hr/>
Total equity		19,728,874	17,056,971
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1.1 BASIS OF PREPARATION

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

As at 31 December 2021, the Group had net current liabilities of RMB4,148,099,000 (2020: RMB5,539,682,000). In view of these circumstances, 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 31 December 2021, 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, accordingly, these financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9,
HKAS 39 and HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)*

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the Loan Prime Rate of The People's Bank of China as at 31 December 2021. The amendments are not expected to have any significant impact on the Group's financial statements.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{2,4}</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

2. OPERATING SEGMENT INFORMATION

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

- (a) the gold operations segment consists of gold mining and smelting operations;
- (b) the copper operations segment consists of copper mining and smelting operations;
- (c) the “others” segment comprises, principally, the Group’s other investment activities, operation of a finance company, operation and catering services of a hotel, exploration services and engineering design and consulting services.

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/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group’s profit before tax from continuing operations except that interest income, non-lease-related finance costs, head office and corporate expenses are excluded from such measurement.

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

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

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

Year ended 31 December 2021

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	<u>5,915,232</u>	<u>401,070</u>	<u>543,144</u>	<u>6,859,446</u>
Segment results	1,154,524	(234,373)	(211,238)	708,913
<i>Reconciliation:</i>				
Interest income				180,637
Finance costs				<u>(607,867)</u>
Profit before tax				<u>281,683</u>
Segment assets	31,188,614	2,674,308	5,121,692	38,984,614
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>4,037,992</u>
Total assets				<u>43,022,606</u>
Segment liabilities	(3,201,007)	(564,004)	(2,345,093)	(6,110,104)
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>(17,183,628)</u>
Total liabilities				<u>(23,293,732)</u>
Other segment information				
Capital expenditure*	4,038,105	74,755	71,960	4,184,820
Investments in associates	684,035	–	5,637	689,672
Investments in joint ventures	–	–	4,082	4,082
Impairment losses recognised in the statement of profit or loss	127,858	138,677	55,639	322,174
Share of (losses)/profits of				
– Associates	(114)	–	139	25
– Joint ventures	–	–	73	73
Depreciation and amortisation	758,929	46,814	84,957	890,700
Fair value gain/(loss) on financial assets at fair value through profit or loss	<u>5,802</u>	<u>–</u>	<u>(208,966)</u>	<u>(203,164)</u>

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Year ended 31 December 2020

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	<u>7,017,194</u>	<u>425,533</u>	<u>205,860</u>	<u>7,648,587</u>
Segment results	1,727,687	11,404	79,117	1,818,208
<i>Reconciliation:</i>				
Interest income				218,657
Finance costs				<u>(699,444)</u>
Profit before tax				<u>1,337,421</u>
Segment assets	31,043,175	2,047,031	3,927,984	37,018,190
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,671,427</u>
Total assets				<u>39,689,617</u>
Segment liabilities	(2,659,621)	(212,662)	(2,020,960)	(4,893,243)
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>(17,739,403)</u>
Total liabilities				<u>(22,632,646)</u>
Other segment information				
Capital expenditure*	1,882,380	64,275	15,758	1,962,413
Investments in associates	710,172	–	6,042	716,214
Investments in joint ventures	–	–	56,200	56,200
Impairment losses recognised in the statement of profit or loss	899,201	79,309	(10,018)	968,492
Share of profits/(losses) of				
– Associates	18,671	–	247	18,918
– Joint ventures	–	(4,352)	8,031	3,679
Depreciation and amortisation	963,449	88,716	31,177	1,083,342
Fair value gain on financial assets at fair value through profit or loss	<u>21,563</u>	<u>–</u>	<u>299,715</u>	<u>321,278</u>

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Geographical information

As over 94% (2020: 92%) of the assets of the Group were located in Mainland China and almost all of the sales were made to customers in Mainland China, no further geographical information has been presented.

Information about a major customer

Revenue of approximately RMB4,576,794,000 (67% of the total sales) (2020: RMB5,879,944,000, 77% of the total sales) was derived from sales by the gold operations segment to a single customer. In addition, the top five customers accounted for 79% of the total sales (2020: 86% of the total sales).

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	7,089,915	7,929,253
Less:		
Government surcharges	<u>(230,469)</u>	<u>(280,666)</u>
	<u>6,859,446</u>	<u>7,648,587</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2021

	RMB'000
Types of goods or services	
Sale of gold	5,763,250
Sale of copper	367,255
Sale of silver	285,642
Sale of sulphur	95,011
Sale of other by-products	410,366
Rendering of processing services	65,780
Others	<u>102,611</u>
	7,089,915
Less:	
Government surcharges	<u>(230,469)</u>
Total revenue from contracts with customers	<u>6,859,446</u>
Timing of revenue recognition	
Revenue recognised at a point in time	7,017,104
Revenue recognised over time	<u>72,811</u>
Less:	
Government surcharges	<u>(230,469)</u>
Total revenue from contracts with customers	<u>6,859,446</u>

For the year ended 31 December 2020

RMB'000

Types of goods or services

Sale of gold	6,976,860
Sale of copper	393,396
Sale of silver	139,644
Sale of sulphur	27,879
Sale of other by-products	221,866
Rendering of processing services	69,662
Others	99,946

7,929,253

Less:

Government surcharges	(280,666)
-----------------------	-----------

Total revenue from contracts with customers 7,648,587

Timing of revenue recognition

Revenue recognised at a point in time	7,868,728
Revenue recognised over time	60,525

Less:

Government surcharges	(280,666)
-----------------------	-----------

Total revenue from contracts with customers 7,648,587

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments	Gold operations <i>RMB'000</i>	Copper operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	<u>5,915,232</u>	<u>401,070</u>	<u>543,144</u>	<u>6,859,446</u>

For the year ended 31 December 2020

Segments	Gold operations <i>RMB'000</i>	Copper operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	<u>7,017,194</u>	<u>425,533</u>	<u>205,860</u>	<u>7,648,587</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	105,418	166,852
Others	6,183	6,866
	111,601	173,718

There was no revenue recognised from performance obligations satisfied in previous periods.

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the products. Payment is generally due upon delivery of the products, and a proportional payment in advance is required in some cases.

Processing and other services

The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing services.

As at 31 December 2021, the remaining performance obligations (unsatisfied or partially unsatisfied) were expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income and gains		
Interest income	180,637	218,657
Government grants	77,230	73,947
Sales of auxiliary materials	89,111	95,066
Gain on settlement of financial instruments	176,024	297,208
Fair value gains on financial assets at fair value through profit or loss	–	24,070
Exchange gain, net	25,698	60,570
Gain on disposal of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	–	30,838
Others	9,278	6,403
	557,978	806,759

4. OTHER EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	29,814	–
Fair value loss on financial assets at fair value through profit or loss	203,164	–
Loss on settlement of commodity derivative contracts	14,045	9,765
Impairment of other intangible assets	84,771	77,002
Impairment of property, plant and equipment	9,074	104,494
Impairment of construction in progress	51,230	420,000
Impairment of goodwill	–	56,654
Impairment loss on investments in a joint venture	52,191	–
Impairment loss on investments in an associate	8,359	–
Impairment of right-of-use assets	2,658	–
Provision for inventories	34,056	559
Cost of auxiliary materials	66,463	76,969
Other business expense	69,644	87,933
Loss of litigation	100,000	–
Others	27,995	10,090
	<u>753,464</u>	<u>843,466</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank and other borrowings	116,643	109,094
Interest on corporate bonds	371,638	474,365
Interest on gold leasing business	170,044	111,230
Interest on short-term bonds	55,290	102,513
Interest on lease liabilities	1,901	2,730
	<u>715,516</u>	<u>799,932</u>
Sub-total	715,516	799,932
Less: Interest capitalised	(109,517)	(102,669)
Unwinding of discount on provisions and other long-term liabilities	1,868	2,181
	<u>607,867</u>	<u>699,444</u>

6. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	RMB'000
Cost of inventories sold and services provided	4,167,369	4,033,416
Staff costs (including Directors' remuneration):		
Wages and salaries	762,887	793,834
Defined contribution fund:		
– Retirement costs	134,158	96,742
– Other staff benefits	116,329	114,474
Total staff costs	1,013,374	1,005,050
Auditor's remuneration	3,780	3,680
Depreciation of right-of-use assets	36,796	37,168
Amortisation of other intangible assets	78,874	112,561
Depreciation of property, plant and equipment	755,982	928,386
Depreciation of investment properties	2,841	–
Loss/(gain) on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	29,814	(15,053)
Provision for impairment of receivables	39,476	27,363
Impairment loss on investments in a joint venture	52,191	–
Impairment loss on investments in an associate	8,359	–
Impairment loss on property, plant and equipment	9,074	104,494
Impairment loss on other intangible assets	84,771	77,002
Impairment loss on goodwill	–	56,654
Impairment loss on construction in progress	51,230	420,000
Impairment loss on right-of-use assets	2,658	–
Impairment loss on inventories	34,056	559
Impairment loss on loans receivable	40,359	282,420
Fair value loss/(gain), net:		
– Financial instruments at fair value through profit or loss	203,164	(24,070)
Loss on settlement of commodity derivative contracts	14,045	9,765
Foreign exchange differences, net	(25,698)	(60,570)
Gain on settlement of financial instruments	(176,024)	(297,208)
Gain on derecognition of financial assets at amortised cost	–	(2,110)
Loss on disposal of subsidiaries	–	1,055
Loss on disposal of an associate	270	–

7. 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% (2020: 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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 (2020: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Hong Kong		
– Charge for the year	–	8,353
Current – Mainland China		
– Charge for the year	136,520	216,837
Deferred	(45,870)	(122,567)
	<hr/>	<hr/>
Total tax charge for the year	90,650	102,623
	<hr/>	<hr/>

8. DIVIDEND

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Ordinary:		
Proposed final – Nil (2020: RMB0.05 per share)	–	163,520
	<hr/>	<hr/>

The board of directors did not recommend any final dividend to all shareholders for the year ended 31 December 2021 (2020: RMB0.05 per share (tax included)), which would be subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,270,393,000 (2020: 3,270,393,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings:		
Profit attributable to ordinary equity holders of the parent	33,697	1,052,163
	Number of shares	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,270,393	3,270,393
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	3,270,393	3,270,393
Basic earnings per share (<i>RMB</i>)	0.01	0.32
Diluted earnings per share (<i>RMB</i>)	0.01	0.32

10. TRADE AND NOTES RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	172,257	148,969
Notes receivable	29,719	146,950
Impairment	(13,713)	(12,599)
	188,263	283,320

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and notes receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and notes receivable balances. Trade and notes receivables are non-interest-bearing.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	141,255	116,011
1 to 2 years	9,445	6,448
2 to 3 years	3,290	11,427
Over 3 years	4,554	2,484
	<u>158,544</u>	<u>136,370</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	12,599	17,558
Impairment loss/(reversal)	1,184	(4,959)
Amount written off as uncollectible	(70)	–
At end of year	<u>13,713</u>	<u>12,599</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Within 1 year	Past due			Total
		1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.09%	20.24%	33.89%	59.22%	7.96%
Gross carrying amount (<i>RMB'000</i>)	144,270	11,843	4,976	11,168	172,257
Expected credit losses (<i>RMB'000</i>)	3,015	2,398	1,686	6,614	13,713

As at 31 December 2020

	Within 1 year	Past due			Total
		1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.55%	18.62%	34.14%	46.57%	8.46%
Gross carrying amount (<i>RMB'000</i>)	119,046	7,923	17,351	4,649	148,969
Expected credit losses (<i>RMB'000</i>)	3,035	1,475	5,924	2,165	12,599

Trade and notes receivables are non-interest-bearing. As 67% (2020: 77%) of the sales of the Group for the year ended 31 December 2021 were made through the Shanghai Gold Exchange (SGE) without specific credit terms, and the remaining 33% (2020: 23%) of the sales were generated from the transactions with related parties and third parties. There were no significant receivables that were overdue or impaired.

Trade and notes receivables due from related parties included in the trade and notes receivables of the Group are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts due from related parties:		
– Zhaojin Group	39	1,934
– Subsidiaries of Zhaojin Group	4,842	139,623
– Associates	1,417	1,290
	<u>6,298</u>	<u>142,847</u>

The amounts due from related parties are unsecured, interest-free and are expected to be settled within 180 days.

11. TRADE AND NOTES PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	327,704	395,526
Notes payable	61,539	112,653
	<u>389,243</u>	<u>508,179</u>

At 31 December 2021, the balance of trade and notes payables mainly represented the amount regarding the unsettled procurement of gold concentrates. The trade and notes payables are non-interest-bearing and the trade payables are normally settled on 60 days' terms.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within one year	349,286	467,576
Over one year but within two years	20,567	20,417
Over two years but within three years	5,816	7,971
Over three years	13,574	12,215
	389,243	508,179

Trade payables due to related parties included in the trade payables of the Group are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts due to related parties:		
– Subsidiaries of Zhaojin Group	113	95
– A joint venture	25	–
– Associates	5,172	11,381
	5,310	11,476

The amounts due to related parties are unsecured, interest-free and expected to be settled within 60 days, which represents credit terms similar to those offered from the related parties to their major suppliers.

12. EVENTS AFTER THE REPORTING PERIOD

On 28 February 2022, the Group redeemed the USD-denominated guaranteed notes with a par value of USD0.3 billion bearing interest at a rate of 5.50% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold output

For the Year, the Group's total output of gold amounted to 23,657.20 kg (approximately 760,596.10 ozs), representing a decrease of approximately 33.58% as compared to the previous year. Among which, 12,623.52 kg (approximately 405,855.35 ozs) of gold was mine-produced gold, representing a decrease of approximately 37.19% as compared to the previous year, and 11,033.68 kg (approximately 354,740.75 ozs) was smelted and processed gold, representing a decrease of approximately 28.90% as compared to the previous year. The decrease in gold output was mainly due to the decline in output of the Company's mines located in Zhaoyuan.

Copper output

For the Year, the Group's total output of copper amounted to 7,216 tons, representing a decrease of approximately 38.12% as compared to the previous year. The decrease was mainly due to local security inspection activities.

Revenue

For the Year, the Group's revenue was approximately RMB6,859,446,000 (2020: RMB7,648,587,000), representing a decrease of approximately 10.32% as compared to the previous year.

Net profit

For the Year, the Group's net profit was approximately RMB191,033,000 (2020: RMB1,234,798,000), representing a decrease of approximately 84.53% as compared to the previous year. The decrease in net profit was primarily due to the decline in output of mine-produced gold of the Group.

Earnings per share

For the Year, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.01 and RMB0.01, respectively (2020: RMB0.32 and RMB0.32, respectively), representing a decrease of approximately 96.80% and 96.80% respectively as compared to the previous year.

Distribution proposal

The Board has resolved not to recommend the payment of a final dividend for the Year to Shareholders.

Market Overview

The gold price dropped from a high of US\$1,950/oz at the beginning of the year while hit a low of US\$1,676/oz due to a sharp rise in US government bond yields in early 2021. With the popularization of vaccines and economic recovery, unresolved bottlenecks from the supply-side, and rising inflation expectations, as well as the US Federal Reserve's easing policies, the gold price surged to hit above US\$1,900/oz. As the Fed Interest Rate Decision in June mentioned that its balance sheet may shrink during the year, the gold price decreased with fluctuations. In the second half of the year, the gold price was under pressure with rising expectations for US Federal Reserve's raising interest rate and cut to quantitative easing at the November meeting. However, as the gold price continue to hover at high level due to rising inflation expectations, it entered into a wider range of fluctuation between US\$1,700/oz and US\$1,900/oz. For the Year, the international gold price opened at US\$1,903.71/oz and closed at US\$1,829.24/oz, once hitting the high of US\$1,959.33/oz and the low of US\$1,676.10/oz and recording an average of US\$1,798.61/oz for the entire year. The 9995 gold traded on the Shanghai Gold Exchange (the "SGE") opened at RMB396.30/g, once hit the high of RMB404.50/g and the low of RMB348.98/g, and then closed at RMB374.00/g, recording an average of RMB373.94/g for the whole year and a decrease of 3.18% on a year-on-year basis.

The data from the China Gold Association showed that as affected by the phased suspension of production in Shandong province and Henan province, two major gold production provinces, the gold output had further declined. China's gold output amounted to 328.98 tons in 2021, representing a decrease of 9.95% on a year-on-year basis.

Business Review

Affected by factors such as the production safety inspection and rectification in Shandong province and the clean-up and rectification of non-coal mines in Yantai city, the Company faced great difficulties and challenges in production and operation. Over the past year, the Company has sought opportunities and breakthroughs amid challenges, opened up new situations in front of difficulties, maintained integrity and innovation, witnessed transformation and development. The Dayinggezhuang Gold Mine and Xiadian Gold Mine of the Company located in Zhaoyuan first resumed production at the end of March 2021. The Company's enterprises located in Zhaoyuan fully resumed the permit stated mining capacity at the end of the third quarter, indicating the production situation has gradually improved.

COMBATING THE PANDEMIC, ENSURING SAFETY AND STABILIZING THE OVERALL SITUATION TO PUT OUR PRODUCTION AND OPERATION ON TRACK

In 2021, in responding to the broad-based safety investigation and rectification and the most stringent clean-up and rectification of non-coal mines in history, the Company implemented a series of strategies such as construction team filing, management and control of blasting and other relevant works involving fires, and self-built industrial team, to earnestly resolve adverse situations and put our production and operation on track. The Company accumulated 23,657.20 kg of total gold output (approximately 760,596.10 ozs), of which 12,623.52 kg (approximately 405,855.35 ozs) were mine-produced gold.

FOCUSING ON KEY POINTS, SOLVING DIFFICULT PROBLEMS AND CREATING HIGHLIGHTS TO ACTIVELY DEVELOP AND SEEK BREAKTHROUGHS

In 2021, the Company continued to emphasize on “double focus” and solved major difficult problems. Both concentrating on the exploration by key enterprises and prospecting ore in resource exhausted mines have made new achievements, resulting in an additional output of 52.55 tons of gold metal and an additional output of 1,257 tons of copper metal in total. Ruihai Mining successfully obtained the mining license, completed the environmental impact assessment approval. The design of safety facilities has also passed the review recently. Breakthroughs were achieved in scientific research, and the research on key processes for reducing tailings at the source of key tailings resources broke through technical bottlenecks, fundamentally solved the issues of sustainable development for mines. The Company had 42 technical innovation projects, 87 patent applications and 125 licensed patents throughout the Year. Overseas mergers and acquisitions achieved major breakthroughs as the Company became the major shareholder of Australia’s Tietto Minerals through investment. The “Double H” internationalization strategy became clearer.

STRENGTHENING MANAGEMENT, IMPROVING QUALITY AND INCREASING EFFICIENCY TO UPGRADE MANAGEMENT LEVEL

The year 2021 being a “safety rectification year”, the Company further improved the production safety responsibility system, adjusted the configuration of 9 heads of safety, completed 260 safety production lists, and promoted the application of 126 four new technologies such as magnetic levitation blowers and carbon-based capacitor batteries. Information platforms such as big data and safety intelligent centralized control are put into operation. The Company won 14 provincial-level or above scientific and technological progress awards, 5 management innovation awards, participated and developed 13 standards, and successively awarded 16 honors in all kinds such as the first batch of pilot enterprises of the “Chief Data Engineer System in Shandong Province”.

HEEDING PEOPLE’S WISHES, SOLVING THEIR PROBLEMS AND OFFERING WARM SUPPORT TO ENHANCE EMPLOYEES’ SENSE OF HAPPINESS

In 2021, the Company adhered to the people-oriented philosophy, advanced pro-people projects such as caring measures for families of offsite workers, work opportunities for children of senior employees and the Golden Autumn Scholarship, enhanced the community relations and the relations between the management and citizens. The Company also demonstrated its commitments and missions as a state-owned enterprise through practical actions with targeted poverty alleviation that supported 110 poor families, donated over RMB6 million to combat the pandemic and other difficulties, disbursed mutual aid funds of RMB0.6 million for employees, and successively awarded the honor of “Harmonized Labour Relations Enterprise in Shandong Province”.

IMPACT OF THE COVID-19 PANDEMIC ON THE OPERATION OF THE GROUP

The global pandemic of the COVID-19 pandemic still spreads in 2021. The Company has strengthened the control of the source of the pandemic through normalized, full-staff, and online pandemic prevention and control, monitored from multi-aspects to warn in advance and conducted pandemic prevention and control in key areas, to ensure a continuously stable pandemic prevention situation. As a result of the pandemic, the on-site due diligence and business negotiation of the Company’s overseas mergers and acquisitions projects have been affected to a certain extent. However, benefiting to the Company’s good-performing pandemic prevention and control measures, the financial position and operation of the Group have not been materially affected by the pandemic.

Financial Analysis

Revenue

For the Year, the Group’s revenue was approximately RMB6,859,446,000 (2020: RMB7,648,587,000), representing a decrease of approximately 10.32% (2020: an increase of approximately 20.83%) as compared to the previous year. The decrease was mainly due to the decrease in volumes of sales of gold by the Group during the Year.

Cost of sales

For the Year, the Group’s cost of sales was approximately RMB4,167,369,000 (2020: RMB4,033,416,000), representing an increase of approximately 3.32% (2020: a decrease of approximately 0.16%) as compared to the previous year. The increase was mainly due to the increase in unit cost of sales in 2021.

Gross profit and gross profit margin

During the Year, the Group’s gross profit and gross profit margin were approximately RMB2,692,077,000 (2020: RMB3,615,171,000) and approximately 39.25% (2020: 47.27%), respectively, representing a decrease in gross profit of approximately 25.53% (2020: an increase of approximately 57.87%) and a decrease in gross profit margin of approximately 16.97% (2020: an increase of approximately 30.65%), respectively, as compared to the previous year. The decrease in gross profit was primarily due to the decrease in sales of gold whilst there was an increase in unit cost of sales of the Group during the Year.

Other income and gains

During the Year, the Group's other income and gains were approximately RMB557,978,000 (2020: RMB806,759,000), representing a decrease of approximately 30.84% (2020: an increase of approximately 62.15%) as compared to the previous year. The decrease in other income and gains was mainly due to the decrease in the gain on settlement of financial instruments of the Group as compared to the previous year.

Selling and distribution expenses

For the Year, the Group's selling and distribution expenses were approximately RMB31,460,000 (2020: RMB45,026,000), representing a decrease of approximately 30.13% (2020: a decrease of approximately 19.28%) as compared to the previous year. The decrease was mainly due to the decrease in transportation costs of the Group during the Year.

Administrative and other expenses

The Group's administrative and other operating expenses were approximately RMB2,329,143,000 during the Year (2020: RMB2,362,636,000), representing a decrease of approximately 1.42% (2020: an increase of approximately 65.68%) as compared to 2020, and basically remaining stable when compared to last year.

Finance costs

For the Year, the Group's finance costs were approximately RMB607,867,000 (2020: RMB699,444,000), representing a decrease of approximately 13.09% (2020: an increase of approximately 5.63%) as compared to 2020. The decrease was mainly due to the decline in financing interest rate and the scale of debt financing of the Group during the Year.

Income tax expenses

For the Year, the Group's income tax expenses decreased by approximately RMB11,973,000 as compared to the previous year. The decrease was primarily due to the increase in the proportion of profit before tax from the companies that applied the 15% tax rate. During the Year, corporate income tax within the territory of the PRC has been provided at a rate of 25% (2020: 25%) on the taxable income (except for the high and new technology enterprises and western-region-development subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 32.20% during the Year (2020: 7.70%).

Profit attributable to owners of the parent

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB33,697,000, representing a decrease of approximately 96.80% (2020: an increase of approximately 119.53%) from approximately RMB1,052,163,000 in 2020.

Liquidity and capital resources

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

Cash flows and working capital

The Group's cash and cash equivalents have increased from approximately RMB1,840,469,000 as at 31 December 2020 to approximately RMB2,998,213,000 as at 31 December 2021. The increase was mainly because the cash inflow from operating and financing activities of the Group was more than the cash outflow of investing activities and financing activities of the Group.

As at 31 December 2021, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB214,871,000 (2020: RMB207,133,000), those denominated in US dollars amounted to approximately RMB105,458,000 (2020: RMB488,859,000), those denominated in Australian dollars amounted to approximately RMB16,759,000 (2020: RMB3,101,000), those denominated in Kazakhstani Tenge amounted to approximately RMB3,000 (2020: RMB3,000). Those denominated in Great Britain Pound amounted to approximately RMB1,413,000 (2020: RMB Nil). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2021, the Group had outstanding bank loans, other borrowings and gold from gold leasing business (namely, the funds that were raised by the Group through leasing gold from bank and subsequently sold through SGE) of approximately RMB9,127,854,000 (2020: RMB9,179,109,000), of which approximately RMB7,828,593,000 (2020: RMB8,444,969,000) shall be repaid within one year, and approximately RMB1,299,261,000 (2020: RMB734,140,000) shall be repaid within two to five years. As at 31 December 2021, the Group had outstanding corporate bonds of approximately RMB3,444,601,000, which shall be repaid in one year (2020: RMB3,448,895,000) and approximately RMB4,300,489,000 (2020: RMB4,780,379,000), which shall be repaid within two to five years.

As at 31 December 2021, bank loans are denominated in RMB. As at 31 December 2021, approximately 67.21% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

Gearing ratio

The Group monitors capital by gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds and financial liabilities arising from the gold leasing business less cash and cash equivalents. As at 31 December 2021, the gearing ratio of the Group was 41.29% (31 December 2020: 47.72%). As the Group's financing needs had decreased during the Year, the gearing ratio had therefore decreased.

Market risks

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

Gold prices and other commodities prices risks

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

During the Year, the Group has, under certain circumstances, entered into AU (T+D) contracts, which are substantially forward commodity contracts, on SGE to hedge potential price fluctuations of gold. Under the framework of these contracts, the Group can buy or sell gold forwards at day price with a margin payment of 10% of the total trading value, and it can close the deal by either physical delivery or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the Year, the Group has not entered into any long-term AU (T+D) contract framework.

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

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

Interest rate risk

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

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

Foreign exchange risk

Most of the Group's transactions were carried out in RMB. The fluctuation in the RMB/US dollars exchange rate may affect international and local gold prices, which may therefore affect the Group's operating results. Fluctuations in the exchange rate may have an adverse effect on net assets of, the earnings of and any dividend declared by the Group in Hong Kong dollars. In addition, in order to reduce the exchange risk, the Group has engaged in exchange rate lock-in activities to preserve the value of the US dollars exchanged during the Year.

Risk of change in industry policies

An array of laws, regulations and rules on the gold mining and refining industry in China constitutes the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

Pledge

As at 31 December 2021, except RMB560,000,000 of discounted bills that were used for repurchase rediscount and RMB490,000,000 of government bonds that were used to secure other borrowings, the Group has not pledged any assets.

Fulfilment of Post-completion Guarantee for the operating results of Zhaojin Geology Exploration

References are made to the announcements of the Company dated 27 September 2019, 14 November 2019 and 2 January 2020, and the circular of the Company dated 30 October 2019.

On 27 September 2019, the Company and Shandong Zhaojin Group Company Limited* (山東招金集團有限公司) (“Shandong Zhaojin”) entered into the transfer agreement, pursuant to which the Company conditionally agreed to acquire, and Shandong Zhaojin conditionally agreed to sell, amongst others, the 100% equity interest in Shandong Zhaojin Geology Exploration Company Limited* (山東招金地質勘查有限公司) (“Zhaojin Geology Exploration”). The aggregate consideration under the transfer agreement was satisfied in full by the allotment and issuance of 49,697,009 new domestic shares of the Company to Shandong Zhaojin at the issue price of RMB8.09 per share.

The Company completed the share registration procedures with China Securities Depository and Clearing Corporation Limited in connection with the non-public issuance of the new domestic shares under specific mandate to Shandong Zhaojin on 27 December 2019 (the “Share Registration Completion Date”).

Pursuant to the transfer agreement, Shandong Zhaojin has also granted a guarantee letter dated 27 September 2019 to the Company in respect of the operating results of Zhaojin Geology Exploration, pursuant to which Shandong Zhaojin guaranteed that Zhaojin Geology Exploration shall narrow the loss by 50%, achieve breakeven and record a profit of RMB3 million (excluding the revenue from disposal of the mining right in Madagascar at a price lower than the cost) within 12 months, 24 months and 36 months, respectively, from the Share Registration Completion Date. If Zhaojin Geology Exploration fails to meet the above targets within 36 months from the Share Registration Completion Date, Shandong Zhaojin shall make up the difference in the relevant operating results of Zhaojin Geology Exploration to the Company (the “Post-completion Guarantee”).

In respect of the Post-completion Guarantee for the operating results of Zhaojin Geology Exploration within 24 months from the Share Registration Completion Date, the Board confirmed that based on the audited consolidated financial statements of Zhaojin Geology Exploration for the year ended 31 December 2021, Zhaojin Geology Exploration recorded a net profit (after tax) of RMB1,092,364.01, representing a decrease of approximately 12.59% as compared with its net profit (after tax) of RMB1,249,765.92 for the year ended 31 December 2020.

Therefore, the Post-completion Guarantee for the operating results of Zhaojin Geology Exploration within 24 months from the Share Registration Completion Date has been met.

Business Outlook

Being a “risk aversion” asset, gold will shine a unique light under the support of high inflation and risk aversion in 2022. As a “pure gold” producer, the Company will unswervingly focus on the development of quality and efficiency, take reform and innovation as the driving force, draw safety management as the main line, and adhere to its main responsibility and business. The Company will further “extend products range, optimize the existing products and activate the decreased products” to achieve stable growth, and promote a high-quality comprehensive development for the Company by fostering reform, improving deficiencies, strengthening management, enhancing living standards, preventing risks and maintaining stability.

PRODUCING STRONG RESULTS AND CONCENTRATING ON PROJECT CONSTRUCTION TO PROMOTE COMPREHENSIVE AND QUALITY DEVELOPMENT

In 2022, the Company will strive for its full-year targets, strengthen the organization and scheduling of production plans, orderly promote the technological transformation of infrastructure and scientific projects, improve the entry grade and recovery rate of processing and smelting, explore new space for production increase, thus achieve production resumption, production stabilization and the increase of production. The Company plans to realize an annual aggregate gold production of 27,978.34 kg (approximately 899,500 ozs). Among which, 14,722.53 kg (approximately 473,300 ozs) of gold is mine-produced gold. Leveraging on the implementation of key projects such as Ruihai Mining and Caogoutou Project, the Company further accelerates the expansion of production capacity of Xiadian Gold Mine and Dayingezhuang Gold Mine. The Company plans to invest RMB933 million in the infrastructure and technical transformation.

FOCUSING ON TECHNOLOGICAL INNOVATION AND INTEGRATING OF FOUR MODERNIZATIONS TO PROMOTING DIGITAL TRANSFORMATION

In 2022, the Company will pursue development through innovation. The Company plans to invest RMB40 million in technology innovation for the whole year to conduct 35 technology innovation projects. The Company vigorously promote the research on projects such as the recovery rate of processing and smelting in Zaozigou and the process optimization of two-stage roasting-cyanidation and chlorination of cyanide tailings volatilization gold extraction system in Gansu Zhaojin Precious Metal Smelting. The Company will deepen the concept of “safety production, high efficiency production, cost reduction and lean production”. The Company plans 51 construction projects applying the “four new technologies” with a total investment of RMB75 million throughout the year, actively promotes the Company’s digital transformation and upgrade as well as high-quality development.

FOCUSING ON RESOURCE DEVELOPMENT AND ASSET OPTIMIZATION TO FURTHER CONSOLIDATE RESOURCES

In 2022, the Company will rely on the strategic goal, continue to choose the best and focus on the promotion. In accordance with the provincial and municipal requirements of “upgrading a batch, integrating a batch, and closing a batch”, the Company mainly integrates the peripheral resources of existing enterprises while increase the intensity of the mergers and acquisitions of domestic key projects. At the same time, the Company will leverage on the professional advantages of Zhaojin Geology Exploration to achieve new breakthroughs with respect to prospecting. The Company plans to invest RMB124 million in geological prospecting throughout the year, resulting in an additional output of 26 tons of gold resource reserves and additional output of 1,000 tons of copper metal in order to consolidate resources.

UPHOLDING THE BOTTOM LINES AND RED LINES AND FOCUSING ON MANAGEMENT IMPROVEMENT TO BUILD AN INTRINSICALLY SAFETY MINING COMPANY

In 2022, the Company will firmly uphold the bottom lines and red lines of stable development, take risk management as the main line, implement various safety control measures, build four teams of comprehensive safety supervision, safety director, safety emergency rescue and safety lecturer, and deepen the construction of safety culture. By further consolidating and improving the level of safety production and management, the Company targets to build a “mechanized, automated, digital and intelligent” intrinsically safety mining company to stabilize the safety production situation.

EQUITY-LINKED AGREEMENT – EMPLOYEE SHARES SUBSCRIPTION PLAN (“ESSP”)

On 29 December 2015, the Board passed resolutions to implement ESSP by way of private placement of domestic shares to certain directors and employees of the Company and its subsidiaries under the name of an asset management plan (“Asset Management Plan”).

On the same date, in view of the proposed ESSP, the Company entered into a conditional share subscription agreement with Minmetals Securities Co., Ltd. (on behalf of the Asset Management Plan and its agent).

On 26 May 2016, the Company obtained the approval from State-owned Assets Supervision and Administration Commission of Shandong Province on implementing the ESSP by way of private placement.

On 19 September 2016, this ESSP was approved at the general meeting of the Company.

On 25 October 2016, funding for this ESSP was in place and the operation of the related Asset Management Plan started officially on the same date.

On 31 March 2017, the Company has completed the share registration procedures with China Securities Depository and Clearing Corporation Limited in connection with the issuance of the new domestic shares under specific mandate for the Asset Management Plan.

Relevant details were set out in the announcements and circular of the Company dated 29 December 2015, 29 July 2016 and 31 March 2017 published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

CONNECTED TRANSACTIONS

For details of connected transactions for the year 2021 of the Company, please refer to the annual report for the year ended 31 December 2021 to be published by the Company, and the announcements of the Company dated 24 March 2021 and 22 October 2021. Relevant announcements were published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

SIGNIFICANT EVENTS

1. On 7 June 2021, the following proposals, among other things, were reviewed and passed at the 2020 annual general meeting of the Company (the “2020 AGM”):
 - (1) the Company’s profit distribution proposal for the year ended 31 December 2020 to distribute a cash dividend of RMB0.05 (tax included) per share to all Shareholders. On 30 June 2021, the Company distributed the cash dividend of RMB0.05 (tax included) per share for 2020 to all Shareholders;
 - (2) authorizing the Board to allot, issue or deal with the H shares and domestic shares of up to a maximum of 20% of the total number of each of the issued H shares and existing domestic shares of the Company as at the date of passing such resolution; and

- (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of the issued H shares of the Company as at the date of passing such resolution.

The above proposals were approved at the 2020 AGM.

Relevant details of the 2020 AGM were set out in the circular and notice both dated 23 April 2021 and the voting results announcement dated 7 June 2021 published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 7 June 2021, the following proposals, among other things, were reviewed at the domestic shares class meeting and the H shares class meeting (collectively, the “Class Meetings”) respectively:

- (1) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of the issued H shares of the Company as at the date of passing such resolution.

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

Relevant details of the Class Meetings were set out in the circular and notice both dated 23 April 2021 and the voting results announcement dated 7 June 2021 published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. On 29 January 2021, the following proposals, among other things, were reviewed at the 2021 first extraordinary general meeting of the Company (the “2021 EGM”):

- (1) to consider and approve the provision of deposit and bills discounting services and the relevant proposed annual caps under the 2020 Group Financial Services Agreement entered into between the Company and Finance Company on 31 December 2020;
- (2) to consider and approve the provision of deposit, loan and bills discounting services and the relevant proposed annual caps under the 2020 Parent Group Financial Services Agreement entered into between Shandong Zhaojin and Finance Company on 31 December 2020; and
- (3) the proposed amendment to the Article 1.2 of the articles of association of the Company.

The above proposals were approved at the 2021 EGM.

Relevant details of the 2021 EGM were set out in the announcements dated 31 December 2020 and 18 January 2021, the circular and the notice both dated 31 December 2020, and the voting results announcement dated 29 January 2021 published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. Redemption of Medium-term Notes and Corporate Bonds

On 22 October 2021, the Company redeemed the first tranche of medium-term notes for the year of 2018 with a par value of RMB500 million at an interest rate of 4.27% per annum.

Relevant details were set out in the announcement of the Company dated 15 October 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 22 November 2021, the Company redeemed the second tranche of medium-term notes for the year of 2018 with a par value of RMB500 million at an interest rate of 4.03% per annum.

Relevant details were set out in the announcement of the Company dated 16 November 2021 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 March 2021, the Company redeemed the first tranche of corporate bonds for the year of 2018 with a par value of RMB1.75 billion at an interest rate of 5.45% per annum.

Relevant details were set out in the announcement of the Company dated 8 March 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 27 August 2021, the Company redeemed the third tranche of corporate bonds for the year of 2018 with a par value of RMB700 million at an interest rate of 4.47% per annum.

Relevant details were set out in the announcement of the Company dated 20 August 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Changes in Senior Management

The Company held the 21st meeting of the sixth session of the Board on 10 September 2021. Mr. Zou Qingli resigned from his position as the chief financial officer of the Company due to the re-allocation of his work arrangement. The Board agreed the resignation of Mr. Zou Qingli from the position of chief financial officer of the Company with effect from 10 September 2021. Mr. Zou Qingli has no disagreement with the Board. In the meantime, as assessed and recommended by Shareholders and nominated by the President, the Board agreed to appoint Mr. Huang Houlin as the chief financial officer of the Company, for a term commencing from 10 September 2021 to the expiration of the term of the current session of the Board.

6. Issuance of Super Short-term Bonds

On 12 April 2021, the Company issued the first tranche of super short-term bonds for the year of 2021 with a par value of RMB1 billion for a term of 180 days and bearing interest rate of 2.7% 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 9 April 2021 and 15 April 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 2 August 2021, the Company issued the second tranche of super short-term bonds for the year of 2021 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 2.55% 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 30 July 2021 and 3 August 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. Issuance of Corporate Bonds

On 23 August 2021, the Company issued the first tranche of public issuance of renewable corporate bonds for the year of 2021 with a par value of RMB1 billion. The term of the renewable corporate bonds shall be three interest accruing years. At the end of each term, the issuer is entitled to renew the renewable corporate bonds for an additional term, or repay and redeem the renewable corporate bonds in full as they fall due at the end of the term. The interest rate for this tranche of renewable corporate bonds was 3.85%.

Relevant details were set out in the announcements of the Company dated 19 August 2021 and 25 August 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

8. Issuance of Medium-term Notes

On 7 June 2021, the Company issued the first tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.60% 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 3 June 2021 and 10 June 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 16 June 2021, the Company issued the second tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.60% 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 11 June 2021 and 21 June 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 26 July 2021, the Company issued the third tranche of medium-term notes for the year of 2021 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.45% 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 22 July 2021 and 29 July 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

9. Entering into the Framework Agreement for Sales of Silver

On 24 March 2021, the Company entered into the Framework Agreement for Sales of Silver with Shandong Zhaojin Gold and Silver Refinery Company Limited* (山東招金金銀精煉有限公司) (“Zhaojin Refinery”), pursuant to which the Group agreed to sell silver to Zhaojin Refinery and its subsidiaries for a term of three years commencing from 1 January 2021 to 31 December 2023. According to the Framework Agreement for Sales of Silver, the Company expects the annual caps for the sales of silver for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB200 million, RMB210 million and RMB230 million, respectively.

Shandong Zhaojin is the controlling Shareholder and a substantial Shareholder of the Company. Zhaojin Refinery is a subsidiary of Shandong Zhaojin and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement for Sales of Silver constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Framework Agreement for Sales of Silver is more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement for Sales of Silver is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 24 March 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

10. Entering into the Framework Agreement for Sales of Sulphur Concentrate

On 22 October 2021, Zhaoyuan Zhaojin Jinhe Technology Co., Ltd* (招遠市招金金合科技有限公司) (“Zhaojin Jinhe”) entered into the Framework Agreement for Sales of Sulphur Concentrate with Shandong Guoda Gold Co., Ltd.* (山東國大黃金股份有限公司) (“Guoda Gold”), pursuant to which Zhaojin Jinhe agreed to sell sulphur concentrate to Guoda Gold and its subsidiaries for a term of three years commencing from 1 January 2021 to 31 December 2023. According to the Framework Agreement for Sales of Sulphur Concentrate, Zhaojin Jinhe expects the annual caps for the sales of sulphur concentrate for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB20 million, RMB23 million and RMB25 million, respectively.

Zhaojin Jinhe is a wholly-owned subsidiary of the Company, Shandong Zhaojin is the controlling Shareholder and a substantial Shareholder of the Company. Guoda Gold is a subsidiary of Shandong Zhaojin and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement for Sales of Sulphur Concentrate constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Framework Agreement for Sales of Sulphur Concentrate is more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement for Sales of Sulphur Concentrate is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 22 October 2021 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

DETAILS OF SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

1. Changes in Composition of the Board

The Company held the 23rd meeting of the sixth session of the Board on 6 January 2022, at which the Board agreed Mr. Zhang Banglong resigned from the position of the vice chairman, a non-executive Director and a member of Strategic Committee of the Company, Mr. Dong Xin resigned from the position of an executive Director, the chairman of Safety and Environment Protection Committee, president and authorized representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (“Authorized Representative”) and Mr. Liu Yongsheng resigned from the position of a non-executive Director, a member of Strategic Committee and Geological and Resources Management Committee due to re-allocation of their work arrangement. Their resignations are all with effect from 6 January 2022. Mr. Zhang Banglong, Mr. Dong Xin and Mr. Liu Yongsheng confirmed that they had no disagreement with the Board and there was no matter relating to their resignation that needs to be brought to the attention of the Shareholders. In accordance with the article of association of the Company, the Board appointed Mr. Ding Jun as the vice chairman of the sixth session of the Board of the Company, a non-executive Director and a member of Strategic Committee of the Company, Mr. Jiang Guipeng as an executive Director, the chairman of the Safety and Environment Protection Committee, the president and the Authorized Representative of the Company and Mr. Li Guanghui as a non-executive Director, a member of Strategic Committee and Geological and Resources Management Committee of the Company. Their appointments are all with effect from 6 January 2022.

The details of changes in the composition of the Board were set out in the announcement of the Company dated 6 January 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the 2022 first extraordinary general meeting on 26 February 2022, at which the Shareholders re-elected Mr. Weng Zhanbin, Mr. Jiang Guipeng and Mr. Wang Ligang as executive Directors of the Company; Mr. Ding Jun, Mr. Li Guanghui, Mr. Gao Min and Mr. Huang Zhen as non-executive Directors of the Company; Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors of the Company.

The details of changes in the composition of the Board were set out in the circular and notice both dated 10 February 2022 and the voting results announcement dated 26 February 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. Change in Composition of the Supervisory Committee of the Company (the “Supervisory Committee”)

The Company held the 2022 first extraordinary general meeting on 26 February 2022, at which the Shareholders re-elected Mr. Wang Xiaojie and Mr. Zou Chao as Shareholders’ representative supervisors of the Company.

The details of changes in the composition of the Supervisory Committee were set out in the circular and notice both dated 10 February 2022 and the voting results announcement dated 26 February 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Changes in Senior Management

The Company held the 23rd meeting of the sixth session of the Board on 6 January 2022. Mr. Dong Xin resigned from his position as the president of the Company and Mr. Tang Zhanxin resigned from his position as the vice president of the Company due to the re-allocation of their work arrangement. The Board agreed the resignation of Mr. Dong Xin and Mr. Tang Zhanxin with effect from 6 January 2022. Mr. Dong Xin and Mr. Tang Zhanxin has no disagreement with the Board. In the meantime, as nominated by the chairman, the Board agreed to appoint Mr. Jiang Guipeng as the president of the Company, and as nominated by the president, the Board agreed to appoint Mr. Tang Lei as the vice president of the Company for a term commencing from 6 January 2022 to the end of the term for the sixth session of the Board.

The Company held the first meeting of the seventh session of the Board on 26 February 2022, at which, as nominated by the chairman, the Board has appointed Mr. Jiang Guipeng as the Company’s president, and as nominated by the president, the Board has appointed Mr. Wang Ligang, Ms. Wang Wanhong, Mr. Wang Chunguang and Mr. Tang Lei as the Company’s vice presidents, Mr. Huang Houlin as the Company’s chief financial officer for a term commencing from 26 February 2022 to the end of the term for the current session of the Board.

4. Issuance of Super Short-term Bonds

On 27 January 2022, the Company issued the first tranche of super short-term bonds for the year of 2022 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 2.3% 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 26 January 2022 and 31 January 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 11 March 2022, the Company issued the second tranche of super short-term bonds for the year of 2022 with a par value of RMB1 billion for a term of 270 days and bearing interest rate of 2.17% 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 10 March 2022 and 14 March 2022 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 March 2022, the Company issued the third tranche of super short-term bonds for the year of 2022 with a par value of RMB1 billion for a term of 269 days and bearing interest rate of 2.17% 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 March 2022 and 16 March 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Issuance of Corporate Bonds

On 24 January 2022, the Company issued the first tranche of public issuance of corporate bonds to professional investors for the year of 2022 with a par value of RMB1 billion for a term of 5 years and bearing interest rate of 3.03% 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 19 January 2022 and 25 January 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. Entering into the Water Treatment Engineering Services Agreement and the Exploration, Environmental Governance and Related Technical Services Framework Agreement

On 6 January 2022, the Company and Shandong Zhaojin Motian Co., Ltd.* (山東招金膜天有限責任公司) (“Zhaojin Motian”) entered into the Water Treatment Engineering Services Agreement in relation to the provision of membrane assembly parts and equipment, water treatment engineering services and steel structure engineering services by Zhaojin Motian and its subsidiaries to the Company from 1 January 2022 to 31 December 2024. According to the Water Treatment Engineering Services Agreement, the Company expects that the annual caps of the transactions contemplated under the Water Treatment Engineering Services Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are RMB32 million, RMB40 million and RMB50 million, respectively.

On 6 January 2022, the Company entered into the Exploration, Environmental Governance and Related Technical Services Framework Agreement with the Third Institute of Geological and Mineral Exploration of Gansu Provincial Bureau of Geology and Mineral Resources* (甘肅省地質礦產勘查開發局第三地質礦產勘查院) (“No. 3 Exploration Institute”) in relation to the provision of exploration, environmental governance and related technical services by No. 3 Exploration Institute and its subsidiaries to the Group during the period from 1 January 2022 to 31 December 2024. According to the Exploration, Environmental Governance and Related Technical Services Framework Agreement, the Company expects that the annual caps for the transactions contemplated under the Exploration, Environmental Governance and Related Technical Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are RMB29 million, RMB23 million and RMB22 million, respectively.

Shandong Zhaojin is the substantial Shareholder and controlling Shareholder of the Company. Zhaojin Motian is a subsidiary of Shandong Zhaojin. Therefore, Zhaojin Motian is a connected person of the Company according to the Rule 14A.13 of the Listing Rules. In addition, No. 3 Exploration Institute holds 30%, 34% and 30% of the shares in Gansu Province Zaozigou Gold Mine Company Limited* (甘肅省早子溝金礦有限責任公司), Gansu Xinrui Mining Company Limited* (甘肅鑫瑞礦業有限公司) and Gansu Zhaojin Precious Metal Smelting Company Limited* (甘肅招金貴金屬冶煉有限公司), which are subsidiaries of the Company, respectively. Therefore, No. 3 Exploration Institute is a connected person of the Company according to the Rule 14A.07 of the Listing Rules. Accordingly, each of the Water Treatment Engineering Services Agreement and the Exploration, Environmental Governance and Related Technical Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of each of the Water Treatment Engineering Services Agreement and the Exploration, Environmental Governance and Related Technical Services Framework Agreement is higher than 0.1% but less than 5%, the Water Treatment Engineering Services Agreement, the Exploration, Environmental Governance and Related Technical Services Framework Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 6 January 2022 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

PRE-EMPTIVE RIGHTS

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (collectively, the "Code") during the year ended 31 December 2021. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code by the Company at any time during the Year.

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

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

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

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

AUDIT COMMITTEE

The Audit Committee of the seventh session of the Board of the Company comprises one non-executive Director and two independent non-executive Directors, namely Mr. Huang Zhen, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. The chairman of the Audit Committee is Ms. Chen Jinrong.

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

The Audit Committee has also reviewed the annual results for the Year.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it had received the annual confirmation of independence from each of the independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules on 21 March 2022. The Company is of the view that the independent non-executive Directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the Shareholders who are entitled to attend the annual general meeting of the Company (the “2021 AGM”), the register of members will be closed from 30 May 2022 to 6 June 2022, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2021 AGM, Shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the business address of the Company at 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic shares) for registration at or before 4:30 p.m. on Friday, 27 May 2022.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2021 AGM will be held on Monday, 6 June 2022. The notice of 2021 AGM will be dispatched to the Shareholders as soon as possible. The Group's annual report for the Year will be dispatched to the Shareholders in due course.

Notes:

1. This annual results announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.zhaojin.com.cn).
2. As at the date of this announcement, the members of the Board include: executive Directors: Mr. Weng Zhanbin, Mr. Jiang Guipeng and Mr. Wang Ligang; non-executive Directors: Mr. Ding Jun, Mr. Li Guanghui, Mr. Gao Min and Mr. Huang Zhen; independent non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.

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

Zhaoyuan, the PRC, 21 March 2022

* *For identification purpose only*