



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)



2022
INTERIM REPORT

*For identification purposes only

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CORPORATE INFORMATION

NAME OF THE COMPANY

招金礦業股份有限公司

ENGLISH NAME OF THE COMPANY

Zhaojin Mining Industry Company Limited*

LEGAL REPRESENTATIVE

Mr. Weng Zhanbin

EXECUTIVE DIRECTORS

Mr. Weng Zhanbin (*Chairman*)

Mr. Jiang Guipeng (*President*)

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

NON-EXECUTIVE DIRECTORS

Mr. Ding Jun (*Vice Chairman*)

Mr. Li Guanghui

Mr. Gao Min

Mr. Huang Zhen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jinrong

Mr. Choy Sze Chung Jojo

Mr. Wei Junhao

Mr. Shen Shifu

SUPERVISORY COMMITTEE MEMBERS

Mr. Wang Xiaojie (*Chairman of the Supervisory Committee*)

Mr. Zou Chao

Ms. Zhao Hua

SECRETARY TO THE BOARD

Mr. Wang Ligang

COMPANY SECRETARY

Ms. Ng Ka Man

AUTHORIZED REPRESENTATIVES

Mr. Weng Zhanbin (*Chairman*)

Mr. Jiang Guipeng (*President*)

BOARD COMMITTEES

AUDIT COMMITTEE MEMBERS

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

Mr. Choy Sze Chung Jojo

Mr. Huang Zhen

STRATEGIC COMMITTEE MEMBERS

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

Mr. Ding Jun

Mr. Li Guanghui

NOMINATION AND REMUNERATION COMMITTEE MEMBERS

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

Mr. Wang Ligang

Mr. Gao Min

Ms. Chen Jinrong

Mr. Wei Junhao

GEOLOGICAL AND RESOURCES MANAGEMENT COMMITTEE MEMBERS

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

Mr. Li Guanghui

Mr. Shen Shifu

SAFETY AND ENVIRONMENT PROTECTION COMMITTEE MEMBERS

Mr. Jiang Guipeng (*Chairman of the Safety and Environment Protection Committee*)

Mr. Wang Ligang

Mr. Shen Shifu

* For identification purpose only

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CORPORATE WEBSITE

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STOCK CODE

01818

MANAGEMENT DISCUSSION AND ANALYSIS

I. PRINCIPAL ACTIVITIES

For the six months ended 30 June 2022 (the “Period”), Zhaojin Mining Industry Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the exploration, mining, ore processing, smelting and sale of gold products and other metallic products in the People’s Republic of China (the “PRC”). The principal products include “Au9999” and “Au9995” standard gold bullions and other gold products under the brand name of “Zhaojin”.

II. INTERIM RESULTS

REVENUE

During the Period, the Group generated revenue of approximately RMB3,535,654,000 in total (corresponding period of 2021: approximately RMB3,486,564,000), representing an increase of approximately 1.41% as compared to the corresponding period of last year.

NET PROFIT

During the Period, the net profit of the Group was approximately RMB209,817,000 (corresponding period of 2021: approximately RMB95,443,000), representing an increase of approximately 119.83% as compared to the corresponding period of last year.

PRODUCT PRODUCTION

During the Period, the Group attained an aggregate gold production of approximately 13,516.27 kg (approximately 434,557.71 ozs), representing a decrease of approximately 0.25% as compared to the corresponding period of last year. In particular, the gold output from the Group’s mines amounted to 8,651.78 kg (approximately 278,160.94 ozs), representing an increase of approximately 62.23% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 4,864.49 kg (approximately 156,396.77 ozs), representing a decrease of approximately 40.80% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 2,463 tons (of which copper output from mines amounted to 68 tons, and copper output from smelting amounted to 2,395 tons), representing a decrease of approximately 33.79% as compared to the corresponding period of last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

During the Period, the profit attributable to owners of the parent was approximately RMB107,780,000 (corresponding period of 2021: approximately RMB18,163,000), representing an increase of approximately 493.40% as compared to the corresponding period of last year.

EARNINGS PER SHARE

During the Period, the basic and diluted earnings per share attributable to the ordinary equity holders of the parent amounted to approximately RMB0.03 (corresponding period of 2021: approximately RMB0.006), representing an increase of approximately 493.40% as compared to the corresponding period of last year.

NET ASSETS PER SHARE

As at 30 June 2022, the consolidated net assets per share was approximately RMB6.02 (30 June 2021: approximately RMB5.17), and the yield to net assets during the Period was approximately 1.07% (corresponding period of 2021: approximately 0.56%).

III. INTERIM DIVIDEND

The board (the “Board”) of directors (the “Directors”) of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2022 (corresponding period of 2021: Nil).

IV. BUSINESS REVIEW

In the first half of 2022, affected by the war between Russia and Ukraine and high inflation, the international gold price rose sharply to US\$2,070.42/oz in the first quarter, approaching a record high. In the second quarter of 2022, due to the tightening US monetary policy and the expectation of controlling inflation, the international gold price was suppressed and gradually fell back to the level at the beginning of the year. The international gold price was volatile at a high level in the first half of the year. The international gold price opened at US\$1,828.61/oz at the beginning of the year and closed at US\$1,806.30/oz at the end of June, averaging US\$1,876.02/oz for the first half of the year, representing a year-on-year increase of 3.9%.

In the first half of the year, facing numerous difficulties and challenges such as the outbreak of pandemic in different areas of China, increasing downward pressure on the economy and tightening safety regulation policies, the Company continued to enhance its ability to address risks and opportunities, and effectively resolved various risks and challenges through solid and effective efforts, with production and operation remaining on an upward trend.

FULLY “PASSING THE HALFWAY MARK” IN TERMS OF TIME AND TASKS WITH CONCERTED EFFORTS, DILIGENCE AND HARD WORK

In the first half of the year, facing various difficulties such as recurring pandemic, economic downturn and drastic gold price fluctuations, all members of the Company focused on the targets, put pressure on themselves and worked hard to make contributions, with all key indicators “passing the halfway mark” in terms of time and tasks, and the overall production and operation of the Company maintained a favourable and better-than-expected situation of steady progress and stable growth. In the first half of the year, the Company’s total output of gold amounted to 13,516.27 kg (approximately 434,557.71 ozs), in which 8,651.78 kg (approximately 278,160.94 ozs) of gold was mine-produced gold. At the same time, the Company continued to enhance mine exploration to increase resource reserves. In the first half of the year, the Company invested RMB45 million in geological prospecting, resulting in an additional output of 16.01 tons of gold resource reserves and additional output of 623 tons of copper metal.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING TO FOCUS ON “DOUBLE FOCUS” AND STEADILY ADVANCING THE CONSTRUCTION OF KEY PROJECTS

In the first half of 2022, the Company overcame the impact of recurring pandemic, maintained a favourable development trend in terms of construction progress of key projects, and invested a total of RMB143 million in infrastructure and technical transformation projects. The Dayingezhuang Gold Mine Comprehensive Tailings Utilisation Project, the Jintingling Mining Industry Caogoutou Mining Area Renovation and Expansion Project and the Fengning Jinlong In-depth Exploration Project were carried out steadily based on the established schedule, the design of safety facilities for Haiyu Gold Mine passed relevant review and approval for “simultaneous design, construction and operation of safety facilities” has also obtained recently. The comprehensive construction of projects will start rapidly. In the first half of 2022, the Company invested a total of RMB58 million in science and technology innovation with focus on ten key projects, implemented 34 technical innovation projects, made 25 new patent applications and was granted 45 patents.

SIGNIFICANTLY IMPROVING INTELLIGENT MINE OPERATION THROUGH “FOUR MODERNIZATIONS” OF PROJECT CONSTRUCTION

In the first half of 2022, the Company made every effort to promote the construction of intelligent mines with the core of “reducing and replacing human operation with mechanized, automated and intelligent operation”. On the basis of the pilot construction of the Dayingezhuang Gold Mine Intelligent Workshop Project, the Company has achieved substantial progress in research and application of key technologies in the areas of basic structure design, industrial control system construction, network and communication, data collection and intelligent analysis, industrial control security, etc. By deeply exploring the value of data and seeking breakthrough from traditional data presentation and the decision-making model based on human analysis, the Company has created the first industrial grade data management platform with reliable content and controllable processes in the gold mining industry. The Company’s overall capabilities in intelligent mine construction were significantly improved, providing strong support for the safe, green and sustainable corporate development.

PUTTING EFFORTS IN IMPROVING SAFETY MANAGEMENT AND MAINTAINING STABLE PERFORMANCE IN PRODUCTION SAFETY

In the first half of 2022, facing multiple complicated factors such as the outbreak of pandemic in various areas, more frequent inspections at all levels, and increased rainfall due to abnormal weather, the Company took a proactive approach and conscientiously implemented the 15 measures for production safety and the “eight focuses and twenty measures” innovative initiatives, invested RMB51.89 million in safety measures, and ensured stable performance in production safety of the Company with focus on implementation of responsibilities for all staff, major risk management, innovative safety training and improvement of standardised management etc.

V. FINANCIAL AND RESULTS ANALYSIS

REVENUE

During the Period, the Group's revenue amounted to approximately RMB3,535,654,000 (corresponding period of 2021: approximately RMB3,486,564,000), representing an increase of approximately 1.41% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the increase in sales volume of mine-produced gold of the Group and the increase in gold price.

NET PROFIT

During the Period, net profit of the Group amounted to approximately RMB209,817,000 (corresponding period of 2021: approximately RMB95,443,000), representing an increase of approximately 119.83% as compared to the corresponding period of last year. The increase in net profit was primarily due to the increase in sales volume of gold of the Group and the decrease in the integrated cost of gold per gram.

INTEGRATED COST OF GOLD PER GRAM

During the Period, the Group's integrated cost of gold per gram was approximately RMB193.98 per gram (corresponding period of 2021: approximately RMB242.98 per gram), representing a decrease of approximately 20.17% as compared to the corresponding period of last year. The decrease in integrated cost of gold per gram was due to the increase in gold production of the Group and the decrease in unit cost.

COST OF SALES

During the Period, the Group's cost of sales amounted to approximately RMB2,203,163,000 (corresponding period of 2021: approximately RMB2,307,097,000), representing a decrease of approximately 4.5% as compared to the corresponding period of last year. The decrease was primarily attributable to the decrease in gold production costs and the decrease in the sales volume of purchased gold concentrates of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Period, the Group's gross profit was approximately RMB1,332,491,000, representing an increase of approximately 12.97% as compared to RMB1,179,467,000 of the corresponding period of last year. The Group's gross profit margin has increased from approximately 33.83% for the corresponding period of last year to approximately 37.69% for the Period. The increase in gross profit was mainly due to the increase in gold sales volume of the Group, the increase in gold price and the decrease in unit cost.

OTHER INCOME AND GAINS

During the Period, the Group's other income and gains were approximately RMB305,189,000 (corresponding period of 2021: approximately RMB264,220,000), representing an increase of approximately 15.51% as compared to the corresponding period of last year. The increase was mainly due to the increase in raw material sales and futures investment income of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING AND DISTRIBUTION COSTS

During the Period, the Group's selling and distribution costs were approximately RMB17,436,000 (corresponding period of 2021: approximately RMB25,412,000), representing a decrease of approximately 31.39% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in non-contract performance-related transportation costs.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the Period, the Group's administrative and other operating expenses were approximately RMB1,024,222,000 (corresponding period of 2021: approximately RMB916,193,000), representing an increase of approximately 11.79% as compared to the corresponding period last year. The increase was mainly due to the increase in research and development expenses of the Group.

FINANCE COSTS

During the Period, the Group's finance costs amounted to approximately RMB280,267,000 (corresponding period of 2021: approximately RMB334,545,000), representing a decrease of approximately 16.22% as compared to the corresponding period of last year. Such decrease was mainly attributable to the decrease in average financing rate of the Group.

LIQUIDITY AND CAPITAL RESOURCES

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

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB5,122,606,000, representing an increase of approximately 70.86% as compared to approximately RMB2,998,213,000 as at 31 December 2021. Such increase was mainly due to the reserve of currency funds for repayment of maturing debt.

As at 30 June 2022, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB88,038,000 (31 December 2021: RMB214,871,000), and those denominated in United States dollars amounted to RMB55,350,000 (31 December 2021: RMB105,458,000). Those denominated in Australian dollars amounted to approximately RMB7,204,000 (31 December 2021: RMB16,759,000). All other cash and cash equivalents held by the Group are denominated in Renminbi.

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

BORROWINGS

As at 30 June 2022, the Group had outstanding bank borrowings, other borrowings and gold from gold leasing business (the Group financed through leases of gold from bank and subsequently sold through Shanghai Gold Exchange (“SGE”)) of RMB13,719,817,000 (31 December 2021: RMB9,127,854,000), of which RMB12,763,817,000 (31 December 2021: RMB7,828,593,000) was repayable within one year, and RMB956,000 (31 December 2021: RMB1,299,261,000) was repayable within two to five years. As at 30 June 2022, the Group had outstanding corporate bonds of approximately RMB1,533,625,000 (31 December 2021: RMB3,444,601,000), which shall be repaid within one year, and approximately RMB5,298,978,000 (31 December 2021: RMB4,300,489,000), which shall be repaid within two to five years.

As at 30 June 2022, all borrowings of the Company are denominated in Renminbi (31 December 2021: corporate bonds of RMB1,911,638,000 were denominated in United States dollars). As at 30 June 2022, except for secured and guaranteed bank loans and other borrowings of RMB557,472,000 (31 December 2021: RMB1,037,099,000), all borrowings are unsecured. As at 30 June 2022, 68.96% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

INCOME TAX

The effective income tax rate (i.e. the total income tax divided by profit before tax) of the Group during the Period was approximately 34.19% (corresponding period of 2021: approximately 40.40%).

TOTAL ASSETS

As at 30 June 2022, the total assets of the Group were approximately RMB46,468,068,000, representing an increase of approximately 8.01% as compared to approximately RMB43,022,606,000 as at 31 December 2021. Among which, total non-current assets amounted to approximately RMB32,110,421,000, accounting for approximately 69.10% of the total assets, and representing an increase of approximately 2.27% as compared to approximately RMB31,397,612,000 as at 31 December 2021. As at 30 June 2022, total current assets were approximately RMB14,357,647,000, accounting for approximately 30.90% of the total assets, and representing an increase of approximately 23.51% as compared to approximately RMB11,624,994,000 as at 31 December 2021.

NET ASSETS

As at 30 June 2022, the net assets of the Group were approximately RMB19,684,733,000, representing a decrease of approximately 0.22% as compared to approximately RMB19,728,874,000 as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL LIABILITIES

As at 30 June 2022, the total liabilities of the Group were approximately RMB26,783,335,000, representing an increase of approximately 14.98% as compared to approximately RMB23,293,732,000 as at 31 December 2021. As at 30 June 2022, the gearing ratio (i.e. the net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds less the balance of cash and cash equivalents) was approximately 43.94% (31 December 2021: 41.29%).

CONTINGENT LIABILITIES

As at 30 June 2022, the contingent liabilities of the Group did not have any change as compared to 31 December 2021.

MARKET RISKS

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

INTEREST RATE RISK

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

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

FOREIGN EXCHANGE RISK

The majority of the Group's transactions are carried out in Renminbi. The fluctuations in the RMB/USD exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuation of foreign exchange rate may have an adverse effect on net assets, earnings and any dividend declared by the Group, which shall be converted or translated into Hong Kong dollars.

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

GOLD PRICE AND OTHER COMMODITIES PRICE RISKS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

PLEDGE

As at 30 June 2022, except for the following assets pledged or charged for environmental improvement funds, margin of commodity contracts, margin of AU (T+D) arrangements, and for obtaining bank borrowings and notes payable, the Group had not pledged or charged any other assets: (1) pledged deposits of RMB560,000,000 (31 December 2021: RMB560,000,000); (2) treasury bonds of RMB200,000,000 (31 December 2021: RMB490,000,000).

VI. BUSINESS PROSPECTS

In the second half of 2022, the Company will closely focus on the tasks and targets set by the Board, make every effort to ensure implementation of relevant plans, firmly adhere to “laying foundation, supporting long-term development, strengthening management and improving performance”, strive to create a new pattern of improving quality and efficiency, accelerating growth and expanding business scope, and facilitate the development of the Company with outstanding performance.

TAKING PROACTIVE DEVELOPMENT APPROACH AND CONSOLIDATING GROWTH DRIVERS TO FACILITATE OVERALL AND LONG-TERM DEVELOPMENT

In the second half of the year, the Company will take the whole picture into consideration, formulate plans and strategies in advance with focus on key tasks and major problems in relation to the long-term development of the Company, take proactive development approach and consolidate growth drivers. Firstly, the Company will formulate relevant measures, put efforts in enhancing production capacity and output of backbone mines, and make mid to long-term production plan based on established production scale. Secondly, the Company will utilize major strategic resources, coordinate the work of tailings storage and tailings utilization, and develop new ways of tailings reduction, management and utilization. Thirdly, the Company will make breakthrough in technological innovation, facilitate the research and reserve of processing and smelting projects and coordinate and implement the overall tasks of processing and smelting of the Company. Fourthly, the Company will persist in both external development and resource prospecting, increase its efforts in developing and acquiring resources, leverage on its resource advantages, strengthen, optimize and diversify its businesses, strengthen its investment and development efforts, and strive to make breakthrough as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPROVING MANAGEMENT AND PERFORMANCE BY ESTABLISHING A HIGH-QUALITY INTERNAL CONTROL AND MANAGEMENT SYSTEM

In the second half of the year, the Company will establish a high-quality internal control and management system by strengthening internal management and improving internal capabilities to enhance quality, efficiency and effectiveness. Firstly, the Company will strengthen mechanism construction and motivate all staff of the Company to increase production, enhance efficiency and accelerate development with proactiveness and creativity. Secondly, the Company will strengthen professional business management and optimize production and organization. Thirdly, the Company will carried out the “six reductions” tasks in a more in-depth and refined manner, extend such efforts to different professions horizontally and different enterprises vertically, save resources in business operation and explore potential of efficiency enhancement. Fourthly, the Company will carry out the “five excellence competition”, make improvement by benchmarking leading players and create a culture of honour and advancement among all staff of the Company.

EMPHASIZING ON PERFORMING RESPONSIBILITIES AND CREATING COHESION AND MOMENTUM FOR BUSINESS OPERATION AND DEVELOPMENT

In the second half of the year, the Company will continuously focus on creation of a harmonious environment for internal and external corporate development by ensuring stability in three aspects. Firstly, the Company will maintain stable performance in production safety and environmental protection. The Company will firmly carry out in-depth safety hazard inspection and treatment to ensure complete safety. Secondly, the Company will ensure the stability of work force. The Company will establish an open and transparent democratic management mechanism internally and promptly solve the key issues, difficulties and problems raised by the staff. A platform will be established to maximize the enthusiasm and creativity of the staff. Thirdly, the Company will carry out party building work in a stable and harmonious manner. The Company will give full play to the leading role of party building, effectively strengthen internal cohesion and develop a positive external image. In addition, the Company will strengthen the construction of internal business environment and shift its focus to helping the frontline staff solve practical difficulties and problems.

OTHER INFORMATION

I. CHANGES IN SHAREHOLDING OF SHAREHOLDERS AND SHARE CAPITAL STRUCTURE

1. NUMBER OF SHAREHOLDERS

The details of the number of shareholders of the Company (the “Shareholders”) recorded in the register of members as at 30 June 2022 are as follows:

Class	Number of Shareholders
Domestic share	2
Overseas-listed foreign share – H share	1,375
Total number of Shareholders	1,377

2. SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, supervisors and chief executives of the Company, as at 30 June 2022, the interests and short positions of substantial Shareholders in the issued share capital of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong), to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which were required to be notified to the Company were as follows:

Name of Shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued domestic shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long position/ Short position/ Lending pool
				%	%	%	
1 Shandong Zhaojin Group Company Limited	Domestic shares	Beneficial owner	618,437,607 (Note 1)	18.91	93.58	-	Long position
	H shares	Beneficial owner	517,773,402 (Note 1)	15.83	-	19.84	Long position
	H shares	Interest of controlled corporation	78,920,195 (Notes 1 and 4)	2.41	-	3.02	Long position

OTHER INFORMATION

Name of Shareholders	Class of shares	Capacity	Number of shares held	Approximate	Approximate	Approximate	Long position/ Short position/ Lending pool
				percentage of shareholding in the registered capital of the Company	percentage of shareholding in the total number of issued domestic shares of the Company	percentage of shareholding in the total number of issued H shares of the Company	
				%	%	%	
2 Shanghai Fosun Industrial Investment Co., Ltd.	H shares	Beneficial owner	69,302,500	2.12	–	2.66	Long position
	H shares	Interest of controlled corporation	763,200,000 <i>(Notes 2)</i>	23.34	–	29.25	Long position
3 Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.	H shares	Beneficial owner	742,000,000	22.69	–	28.43	Long position
	H shares	Interest of controlled corporation	21,200,000 <i>(Notes 1 and 3)</i>	0.65	–	0.81	Long position
4 Guo Guangchang	H shares	Interest of controlled corporation	832,502,500 <i>(Note 5)</i>	25.46	–	31.90	Long position
5 Fosun International Limited	H shares	Interest of controlled corporation	832,502,500 <i>(Note 5)</i>	25.46	–	31.90	Long position
6 Fosun International Holdings Ltd.	H shares	Interest of controlled corporation	832,502,500 <i>(Note 5)</i>	25.46	–	31.90	Long position
7 Van Eck Associates Corporation	H shares	Investment manager	184,744,300 <i>(Note 6)</i>	5.65	–	7.08	Long position
8 VanEck ETF-VanEck Vectors Gold Miners ETF	H shares	Beneficial owner	135,202,500 <i>(Note 6)</i>	4.13	–	5.18	Long position
9 Deutsche Bank Aktiengesellschaft	H shares	Beneficial owner	47,804,200	1.46	–	4.56	Long position
	H shares	Beneficial owner	60,470,400	1.85	–	5.76	Short position
10 State Street Bank & Trust Company	H shares	Approved lending agent	185,869,604 <i>(Note 7)</i>	5.68	–	7.12	Lending pool

Notes:

- (1) Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on SFO's official website. When a Shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") unless certain criteria are fulfilled, therefore substantial Shareholders' latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.
- (2) Shanghai Fosun Industrial Investment Co., Ltd. directly and indirectly holds 55.46% equity interests in Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. ("Yuyuan"), therefore the 763,200,000 H shares held by Yuyuan in the Company is shown as long position of Shanghai Fosun Industrial Investment Co., Ltd.
- (3) Yuyuan holds 100% equity interests in Shanghai Laomiao Gold Co., Ltd. ("Laomiao Gold"), therefore the 21,200,000 H shares held by Laomiao Gold in the Company is shown as long position of Yuyuan.
- (4) Shandong Zhaojin Group Company Limited ("Zhaojin Group") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), therefore the 50,967,195 H shares held by Zhaojin Non-Ferrous in the Company is shown as long position of Zhaojin Group. Luyin Trading Pte Ltd. ("Luyin") is a wholly-owned subsidiary of Zhaojin Group and therefore the 27,953,000 H shares held by Luyin is shown as long position of Zhaojin Group.
- (5) Guo Guangchang is interested in the shares of the Company through his directly or indirectly controlled companies (including Fosun International Limited and Fosun International Holdings Ltd.).
- (6) Van Eck Associates Corporation is the investment manager of the VanEck Vectors ETF – VanEck Vectors Gold Miners ETF.
- (7) State Street Bank & Trust Company is interested in the shares of the Company through its directly or indirectly controlled companies.

As at 30 June 2022, save as disclosed above and to the best knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or held 5% or above in the issued share capital of the Company which was required to be notified to the Company.

OTHER INFORMATION

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

As at 30 June 2022, the interests or short position of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name and position	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long position/ Short position
1 Weng Zhanbin (Executive Director and Chairman)	H shares	Beneficiary of a trust (other than a discretionary interest)	1,200,000	0.04%	0.05%	Long position
2 Jiang Guipeng (Executive Director and President)	H shares	Beneficiary of a trust (other than a discretionary interest)	300,000	0.009%	0.01%	Long position
3 Wang Ligang (Executive Director and Vice-president)	H shares	Beneficiary of a trust (other than a discretionary interest)	1,000,000	0.03%	0.04%	Long position
4 Zhao Hua (Supervisor)	H shares	Beneficiary of a trust (other than a discretionary interest)	200,000	0.006%	0.008%	Long position

Note:

- The interests set out above relate to the employee shares subscription plan portions ("ESSP Portion(s)") under the employee shares subscription plan subscribed by the Directors, supervisors and chief executives. One ESSP Portion corresponds to one H share.

Save as disclosed above, as at 30 June 2022, and to the knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

The Company is not aware of any change in the information of the Directors, supervisors or chief executives of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the Company's last published annual report and up to the date of this report.

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

Save as disclosed in this report, none of the Directors and supervisors had any interests in the share capital or debt securities of the Company or any of its associated corporations (as defined in the SFO). None of the Directors, supervisors and their spouses and children below eighteen years old was granted rights to subscribe for the interests in the share capital or debt securities of the Company or any of its associated corporations and there was no exercise of any of such rights by any of such person.

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

V. SUFFICIENT PUBLIC FLOAT

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

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

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

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

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

OTHER INFORMATION

VIII. EMPLOYEES

As of 30 June 2022, the Company had a total of 6,755 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices and provide other benefits to employees (including retirement benefit plans, medical benefit plans and housing fund plans). The Group also provides opportunities for further education and training to its employees. The Group offers competitive remuneration packages to its employees and reviews employee remuneration annually with reference to the prevailing labor market and human resources market trends and laws.

IX. IMPORTANT EVENTS

1. ON 6 JUNE 2022, THE 2021 ANNUAL GENERAL MEETING CONSIDERED AND PASSED, AMONG OTHER THINGS, THE FOLLOWING RESOLUTIONS:

- (1) the Company's profit distribution plan for the year ended 31 December 2021, that is, it is recommended not to pay the final dividend to the Shareholders for the year ended 31 December 2021;
- (2) authorizing the Board to allot, issue or deal with H shares and domestic shares of up to a maximum of 20% of the respective total number of issued H shares and existing domestic shares of the Company as at the date of passing such resolution;
- (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution; and
- (4) the proposed amendment to the Article 19.2 of the articles of association of the Company and proposed to add the Article 19.3, Article 19.4 Article 19.5, Article 19.6, Article 19.7, Article 19.8 to the articles of association of the Company.

Relevant details were set out in the circular and notice of the Company both dated 20 April 2022 and the voting results announcement of the Company dated 6 June 2022 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. ON 6 JUNE 2022, THE DOMESTIC SHARES CLASS MEETING AND H SHARES CLASS MEETING CONSIDERED AND APPROVED THE FOLLOWING RESOLUTION:

The Board was granted a general mandate to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution.

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

Relevant details were set out in the circular and notices of the Company both dated 20 April 2022 and the voting results announcement of the Company dated 6 June 2022 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. 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 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 and the Stock Exchange. 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 announcements 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 seventh session of the Board of the Company; Mr. Ding Jun, Mr. Li Guanghui, Mr. Gao Min and Mr. Huang Zhen as non-executive Directors of the seventh session of the Board 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 seventh session of the Board 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.

OTHER INFORMATION

4. 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 seventh session of the Supervisory Committee 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.

5. 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 had 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.

6. 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.

7. 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.

8. 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.

OTHER INFORMATION

Zhaojin Group is the substantial Shareholder and controlling Shareholder of the Company. Zhaojin Motian is a subsidiary of Zhaojin Group. 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.

X. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January 2022 to 30 June 2022. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the Period.

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

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

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

XII. AUDIT COMMITTEE

The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Huang Zhen, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo, and its chairwoman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed risk management and internal control affairs and reviewed the Company's unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2022, and the Audit Committee is of the view that the unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2022 have been prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XIII. INVESTOR RELATIONS

For years, the Company's Investor Relations Division has been unswervingly endeavoring to provide the most effective and direct means of communication for the Shareholders and investors, which has deepened investors' understanding and knowledge of the business development, strategic intent, industry conditions and development prospects of the Company. In the meantime, the Company proactively maintained a sound relationship with the media and received positive coverage from mainstream media all the year round, which helped the Company in establishing a healthy, favorable and positive corporate image for its investors.

Having been devoted to collecting investors' opinions and recommendations on the Company for long, the Investors Relations Division of the Company maintains good communication with the investors. Such opinions and recommendations regularly collected were reported in writing to the management, the Supervisory Committee and the Board so as to continuously optimize the corporate governance structure and improve the corporate governance level. During the Period, the Company was awarded the Best Investor Relations Award for Hong Kong Listed Companies in the 13th Tianma Award for Investor Relations of Chinese Listed Companies (第十三屆中國上市公司投資者關係天馬獎), which demonstrated investors' recognition of the business development, governance level and investor relations work of the Company, and reflected the brand influence in the capital market of the Company.

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

Zhaoyuan, the PRC, 22 August 2022

* For identification purpose only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	5	3,535,654	3,486,564
Cost of sales		(2,203,163)	(2,307,097)
Gross profit		1,332,491	1,179,467
Other income and gains	5	305,189	264,220
Selling and distribution expenses		(17,436)	(25,412)
Administrative expenses		(645,919)	(564,761)
Impairment losses on financial assets		(54,725)	(27,146)
Other expenses	6	(323,578)	(324,286)
Finance costs		(280,267)	(334,545)
Share of profits and losses of:			
– Associates		3,307	(6,873)
– Joint ventures		(261)	(505)
PROFIT BEFORE TAX	7	318,801	160,159
Income tax expense	8	(108,984)	(64,716)
PROFIT FOR THE PERIOD		209,817	95,443
Attributable to:			
Owners of the parent		107,780	18,163
Non-controlling interests		102,037	77,280
		209,817	95,443
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share for the period (RMB)	10	0.03	0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	209,817	95,443
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	28,407	(10,746)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	28,407	(10,746)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligations	(509)	–
Income tax effect	76	–
Equity investments designated at fair value through other comprehensive income	(15,865)	–
Income tax effect	3,966	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(12,332)	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	16,075	(10,746)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	225,892	84,697
Attributable to:		
Owners of the parent	124,291	7,452
Non-controlling interests	101,601	77,245
	225,892	84,697

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	11	15,644,701	15,458,321
Investment property		83,475	84,894
Right-of-use assets		724,496	741,174
Goodwill		609,525	609,525
Other intangible assets	11	12,240,686	11,612,142
Investments in joint ventures		3,821	4,082
Investments in associates		853,981	689,672
Deferred tax assets		342,067	281,511
Long-term deposits		15,584	16,262
Term deposit		156,000	351,000
Loans receivable		282,750	292,500
Financial assets measured at amortised cost		205,474	490,051
Equity investments designated at fair value through other comprehensive income		173,347	–
Other long-term assets	12	774,514	766,478
Total non-current assets		32,110,421	31,397,612
CURRENT ASSETS			
Inventories		4,536,261	4,180,883
Trade and notes receivables	13	334,314	188,263
Prepayments, deposits and other receivables		726,248	625,918
Financial assets at fair value through profit or loss		1,117,759	1,244,912
Pledged deposits		433,270	407,268
Loans receivable		2,087,189	1,979,537
Cash and cash equivalents		5,122,606	2,998,213
Total current assets		14,357,647	11,624,994
CURRENT LIABILITIES			
Trade and notes payables	14	594,621	389,243
Other payables and accruals		1,805,618	1,880,567
Derivative financial instruments		–	25,592
Interest-bearing bank and other borrowings	15	12,763,817	7,828,593
Tax payable		39,076	64,349
Provisions		2,925	4,836
Deposits from customers		1,300,972	1,885,571
Current portion of other long-term liabilities		275,829	249,741
Corporate bonds	16	1,533,625	3,444,601
Total current liabilities		18,316,483	15,773,093

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NET CURRENT LIABILITIES		(3,958,836)	(4,148,099)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,151,585	27,249,513
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	956,000	1,299,261
Corporate bonds	16	5,298,978	4,300,489
Lease liabilities		15,235	21,170
Deferred tax liabilities		308,745	310,685
Deferred income		116,249	137,805
Provisions		42,348	42,348
Other long-term liabilities		1,729,297	1,408,881
Total non-current liabilities		8,466,852	7,520,639
NET ASSETS		19,684,733	19,728,874
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,270,393	3,270,393
Perpetual capital instruments		4,107,951	4,539,287
Reserves		8,521,139	8,492,662
		15,899,483	16,302,342
Non-controlling interests		3,785,250	3,426,532
TOTAL EQUITY		19,684,733	19,728,874

Weng Zhanbin
Director

Jiang Guipeng
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent										
	Share capital RMB'000	Perpetual capital instruments RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory and distributable reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (Audited)	3,270,393	4,539,287	2,767,359	42,070	1,283,143	-	(60,736)	4,460,826	16,302,342	3,426,532	19,728,874
Profit for the period	-	-	-	-	-	-	-	107,780	107,780	102,037	209,817
Exchange differences on translation of foreign operations	-	-	-	-	-	-	28,843	-	28,843	(436)	28,407
Remeasurements of post-employment benefit obligations, net of tax	-	-	(433)	-	-	-	-	-	(433)	-	(433)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(11,899)	-	-	(11,899)	-	(11,899)
Total comprehensive (loss)/income for the period	-	-	(433)	-	-	(11,899)	28,843	107,780	124,291	101,601	225,892
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(13,944)	(13,944)
Capital contributed by owners	-	-	-	-	-	-	-	-	-	271,061	271,061
Safety production cost	-	-	-	224	-	-	-	(224)	-	-	-
Accrued distribution of perpetual capital instruments	-	94,591	-	-	-	-	-	(94,591)	-	-	-
Distribution of perpetual capital instruments paid	-	(27,150)	-	-	-	-	-	-	(27,150)	-	(27,150)
Redemption of perpetual capital instruments	-	(498,777)	-	-	-	-	-	(1,223)	(500,000)	-	(500,000)
At 30 June 2022 (Unaudited)	3,270,393	4,107,951	2,766,926*	42,294*	1,283,143*	(11,899)*	(31,893)*	4,472,568*	15,899,483	3,785,250	19,684,733

* These reserve accounts comprise the consolidated reserves of RMB8,521,139,000 (31 December 2021: RMB8,492,662,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Perpetual capital instruments	Capital reserve	Special reserve	Statutory and distributable reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2021 (Audited)	3,270,393	1,527,022	2,626,491	39,092	1,185,290	(35,043)	4,939,579	13,552,824	3,504,147	17,056,971
Profit for the period	-	-	-	-	-	-	18,163	18,163	77,280	95,443
Exchange differences on translation of foreign operations	-	-	-	-	-	(10,711)	-	(10,711)	(35)	(10,746)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(10,711)	18,163	7,452	77,245	84,697
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(45,683)	(45,683)
Safety production cost	-	-	-	(3,814)	-	-	-	(3,814)	-	(3,814)
Accrued distribution of perpetual capital instruments	-	34,092	-	-	-	-	(34,092)	-	-	-
Transfer to retained earnings	-	-	142,515	-	-	-	(142,515)	-	-	-
Distribution of perpetual capital instruments paid	-	(27,150)	-	-	-	-	-	(27,150)	-	(27,150)
2020 final dividend declared	-	-	-	-	-	-	(163,519)	(163,519)	-	(163,519)
At 30 June 2021 (Unaudited)	3,270,393	1,533,964	2,769,006*	35,278*	1,185,290*	(45,754)*	4,617,616*	13,365,793	3,535,709	16,901,502

* These reserve accounts comprise the consolidated reserves of RMB8,561,436,000 (31 December 2020: RMB8,755,409,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		318,801	160,159
Adjustments for:			
Finance costs		280,267	334,545
Share of profits and losses of associates		(3,307)	6,873
Share of profits and losses of joint ventures		261	505
Interest income from loans receivable		(13,374)	(29,370)
Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, prepaid land lease payments and other long-term assets	6	801	1,096
Fair value loss, net:			
– Equity investments at fair value through profit or loss	6,5	215,002	155,110
Gain on disposal of financial assets at fair value through profit or loss		(59,201)	(56,864)
Gain from disposal of financial assets measured at amortized cost		(17,481)	(13,899)
(Gain)/loss on settlement of commodity derivative contracts	6,5	(25,566)	15,621
Exchange gains on corporate bond		–	(19,379)
Depreciation of property, plant and equipment		415,110	387,785
Depreciation of right-of-use assets		18,009	17,822
Amortisation of other intangible assets		59,878	37,367
Amortisation of long-term prepaid expenses		2,132	8,652
Depreciation of investment properties		1,419	–
Impairment of receivables	7	26,209	12,235
Impairment of loans receivable	7	28,516	14,911
Impairment of inventories	7	4,278	80,380
Decrease in long-term deposits		678	1,035
(Increase)/decrease in inventories		(359,656)	620,658
Increase in trade and notes receivables		(149,321)	(262,669)
Increase in prepayments and other receivables		(7,923)	(214,079)
(Increase)/decrease in pledged deposits		(26,002)	50,404
(Increase)/decrease in loans receivable		(293,988)	61,419
Increase in trade and notes payables		205,378	52,629
Increase in other payables and accruals		4,434	90,278
Decrease in deposits from customers		(584,599)	(547,686)
Decrease in deferred income		(21,556)	(26,137)
Decrease in provisions		(1,972)	(4,390)
Cash generated from operations		17,227	935,011
Income taxes paid		(192,710)	(142,953)
Net cash flows from operating activities		(175,483)	792,058

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	9,439	4,624
Dividend received from an associate	4,444	6,621
Purchases of items of property, plant and equipment	(429,262)	(1,240,093)
Increase in other intangible assets	(442,010)	(213,476)
Proceeds from disposal of items of property, plant and equipment	1,371	–
Capital increase of an associate	(130,011)	(21,757)
Net receipt/(payment) from settlement of commodity derivative contracts	25,566	(15,621)
Deposits paid for commodity derivative contracts	(115,854)	(16,896)
Net proceeds to acquisition and disposal of equity investments at fair value through profit or loss	(54,240)	(176,401)
Increase in right-of-use assets	(1,330)	(6,819)
Decrease in investments in financial assets measured at amortised cost	302,058	149,990
Increase in loans receivable	(23,000)	(84,100)
Non-current financial investing activities	(140,000)	–
Increase in long-term deferred expenses	–	(24,279)
Increase in term deposits with original maturity of more than three months	(40,000)	(31,000)
Net cash flows used in investing activities	(1,032,829)	(1,669,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans and other borrowings	46,316,403	110,426,687
Issuance of corporate bonds, net of issuance expense	999,420	2,000,000
Redemption of perpetual capital instruments paid	(500,000)	–
Repayment of corporate bonds	(1,890,420)	(1,750,000)
Repayment of bank loans and other borrowings	(41,724,441)	(108,931,595)
Capital contribution from non-controlling shareholders	271,061	–
Dividends paid	(59,753)	(245,402)
Interest paid	(293,769)	(342,641)
Distribution paid for perpetual capital instruments	(27,150)	(27,150)
Settlement of transactions of option portfolio	–	(41,290)
Principal portion of lease payments	(5,840)	(6,980)
Net cash flows from financing activities	3,086,709	1,081,629

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,878,397	204,480
Cash and cash equivalents at beginning of period		2,998,213	1,840,469
Effects of foreign exchange rate changes, net		10,996	(5,656)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		4,887,606	2,039,293
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,122,606	2,270,293
Less: Term deposits with original maturity of more than three months		235,000	231,000
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		4,887,606	2,039,293

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

1. CORPORATE INFORMATION

Zhaojin Mining Industry Company Limited (the “Company”) was established as a joint stock limited liability company under the Company Law of the People’s Republic of China (the “PRC”) on 16 April 2004. The registered office of the Company is located at 118 Wenquan Road, Zhaoyuan, Shandong, China.

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

As of 30 June 2022, the major shareholders of the Company were Shandong Zhaojin Group Company Limited (“Zhaojin Group”) and Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., who held 37.16% and 23.34% of the issued share capital of the Company, respectively, with their subsidiaries.

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

As at 30 June 2022, the Group had net current liabilities of RMB3,958,836,000 (31 December 2021: RMB4,148,099,000). In view of this circumstance, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2022, by taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group’s future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these financial statements have been prepared on a going concern basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

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

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK (IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK (IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

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

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group’s profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

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

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

4. OPERATING SEGMENT INFORMATION (Continued)

The Group's operating segments are as follows:

For the six months ended 30 June 2022 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	3,120,675	133,714	281,265	3,535,654
Segment results	732,644	(36,039)	(189,700)	506,905
<i>Reconciliation:</i>				
Interest income				92,163
Finance costs				(280,267)
Profit before tax				318,801
Segment assets	32,705,468	2,789,574	4,919,083	40,414,125
<i>Reconciliation:</i>				
Corporate and other unallocated assets				6,053,943
Total assets				46,468,068
Segment liabilities	3,449,152	609,480	1,863,538	5,922,170
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				20,861,165
Total liabilities				26,783,335
Other segment information				
Capital expenditure*	1,316,132	7,820	14,936	1,338,888
Investments in associates	848,419	–	5,562	853,981
Investments in joint ventures	–	–	3,821	3,821
Impairment losses recognised in the statement of profit or loss	28,664	2,613	27,726	59,003
Share of gain/(loss) of:				
– Associates	3,381	–	(74)	3,307
– Joint ventures	–	–	(261)	(261)
Depreciation and amortisation	430,492	18,541	47,515	496,548
Gain on disposal of financial assets	–	–	59,201	59,201
Fair value gain/(loss) on financial assets at fair value through profit or loss	7,486	–	(222,488)	(215,002)

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

4. OPERATING SEGMENT INFORMATION (Continued)

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

For the six months ended 30 June 2021 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	3,038,226	185,396	262,942	3,486,564
Segment results	561,820	(20,759)	(143,283)	397,778
<i>Reconciliation:</i>				
Interest income				96,926
Finance costs				(334,545)
Profit before tax				160,159
Segment assets	29,821,983	2,911,056	4,715,407	37,448,446
<i>Reconciliation:</i>				
Corporate and other unallocated assets				2,853,657
Total assets				40,302,103
Segment liabilities	1,474,789	617,968	1,845,481	3,938,238
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				19,462,363
Total liabilities				23,400,601
Other segment information				
Capital expenditure*	1,162,143	39,546	21,138	1,222,827
Investments in associates	705,010	–	5,635	710,645
Investments in joint ventures	–	–	55,695	55,695
Impairment losses recognised in the statement of profit or loss	101,151	2,448	3,927	107,526
Share of losses of:				
– Associates	(6,466)	–	(407)	(6,873)
– Joint ventures	–	–	(505)	(505)
Depreciation and amortisation	380,543	30,411	40,672	451,626
Gain on disposal of financial assets	–	–	56,864	56,864
Fair value (loss)/gain on financial assets at fair value through profit or loss	(16,408)	87	(138,789)	(155,110)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

As over 92% of the assets of the Group are located in Mainland China and over 99% of the sales are made to customers in Mainland China, no further geographical segment information has been presented.

INFORMATION ABOUT A MAJOR CUSTOMER

For the six months ended 30 June 2022, revenue of approximately RMB2,727,305,000 (for the six months ended 30 June 2021: RMB2,292,106,000) was derived from sales by the gold operations segment to a single customer. In addition, the top five customers accounted for 85% of the total sales (for the six months ended 30 June 2021: 77% of the total sales).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of goods	3,611,788	3,535,193
Rendering of services	51,889	69,519
	3,663,677	3,604,712
Less: Government surcharges	(128,023)	(118,148)
	3,535,654	3,486,564
Goods recognised at a point in time	3,638,587	3,573,749
Services recognised over time	25,090	30,963
	3,663,677	3,604,712
Less: Government surcharges	(128,023)	(118,148)
	3,535,654	3,486,564

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

5. REVENUE, OTHER INCOME AND GAINS (Continued)

OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	92,164	96,926
Gain on settlement of financial instruments	59,201	56,864
Sales of auxiliary materials	56,672	40,082
Gain on settlement of commodity derivative contracts	25,566	–
Exchange gains	24,979	19,336
Government grants	23,755	31,255
Others	22,852	19,757
	305,189	264,220

6. OTHER EXPENSES

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value loss on financial assets at fair value through profit or loss	215,002	155,110
Cost of auxiliary materials and other business	79,228	65,997
Impairment loss of inventories	4,278	80,380
Loss on disposal or write-off of items of property, plant and equipment	1,230	1,096
Loss on settlement of commodity derivative contracts	–	15,621
Others	23,840	6,082
	323,578	324,286

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	2,203,163	2,307,097
Impairment of loans receivable	28,516	14,911
Impairment of receivables	26,209	12,235
Impairment of inventories	4,278	80,380
Exchange gains	(24,979)	(19,336)

8. INCOME TAX EXPENSE

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

Provision for current income tax in Mainland China is based on the statutory rate of 25% (2021: 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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%) for subsidiaries qualified under the two-tiered profits tax rate regime.

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
– Charge for the period	167,514	73,156
Deferred tax	(58,530)	(8,440)
Total tax charge for the period	108,984	64,716

9. DIVIDENDS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Ordinary:		
Proposed final dividend – Nil (2021: RMB0.05 per share)	–	163,519

The board of directors did not recommend any final dividend to all shareholders for the year ended 31 December 2021, which was approved by the shareholders on 6 June 2022. No interim dividend was proposed for the period.

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

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the period of RMB107,780,000 (for the six months ended 30 June 2021: RMB18,163,000) by the number of ordinary shares in issue during the period of 3,270,393,000 (for the six months ended 30 June 2021: 3,270,393,000).

The diluted earnings per share amounts were equal to the basic earnings per share amounts for the six months ended 30 June 2022 and 30 June 2021, as no diluting events existed during these periods.

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2022, the Group acquired property, plant and equipment at a cost of RMB603,655,000 (30 June 2021: RMB1,004,735,000) and other intangible assets at a cost of RMB688,428,000 (30 June 2021: RMB114,676,000).

During the six months ended 30 June 2022, depreciation for property, plant and equipment was RMB415,110,000 (30 June 2021: RMB387,785,000) and amortisation for other intangible assets was RMB59,878,000 (30 June 2021: RMB37,367,000).

During the six months ended 30 June 2022, property, plant and equipment with a net book value of RMB2,165,000 (30 June 2021: RMB1,031,000) were disposed of by the Group, resulting in a net loss on disposal of RMB801,000 (30 June 2021: RMB1,096,000), and other intangible assets with a net book value of RMB6,000 (30 June 2021: RMB0) were disposed of by the Group, resulting in a net loss on disposal of RMB0 (30 June 2021: RMB0).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12. OTHER LONG-TERM ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Advances and deposits paid for acquisitions of subsidiaries and exploration rights	415,978	415,978
Advance payments for purchases of property, plant and equipment	65,991	65,579
Non-current financial asset	254,364	244,608
Long-term prepaid expenses	38,181	40,313
	774,514	766,478

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

13. TRADE AND NOTES RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	269,773	172,257
Notes receivable	81,524	29,719
Impairment	(16,983)	(13,713)
	334,314	188,263

13. TRADE AND NOTES RECEIVABLES (Continued)

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Outstanding balances due within one year	235,287	144,270
Outstanding balances due over one year but within two years	17,008	11,843
Outstanding balances due over two years but within three years	2,327	4,976
Outstanding balances due over three years	15,151	11,168
	269,773	172,257
Less: impairment of trade receivables	(16,983)	(13,713)
	252,790	158,544

14. TRADE AND NOTES PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	556,238	327,704
Notes payable	38,383	61,539
	594,621	389,243

At 30 June 2022, the balance of trade and notes payables mainly represented the amount regarding the unsettled procurement of gold concentrates. The trade payables are non-interest-bearing and are normally settled on 60 days' terms.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. TRADE AND NOTES PAYABLES (Continued)

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Outstanding balances are due as follows:		
Within one year	561,486	349,286
Over one year but within two years	10,581	20,567
Over two years but within three years	4,919	5,816
Over three years	17,635	13,574
	594,621	389,243

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current:		
– Bank loans – unsecured	6,864,230	2,974,000
– Gold leasing business – unsecured	2,342,160	2,817,494
– Other borrowings – secured (a)	557,427	1,037,099
– Short-term bonds – unsecured	3,000,000	1,000,000
	12,763,817	7,828,593
Non-current:		
– Bank loans – unsecured	931,000	1,079,000
– Other borrowings – unsecured	25,000	220,261
	956,000	1,299,261
Total	13,719,817	9,127,854

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

As at 30 June 2022, most of the borrowings were denominated in RMB. The bank loans bear interest at effective interest rates of 1.50% to 4.00% (31 December 2021: 3.10% to 4.00%) per annum. The other borrowings bear interest at effective interest rates of 0.07% to 4.75% (31 December 2021: 2.25% to 4.75%) per annum.

- (a) Certain of the Group's bank loans and other borrowings are secured by rediscounted bills to the People's Bank of China at the end of the reporting period of approximately RMB560,000,000 (31 December 2021: RMB560,000,000).

16. CORPORATE BONDS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Zhaojin bonds	3,834,520	2,835,820
Zhaojin medium term notes	2,998,083	2,997,633
USD guaranteed notes	-	1,911,637
Current	1,533,625	3,444,601
Non-current	5,298,978	4,300,489
Corporate bonds at the end of the period	6,832,603	7,745,090

17. COMMITMENTS

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	1,019,326	652,787
– Prepayment for potential acquisitions	1,538,797	1,538,797
Total	2,558,123	2,191,584

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18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS		
(i) Zhaojin Group		
Expenses:		
– Payment of rental of land use rights	4,350	4,375
– Purchase of technology service	5,677	2,433
Others:		
– Rental income	2,011	2,011
– Loans to related parties	134,228	1,290,000
– Interest income from loans to related parties	324	872
– Decrease in deposits from customers, net	(215,257)	(319,874)
– Interest expense on deposits from customers	16,807	16,699
– Bill discounting service	300,000	–
(ii) Subsidiaries of Zhaojin Group		
Sales:		
– Sales of silver	27,342	265,708
– Sales of gold material	9,588	–
– Sales of sulphur concentrate	5,799	–
Purchases:		
– Purchases of sulphur concentrate	5,299	–
Expenses:		
– Brokerage service fees	1,801	1,237
– Fees for refining services	2,211	1,929
Capital transactions:		
– Provision of information services	6,728	8,843
– Provision of ore processing services	2,881	–
– Purchase of water treatment equipment and super filter membrane	20,157	10,828

18. RELATED PARTY TRANSACTIONS (Continued)

		For the six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (continued)			
Others:			
– Rental income		1,528	1,528
– Increase in loans to related parties		4,141,151	1,547,418
– Interest income from loans		17,258	15,927
– Decrease in deposits from customers		(370,406)	(228,809)
– Interest expense on deposits from customers		3,873	2,866
– Bill discounting service		140,000	340,000
– Interest income from bill discounting service		11,000	9,635
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(iii)	Associate – Shandong Quanxinsheng Intelligent Technology Company Limited		
	– Purchase of engineering service	–	1,720
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(iv)	Subsidiary of an associate – Shandong Wucaolong Investment Company Limited		
	– Sales of gold material	8	4,897
	– Provision of engineering service	1,334	224
	– Entrusted loans	45,800	63,000
	– Interest income	7,952	5,779
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(v)	Joint venture – Zhong Rui		
	– Deposits from customers	139	474
	– Interest expense	2	3
	– Purchases of technical and detection service	1,267	–
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(vi)	Non-controlling shareholder – No.3 Exploration Institute		
	– Purchase of exploration, environmental governance and related technical services	2,567	4,430
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(B) OUTSTANDING BALANCES WITH RELATED PARTIES

The Group had an outstanding trade in nature balance due from Zhaojin Group of RMB2,361,000 (31 December 2021: RMB39,000). This balance is unsecured, interest-free and has no fixed terms of repayment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. RELATED PARTY TRANSACTIONS (Continued)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	3,749	4,085
Post-employment benefits	334	300
Total compensation paid to key management personnel	4,083	4,385

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Trade and notes receivables	81,524	29,719	81,524	29,719
Financial assets at fair value through profit or loss	1,117,759	1,244,912	1,117,759	1,244,912
Equity investments designated at fair value through other comprehensive income	173,347	–	173,347	–
Financial assets included in other long-term assets	254,364	244,608	254,364	244,608
Term deposit	156,000	351,000	157,775	359,902
Loans receivable	282,750	292,500	265,403	271,697
Total	2,065,744	2,162,739	2,050,172	2,150,838
Financial liabilities				
Derivative financial instruments	–	25,592	–	25,592
Interest-bearing bank and other borrowings	956,000	1,299,261	958,127	1,291,950
Corporate bonds	6,832,603	7,745,090	6,890,089	7,829,963
Total	7,788,603	9,069,943	7,848,216	9,147,505

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified.

The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

FAIR VALUE HIERARCHY

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

Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through other comprehensive income included in trade and notes receivables	-	81,524	-	81,524
Equity investments designated at fair value through other comprehensive income	173,347	-	-	173,347
Financial assets at fair value through profit or loss	932,197	185,562	-	1,117,759
Financial assets included in other long-term assets	-	-	254,364	254,364
Total	1,105,544	267,086	254,364	1,626,994

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

FAIR VALUE HIERARCHY (Continued)

Assets measured at fair value: (Continued)

As at 31 December 2021

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial assets at fair value through other comprehensive income included in trade and notes receivables	–	29,719	–	29,719
Financial assets at fair value through profit or loss	1,098,410	146,502	–	1,244,912
Financial assets included in other long-term assets	–	–	244,608	244,608
Total	1,098,410	176,221	244,608	1,519,239

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

FAIR VALUE HIERARCHY (Continued)

Liabilities measured at fair value:

As at 30 June 2022

	Fair value measurement using		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Total RMB'000
Derivative financial instruments	-	-	-

As at 31 December 2021

	Fair value measurement using		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Total RMB'000
Derivative financial instruments	-	25,592	25,592

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 22 August 2022.