



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)

INTERIM REPORT

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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. Jiang Guipeng

EXECUTIVE DIRECTORS

Mr. Jiang Guipeng (*Chairman*)

Mr. Weng Zhanbin (*Chairman*) (*resigned on 24 March 2023*)

Mr. Duan Lei (*Executive President*)
(*appointed on 24 March 2023*)

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

Mr. Chen Lunan (*Vice-President*)

NON-EXECUTIVE DIRECTORS

Mr. Long Yi (*Vice Chairman*)

Mr. Li Guanghui

Mr. Luan Wenjing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jinrong

Mr. Choy Sze Chung Jojo

Mr. Wei Junhao

Mr. Shen Shifu

SUPERVISORY COMMITTEE MEMBERS

Mr. Leng Haixiang (*Chairman of the Supervisory Committee*)

Mr. Hu Jin

Ms. Zhao Hua

SECRETARY TO THE BOARD

Mr. Wang Ligang

COMPANY SECRETARY

Ms. Ng Ka Man

AUTHORIZED REPRESENTATIVES

Mr. Jiang Guipeng

Mr. Duan Lei (*appointed on 24 March 2023*)

Mr. Weng Zhanbin (*resigned on 24 March 2023*)

BOARD COMMITTEES

AUDIT COMMITTEE MEMBERS

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

Mr. Choy Sze Chung Jojo

Mr. Wei Junhao

STRATEGIC COMMITTEE MEMBERS

Mr. Jiang Guipeng (*Chairman of the Strategic Committee*)
(*appointed on 24 March 2023*)

Mr. Weng Zhanbin (*Chairman of the Strategic Committee*)
(*resigned on 24 March 2023*)

Mr. Long Yi

Mr. Li Guanghui

NOMINATION AND REMUNERATION COMMITTEE MEMBERS

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

Mr. Wang Ligang

Mr. Chen Lunan

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. Duan Lei (*Chairman of the Safety and Environment Protection Committee*) (*appointed on 24 March 2023*)

Mr. Jiang Guipeng (*Chairman of the Safety and Environment Protection Committee*)
(*resigned on 24 March 2023*)

Mr. Luan Wenjing

Mr. Shen Shifu

* For identification purpose only

AUDITORS

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LEGAL ADVISERS

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PRINCIPAL BANKERS

Bank of China

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Agricultural Bank of China

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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 2023 (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 RMB3,446,912,000 in total (corresponding period of 2022: approximately RMB3,535,654,000), representing a decrease of approximately 2.51% as compared to the corresponding period of last year.

NET PROFIT

During the Period, the net profit of the Group was approximately RMB365,360,000 (corresponding period of 2022: approximately RMB209,817,000), representing an increase of approximately 74.13% as compared to the corresponding period of last year.

PRODUCT PRODUCTION

During the Period, the Group attained an aggregate gold production of approximately 11,768.81 kg (approximately 378,375.76 ozs), representing a decrease of approximately 12.93% as compared to the corresponding period of last year. In particular, the gold output from the Group’s mines amounted to 8,419.27 kg (approximately 270,685.69 ozs), representing a decrease of approximately 2.69% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 3,349.54 kg (approximately 107,690.07 ozs), representing a decrease of approximately 31.14% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 2,648 tons (of which copper output from mines amounted to 229 tons, and copper output from smelting amounted to 2,419 tons), representing an increase of approximately 7.51% 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 RMB252,858,000 (corresponding period of 2022: approximately RMB107,780,000), representing an increase of approximately 134.61% 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 RMB0.04 (corresponding period of 2022: approximately RMB0.03), representing an increase of approximately 33.33% as compared to the corresponding period of last year.

NET ASSETS PER SHARE

As at 30 June 2023, the consolidated net assets per share was approximately RMB6.43 (30 June 2022: approximately RMB6.02), and the yield to net assets during the Period was approximately 1.74% (corresponding period of 2022: approximately 1.07%).

III. INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (corresponding period of 2022: Nil).

IV. BUSINESS REVIEW

In the first half of 2023, the international gold price maintained an upward trend under the market's expectation that the Federal Reserve would put an end to the interest rate hike cycle in the first half of the year and start rate cut during the year, hitting a record high of US\$2,081.82/oz, then declined under pressure due to lingering high inflation in the US and tightening monetary policy of the Federal Reserve as well as the revised market's expectation on the US economy recession made at the beginning of the year. The international gold price operated at a high level with high fluctuation in the first half of the year, from the opening price at US\$1,822.79/oz to the closing price at US\$1,919.36/oz, averaging US\$1,934.02/oz for the first half of the year, representing a year-on-year increase of 3.09%.

In the first half of the year, facing slow recovery of global economy, numerous challenges such as increasing downward pressure on the domestic economy, stricter and tightening safety regulation policies as well as the opportunity of gold prices operating at a high level, the Group continued to enhance its abilities to identify risks and capture opportunities, and effectively resolved various risks and challenges through solid and effective efforts, and attained hard-won development gains.

FOCUSING ON DEVELOPMENT TARGETS AND PRODUCTION AND OPERATION MAINTAINING A SOUND GROWTH TREND

In the first half of the year, the Group, united as one, overcame various uncertainties from domestic and international markets, and vigorously conducted activities such as "excellence orientation, achievement on production volume and standard, cost reduction and efficiency enhancement" in all aspects. The production and operation of the Company maintained good momentum, and total gold output of 11,768.81 kg (approximately 378,375.76 ozs) was achieved, of which 8,419.27 kg (approximately 270,685.69 ozs) was mine-produced gold. Meanwhile, the Group continued to enhance the work of exploration and increasing reserves to lay a solid foundation for production. In the first half of the year, the Company invested a total of RMB54 million in geological exploration, resulting in an additional output of 13.92 tons of gold resource reserves and 573 tons of copper metal resource reserves.

CONCENTRATING ON DEVELOPMENT MOMENTUM AND ADVANCING “DOUBLE FOCUS” PROJECT IN A SOLID AND STEADY WAY

In the first half of the year, the Group accelerated the advancement of the “double focus” project through capturing domestic and international macro policies and the industry opportunities. Among which, the focus projects including the Mining and Beneficiation Project of Ruihai Mining (瑞海礦業採選工程), and the Reconstruction and Expansion Project of the Caogoutou Mining Area of Jintingling Mining (金亭嶺礦業草溝頭礦區改擴建工程) were launched. The scientific research strength of the Group was significantly enhanced through strengthening science and technology innovation. The Company invested a total of RMB58 million and made excellent achievements in the construction of national manufacturing innovation centre, the implementation and acceptance of key scientific research projects, and the pursuit and management of science and technology policies, etc. The Company has three newly certified and re-examined high and new technology enterprises, two enterprises being approved as provincial specialized and new small- and medium-sized enterprises. The Company has also implemented 27 technological innovation projects, and applied for 67 new patents and was granted 44 patents, and has won six science and technology advancement awards at the provincial or ministerial level.

FOCUSING ON SAFETY MANAGEMENT AND MAINTAINED STABLE PERFORMANCE IN PRODUCTION SAFETY

In the first half of the year, faced with multiple complex factors such as the increasing severity of national requirements in security and environmental protection and the risk of disasters induced by extreme weather, the Group strictly carried out comprehensive rectification of mine production safety and special inspection and rectification actions of major accident hazards, invested RMB90.93 million in safety measures, and ensured a stable situation of safety production throughout the Group by focusing on the implementation of the responsibility of all staff, major risk management and control, innovation in safety training, the construction of the information management platform and the “four modernization” construction and others.

V. FINANCIAL AND RESULTS ANALYSIS

REVENUE

During the Period, the Group’s revenue amounted to approximately RMB3,446,912,000 (corresponding period of 2022: approximately RMB3,535,654,000), representing a decrease of approximately 2.51% as compared to the corresponding period of last year. During the Period, the decrease in revenue was primarily due to the decrease in sales of gold of the Group.

NET PROFIT

During the Period, net profit of the Group amounted to approximately RMB365,360,000 (corresponding period of 2022: approximately RMB209,817,000), representing an increase of approximately 74.13% as compared to the corresponding period of last year. The increase in net profit was primarily due to the decrease in administrative expenses and income tax expense of the Group.

INTEGRATED COST OF GOLD PER GRAM

During the Period, the Group's integrated cost of gold per gram was approximately RMB214.67 per gram (corresponding period of 2022: approximately RMB193.98 per gram), representing an increase of approximately 10.67% as compared to the corresponding period of last year. The increase in integrated cost of gold per gram was due to the increase in safety fee withdrawal standard, promotion of the use of electronic detonators and increase in project expenses.

COST OF SALES

During the Period, the Group's cost of sales amounted to approximately RMB2,102,505,000 (corresponding period of 2022: approximately RMB2,203,163,000), representing a decrease of approximately 4.57% as compared to the corresponding period of last year. The decrease was primarily attributable to the decrease in sales of gold of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Period, the Group's gross profit was approximately RMB1,344,407,000, representing an increase of approximately 0.89% as compared to RMB1,332,491,000 of the corresponding period of last year. The Group's gross profit margin has increased from approximately 37.69% for the corresponding period of last year to approximately 39.00% for the Period. The increase in gross profit was mainly due to the increase in sales price of gold of the Group.

OTHER INCOME AND GAINS

During the Period, the Group's other income and gains were approximately RMB296,248,000 (corresponding period of 2022: approximately RMB305,189,000), representing a decrease of approximately 2.93% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in sales revenue from raw materials of the Group.

SELLING AND DISTRIBUTION COSTS

During the Period, the Group's selling and distribution costs were approximately RMB15,248,000 (corresponding period of 2022: approximately RMB17,436,000), representing a decrease of approximately 12.55% as compared to the corresponding period of last year. The decrease was mainly due to the decrease in transaction cost for sales of gold of the Group.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the Period, the Group's administrative and other operating expenses were approximately RMB865,568,000 (corresponding period of 2022: approximately RMB1,024,222,000), representing a decrease of approximately 15.49% as compared to the corresponding period last year. The decrease was mainly due to the decrease in research and development expenses of the Group.

FINANCE COSTS

During the Period, the Group's finance costs amounted to approximately RMB311,238,000 (corresponding period of 2022: approximately RMB280,267,000), representing an increase of approximately 11.05% as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in total interest-bearing liabilities.

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 2023, the Group had cash and cash equivalents of approximately RMB6,342,573,000, representing an increase of approximately 77.01% as compared to approximately RMB3,583,213,000 as at 31 December 2022. Such increase was mainly due to the reserve of currency funds for the development of the Company.

As at 30 June 2023, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to RMB34,715,000 (31 December 2022: RMB33,612,000), and those denominated in United States dollars amounted to RMB88,665,000 (31 December 2022: RMB124,484,000). Those denominated in Australian dollars amounted to approximately RMB4,972,000 (31 December 2022: RMB10,930,000). Those denominated in Kazakhstani Tenge were nil (31 December 2022: RMB3,000). Those denominated in Great Britain Pound amounted to approximately RMB45,000 (31 December 2022: RMB311,000). All other cash and cash equivalents held by the Group are denominated in RMB.

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 RMB for other currencies through those banks which are authorized to conduct foreign exchange business.

BORROWINGS

As at 30 June 2023, 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 RMB14,069,695,000 (31 December 2022: RMB11,480,514,000), of which RMB10,278,695,000 (31 December 2022: RMB9,322,514,000) was repayable within one year, and RMB3,791,000,000 (31 December 2022: RMB2,158,000,000) was repayable within two to five years. As at 30 June 2023, the Group had outstanding corporate bonds of approximately RMB3,299,587,000 (31 December 2022: RMB1,301,118,000), which shall be repaid within one year, and approximately RMB4,996,332,000 (31 December 2022: RMB5,995,446,000), which shall be repaid within two to five years.

As at 30 June 2023, all borrowings of the Company are denominated in RMB (31 December 2022: corporate bonds of RMB1,351,132,000 were denominated in United States dollars). As at 30 June 2023, except for secured and guaranteed bank loans and other borrowings of RMB1,478,784,000 (31 December 2022: RMB578,031,000), all borrowings are unsecured. As at 30 June 2023, 68.38% 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 18.98% (corresponding period of 2022: approximately 34.19%).

TOTAL ASSETS

As at 30 June 2023, the total assets of the Group were approximately RMB50,499,626,000, representing an increase of approximately 10.05% as compared to approximately RMB45,887,495,000 as at 31 December 2022. Among which, total non-current assets amounted to approximately RMB33,251,510,000, accounting for approximately 65.85% of the total assets, and representing an increase of approximately 0.96% as compared to approximately RMB32,936,695,000 as at 31 December 2022. As at 30 June 2023, total current assets were approximately RMB17,248,116,000, accounting for approximately 34.15% of the total assets, and representing an increase of approximately 33.18% as compared to approximately RMB12,950,800,000 as at 31 December 2022.

NET ASSETS

As at 30 June 2023, the net assets of the Group were approximately RMB21,015,949,000, representing an increase of approximately 4.83% as compared to approximately RMB20,047,452,000 as at 31 December 2022.

TOTAL LIABILITIES

As at 30 June 2023, the total liabilities of the Group were approximately RMB29,483,677,000, representing an increase of approximately 14.10% as compared to approximately RMB25,840,043,000 as at 31 December 2022. As at 30 June 2023, 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 44.16% (31 December 2022: 43.11%).

CONTINGENT LIABILITIES

As at 30 June 2023, the contingent liabilities of the Group did not have any change as compared to 31 December 2022.

MARKET RISKS

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

INTEREST RATE RISK

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

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. During the Period, the Group has, under certain circumstances, entered into AU (T+D) contracts, which are substantially commodity contracts of deferred delivery. Under the framework of these contracts, the Group can buy or sell gold at day price with a margin payment of 10% of the total trading value, to achieve same day delivery or deferred delivery. There is no restriction imposed on the settlement period. During the Period, the Group has not entered into any long-term AU (T+D) contract framework.

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

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

PLEDGE

As at 30 June 2023, except for the following assets pledged or charged for environmental improvement funds, margin of commodity contracts, margin of AU (T+D) contracts, and for obtaining bank borrowings and notes payable, the Group had not pledged or charged any other assets: pledged deposits of RMB460,000,000 (31 December 2022: RMB560,000,000).

SIGNIFICANT INVESTMENT

As at 30 June 2023, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2023, the Group did not have any future plan for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the Period, there was no material acquisitions or disposals of subsidiaries, associates and joint ventures.

VI. BUSINESS PROSPECTS

In the second half of 2023, the Group will closely focus on the tasks and targets set by the Board, deepen the “Five Excellence Competition (五優競賽)”, closely monitor the three key development supporting factors of quality, production and reserves, and make every effort to ensure the enhancement of production, reserves and effectiveness within the Company.

KEEPING MONITORING PRODUCTION CAPACITY, INCREASING PRODUCTION OUTPUT AND CARRYING OUT PRODUCTION AND SALES IN A SCIENTIFIC MANNER TO ACHIEVE THE GOAL OF INCREASING PRODUCTION AND PROFITABILITY

In the second half of the year, the Group will focus on entry grade, recovery rate and other key production indicators, to strengthen process control and operational management, so as to fully control the grade and conquer the indicators. We will also increase the density and intensity of assessment and scheduling, implementing daily scheduling and monthly assessments for the gold output of the backbone mines, to ensure the achievement of production targets in the second half of the year. Taking advantage of the expected increase in gold prices, we will enhance our capabilities in capturing market trends, carrying out band operation, and managing risks to ensure a steady increase in sales and profitability.

SEIZING OPPORTUNITIES, SEEKING BREAKTHROUGHS, AND FOCUSING ON OUR STRENGTHS TO ACHIEVE RAPID AND EFFECTIVE PROJECT DEVELOPMENT

In the second half of the year, the Group will facilitate the project construction in two aspects. Firstly, the Company will prioritize the construction of the two key projects, namely Ruihai Mining* (瑞海礦業) and Caogoutou Mining Area of Jintingling* (金亭嶺草溝頭礦區), and will focus on ensuring the commencement and completion of the production as scheduled. Secondly, the Group will concentrate its strengths on ten major research and technology projects and accelerate the transformation of research results. Thirdly, the Group will formulate plans for the projects of the deep exploration and the comprehensive utilization of tailings of the key mines such as Xiadian Gold Mine* (夏甸金礦) and Dayingezhuang Gold Mine* (大尹格莊金礦), so as to realize the Group’s development plan of laying a foundation for long-term benefits.

FOCUSING ON INCREASING RESERVES, STRENGTHENING RESERVES, AND ENHANCING RESOURCE ACQUISITION TO ACHIEVE TRANSFORMATION AND IMPLEMENTATION

In the second half of the year, under the background of the deep restructuring of global gold industry, the Group will firmly grasp resources, being the lifeline of our business. Firstly, the Group will focus on the implementation of prospecting projects in key mines such as Tonghui Mining* (銅輝礦業), Xiadian Gold Mine* (夏甸金礦), Gansu Beishan* (甘肅北山), Subei Jinying* (肅北金鷹), Fengning Jinlong* (豐寧金龍) and Zhaojin Baiyun* (招金白雲), and accelerate the process of “exploration to extraction, extraction to construction” to ensure the production continuation and capacity growth. Secondly, the Group will accelerate the transformation and implementation of national and international early-stage external development projects, and transform project advantages into development advantages.

FOCUSING ON GOVERNANCE, BUILDING CULTURE AND PRACTICING ESG CONCEPTS TO ACHIEVE HARMONIOUS DEVELOPMENT

In the second half of the year, the Group will further strengthen its corporate governance, enhance the compliance operation of the general meeting, the Board and the supervisory committee (三會), promote the standard of information disclosure management and increase the interaction and communication with investors. The Group will put into practice the concept of People-oriented Harmony (人本和諧) and launch the construction of corporate culture and pro-people projects to ensure the healthy and sustainable development of the Company.

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 2023 are as follows:

Class	Number of Shareholders
Domestic share	2
Overseas-listed foreign share – H share	1,321
Total number of Shareholders	1,323

2. SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, supervisors and chief executives of the Company, as at 30 June 2023, 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 2)	2.41	-	3.02	Long position
2 Zijin Mining Group Co., Ltd.	H shares	Interest of controlled corporation	654,078,741 (Note 3)	20.00	-	25.06	Long position

Name of Shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued domestic shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long position/ Short position/ Lending pool
3 Gold Mountains (H.K.) International Mining Co., Limited	H shares	Beneficial owner	654,078,741 (Note 3)	20.00	-	25.06	Long position
4 Van Eck Associates Corporation	H shares	Investment manager	204,043,342 (Note 4)	6.24	-	7.82	Long position
5 VanEck ETF-VanEck Gold Miners ETF	H shares	Beneficial owner	135,202,500 (Note 4)	4.13	-	5.18	Long position
6 State Street Bank & Trust Company	H shares	Approved lending agent	185,869,604 (Note 5)	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) Shandong Zhaojin Group Company Limited* (山東招金集團有限公司) ("Zhaojin Group") holds 100% equity interests in Zhaojin Non-Ferrous Mining Company Limited* (招金有色礦業有限公司) ("Zhaojin Non-Ferrous") and 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.
- (3) Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司) ("Zijin Mining") is indirectly interested in the shares of the Company through its 100% interest in Gold Mountains (H.K.) International Mining Co., Limited ("Gold Mountains (H.K.) International").
- (4) Van Eck Associates Corporation is the investment manager of the VanEck ETF – VanEck Gold Miners ETF.
- (5) State Street Bank & Trust Company is interested in the shares of the Company through its directly or indirectly controlled companies.

OTHER INFORMATION

As at 30 June 2023, save as disclosed above and to the best knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or held 5% or above in the issued share capital of the Company which was required to be notified to the Company.

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

As at 30 June 2023, 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 Jiang Guipeng (Executive Director and Chairman)	H shares	Beneficiary of a trust (other than a discretionary interest)	150,000	0.005	0.006	Long position
2 Duan Lei (Executive Director and Executive President)	H shares	Beneficiary of a trust (other than a discretionary interest)	25,000	0.0008	0.001	Long position
3 Wang Ligang (Executive Director and Vice-president)	H shares	Beneficiary of a trust (other than a discretionary interest)	500,000	0.015	0.019	Long position
4 Zhao Hua (Supervisor)	H shares	Beneficiary of a trust (other than a discretionary interest)	100,000	0.003	0.004	Long position

Note:

- The interests set out above relate to the employee shares subscription plan portions ("ESSP Portion(s)") under the Company's employee shares subscription plan ("ESSP") subscribed by the Directors, supervisors and chief executives. One ESSP Portion corresponds to one H share. For details of the ESSP, please refer to 2022 annual report of the Company.

Save as disclosed above, as at 30 June 2023 and to the knowledge of the Directors, supervisors and chief executives of the Company, no person had any interests and short positions in the shares or underlying shares of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or 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.

VIII. EMPLOYEES

As of 30 June 2023, the Company had a total of 6,759 employees. The Group remunerates its employees according to their performance, experience and prevailing industry practices and provide other benefits to employees (including retirement benefit plans, medical benefit plans and housing fund plans). The Group also provides opportunities for further education and training to its employees. The Group offers competitive remuneration packages to its employees and reviews employee remuneration annually with reference to the prevailing labor market and human resources market trends and laws.

IX. IMPORTANT EVENTS

1. ON 5 JUNE 2023, THE 2022 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 2022 that is, it is recommended to distribute a final dividend for the year ended 31 December 2022 of RMB0.04 (before taxation) per share to all Shareholders;
- (2) authorizing the Board to allot, issue or deal with H shares and domestic shares of up to a maximum of 20% of the respective total number of issued H shares and existing domestic shares of the Company as at the date of passing such resolution;
- (3) authorizing the Board to repurchase H shares of up to a maximum of 10% of the total number of issued H shares of the Company as at the date of passing such resolution;
- (4) the proposal for the appointment of executive Directors and non-executive Directors;
- (5) the proposal for the appointment of shareholder representative supervisors of the Company; and
- (6) the proposed amendment to the Article 7.3, Article 8.4, Article 8.5, Article 8.13, Article 8.24, Article 10.2, Article 16.4, Article 16.6 and Article 25.3 to the articles of association of the Company (the "Articles of Association").

Relevant details were set out in the circular and notice of the Company both dated 14 April 2023 and the voting results announcement of the Company dated 5 June 2023 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. ON 5 JUNE 2023, 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 14 April 2023 and the voting results announcement of the Company dated 5 June 2023 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 9th meeting of the seventh session of the Board on 24 March 2023, at which the Board agreed that Mr. Weng Zhanbin resigned from the position of the chairman of the seventh session of the Board, an executive Director, the chairman of the strategic committee and authorized representative of the Company (the “Authorized Representative”) under Rule 3.05 of the Listing Rules, and Mr. Jiang Guipeng resigned from his position as the chairman of the safety and environment protection committee of the seventh session of the Board due to re-allocation of their work arrangement. Their resignations are all with effect from 24 March 2023. Mr. Weng Zhanbin and Mr. Jiang Guipeng confirmed that they had no disagreement with the Board and there was no matter relating to their resignations that needs to be brought to the attention of the Shareholders and the Stock Exchange. In accordance with the Articles of Association, the Board appointed Mr. Jiang Guipeng, an executive Director, as the chairman and the chairman of the strategic committee of the seventh session of the Board, Mr. Duan Lei as an executive Director, the chairman of the safety and environment protection committee of the seventh session of the Board and the Authorized Representative. Their appointments are all with effect from 24 March 2023.

The details of changes in the composition of the Board were set out in the announcement of the Company dated 24 March 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. CHANGES IN SENIOR MANAGEMENT

The Company held the 9th meeting of the seventh session of the Board on 24 March 2023, at which the Board agreed that Mr. Jiang Guipeng resigned from the position of the president of the Company due to re-allocation of his work arrangement, his resignation is with effect from 24 March 2023. In accordance with the Articles of Association, the Board appointed Mr. Duan Lei as an executive president of the Company. His appointment is with effect from 24 March 2023.

The details of changes in senior management were set out in the announcement of the Company dated 24 March 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. ISSUANCE OF SUPER SHORT-TERM BONDS

On 14 February 2023, the Company issued the first tranche of super short-term bonds for the year of 2023 with a par value of RMB1.5 billion for a term of 30 days and bearing interest rate of 1.99% per annum. The proceeds are to supplement the Company’s working capital and repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 13 February 2023 and 16 February 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 21 February 2023, the Company issued the second tranche of super short-term bonds for the year of 2023 with a par value of RMB1 billion for a term of 30 days and bearing interest rate of 1.99% per annum. The proceeds are to repay interest-bearing loans of the Company.

OTHER INFORMATION

Relevant details were set out in the announcements of the Company dated 20 February 2023 and 22 February 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 17 May 2023, the Company issued the third tranche of super short-term bonds for the year of 2023 with a par value of RMB1.5 billion for a term of 30 days and bearing interest rate of 2.00% 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 16 May 2023 and 19 May 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 26 May 2023, the Company issued the fourth tranche of super short-term bonds for the year of 2023 with a par value of RMB1.5 billion for a term of 30 days and bearing interest rate of 1.95% 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 25 May 2023 and 30 May 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. ISSUANCE OF MEDIUM-TERM NOTES

On 24 April 2023 and 25 April 2023, the Company issued the first tranche of medium-term notes (Sci-Tech innovation notes) for the year of 2023 with a par value of RMB1 billion for a term of 2+N years and bearing interest rate of 3.55% per annum. The amount received by the Company for this issuance is RMB1 billion, and the proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 21 April 2023 and 27 April 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 26 April 2023, the Company issued the second tranche of medium-term notes (Sci-Tech innovation notes) for the year of 2023 with a par value of RMB1 billion for a term of 3 years and bearing interest rate of 3.20% per annum. The amount received by the Company for this issuance is RMB1 billion, and the proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 24 April 2023 and 28 April 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. ENTERING INTO THE GEOLOGICAL PROSPECTING SERVICES FRAMEWORK AGREEMENT, THE MATERIAL PROCUREMENT FRAMEWORK AGREEMENT AND THE PROCESSING AND SMELTING, DEEP WELL RESOURCE EXTRACTION AND RECYCLING, TESTING AND RELATED TECHNICAL SERVICES FRAMEWORK AGREEMENT

On 3 January 2023, Shandong Zhaojin Geological Prospecting Co., Ltd* (山東招金地質勘查有限公司) (“Zhaojin Geology Exploration”) and Zhaojin Group entered into the geological prospecting services framework agreement in relation to Zhaojin Geology Exploration’s provision of exploration services to Zhaojin Group (the “Geological Prospecting Services Framework Agreement”) from 1 January 2023 to 31 December 2025. According to the Geological Prospecting Services Framework Agreement, the Company expects that the maximum aggregate annual values in respect of the transactions contemplated under the Geological Prospecting Services Framework Agreement for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB8 million, RMB10 million and RMB8 million, respectively.

On 3 January 2023, Zhaoyuan Gold Materials Supply Center Co., Ltd* (招遠市黃金物資供應中心有限公司) (“Materials Supply Center”) and Zhaojin Group entered into the material procurement framework agreement in relation to the provision of material procurement services by Materials Supply Center to Zhaojin Group (the “Material Procurement Framework Agreement”) from 1 January 2023 to 31 December 2025. According to the Material Procurement Framework Agreement, the Company expects that the maximum aggregate annual values in respect of the transactions contemplated under the Material Procurement Framework Agreement for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB20 million, RMB20 million and RMB25 million, respectively.

On 3 January 2023, the Company entered into the processing and smelting, deep well resource extraction and recycling, testing and related technical services framework agreement with Shandong Zhaojin Technology Company Limited* (山東招金科技有限公司) (“Shandong Zhaojin Technology”) in relation to the provision of processing and smelting, deep well resource extraction and recycling, testing and related technical services by Shandong Zhaojin Technology and its subsidiaries to the Group (the “Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement”) during the period from 1 January 2023 to 31 December 2025. According to the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement, the Company expects that the annual caps for the transactions contemplated under the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB27 million, RMB28 million and RMB29.5 million, respectively.

OTHER INFORMATION

Zhaojin Group is the substantial Shareholder and controlling Shareholder of the Company. According to Rule 14A.07 of the Listing Rules, Zhaojin Group is a connected person of the Company. Both of Zhaojin Geology Exploration and Materials Supply Center are wholly-owned subsidiaries of the Company. In addition, Shandong Zhaojin Technology, being a non-wholly-owned subsidiary of the Company, is held as to 35% by Zhaojin Group. According to Rule 14A.16 of the Listing Rules, Shandong Zhaojin Technology is a connected subsidiary of the Company and a connected person of the Company. Therefore, according to Chapter 14A of the Listing Rules, the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As all the percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each of the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement are more than 0.1% but less than 5%, the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing 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 3 January 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

X. EVENTS AFTER THE PERIOD

1. ENTERING INTO THE GOLD CONCENTRATES PURCHASE FRAMEWORK AGREEMENTS

On 12 July 2023, the Company and Shanxi Zijin Mining Co., Ltd.* (山西紫金礦業有限公司) ("Shanxi Zijin") entered into the gold concentrates purchase framework agreement (the "Gold Concentrates Purchase Framework Agreement i") in relation to the Group's purchase of gold concentrates from Shanxi Zijin and its subsidiaries from 1 January 2023 to 31 December 2025. According to the Gold Concentrates Purchase Framework Agreement i, the Company expects that the annual caps in respect of the transactions contemplated under the Gold Concentrates Purchase Framework Agreement i for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB390 million, RMB390 million and RMB390 million, respectively.

On 12 July 2023, the Company and Zhaojin Non-Ferrous entered into the gold concentrates purchase framework agreement (the "Gold Concentrates Purchase Framework Agreement ii") in relation to the Group's purchase of gold concentrates from Zhaojin Non-Ferrous and its subsidiaries from 1 January 2023 to 31 December 2025. According to the Gold Concentrates Purchase Framework Agreement ii, the Company expects that the annual caps in respect of the transactions contemplated under the Gold Concentrates Purchase Framework Agreement ii for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB30 million, RMB90 million and RMB100 million, respectively.

Zijin Mining held 654,078,741 H shares, representing approximately 20% of the total issued shares, through its wholly-owned subsidiary Gold Mountains (H.K.) International. Accordingly, Zijin Mining is a substantial Shareholder of the Company. Shanxi Zijin is a wholly-owned subsidiary of Zijin Mining. In addition, Zhaojin Group is a controlling Shareholder of the Company and Zhaojin Non-Ferrous is a wholly-owned subsidiary of Zhaojin Group. Accordingly, Shanxi Zijin and Zhaojin Non-Ferrous are connected persons of the Company under Chapter 14A of the Listing Rules and transactions contemplated under the Gold Concentrates Purchase Framework Agreement i and Gold Concentrates Purchase Framework Agreement ii constitute continuing connected transactions of the Company.

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of each of transactions contemplated under the Gold Concentrates Purchase Framework Agreement i and Gold Concentrates Purchase Framework Agreement ii are more than 0.1% but less than 5%, each of transactions contemplated under the Gold Concentrates Purchase Framework Agreement i and Gold Concentrates Purchase Framework Agreement ii shall be subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 12 July 2023 and the supplementary announcement of the Company date 19 July 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. ENTERING INTO THE GOLD CONCENTRATES SALES FRAMEWORK AGREEMENT

On 25 August 2023, the Company and Zhaojin Group entered into the gold concentrates sales framework agreement (the "Gold Concentrates Sales Framework Agreement") in relation to the Group's sales of gold concentrates to Zhaojin Group and its subsidiaries (excluding Zhaojin Non-Ferrous and its subsidiaries) from 1 January 2023 to 31 December 2025. According to the Gold Concentrates Sales Framework Agreement, the Company expects that the annual caps in respect of the transactions contemplated under the Gold Concentrates Sales Framework Agreement for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB70 million, RMB150 million and RMB200 million, respectively.

Zhaojin Group is a controlling Shareholder of the Company. Zhaojin Group and its subsidiaries are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the Gold Concentrates Sales Framework Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the annual caps of the transactions contemplated under the Gold Concentrates Sales Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Gold Concentrates Sales Framework Agreement shall be subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 25 August 2023 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

XI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all the code provisions set out in Part 2 of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules during the period from 1 January 2023 to 30 June 2023. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the Period.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding 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.

XIII. AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Ms. Chen Jinrong, Mr. Wei Junhao 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 2023, 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 2023 have been prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

XIV. CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

XV. INVESTOR RELATIONS

For years, the Company’s investor relations division has been unwaveringly 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.

By order of the Board
Zhaojin Mining Industry Company Limited*
Jiang Guipeng
Chairman

Zhaoyuan, the PRC, 25 August 2023

* For identification purpose only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	5	3,446,912	3,535,654
Cost of sales		(2,102,505)	(2,203,163)
Gross profit		1,344,407	1,332,491
Other income and gains	5	296,248	305,189
Selling and distribution expenses		(15,248)	(17,436)
Administrative expenses		(571,637)	(645,919)
Impairment losses on financial assets		(32,053)	(54,725)
Other expenses	6	(261,878)	(323,578)
Finance costs		(311,238)	(280,267)
Share of profits and losses of:			
– Associates		2,374	3,307
– Joint ventures		–	(261)
PROFIT BEFORE TAX	7	450,975	318,801
Income tax expense	8	(85,615)	(108,984)
PROFIT FOR THE PERIOD		365,360	209,817
Attributable to:			
Owners of the parent		252,858	107,780
Non-controlling interests		112,502	102,037
		365,360	209,817
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period (RMB)	10	0.04	0.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	365,360	209,817
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	24,125	28,407
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	24,125	28,407
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligations	(329)	(509)
Income tax effect	49	76
Equity investments designated at fair value through other comprehensive income	(82,640)	(15,865)
Income tax effect	851	3,966
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(82,069)	(12,332)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(57,944)	16,075
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	307,416	225,892
Attributable to:		
Owners of the parent	194,770	124,291
Non-controlling interests	112,646	101,601
	307,416	225,892

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	16,302,463	16,003,636
Investment properties		94,676	82,057
Right-of-use assets		767,471	705,385
Goodwill		583,303	583,303
Other intangible assets	11	12,418,818	12,302,798
Investment in a joint venture		–	4,089
Investments in associates		278,523	896,866
Equity investments designated at fair value through other comprehensive income		745,974	190,273
Deferred tax assets		390,273	362,346
Long-term deposits		13,342	15,470
Term deposits		68,000	57,000
Loans receivable		279,043	351,913
Financial assets measured at amortised cost		322,337	525,480
Other long-term assets	12	987,287	856,079
Total non-current assets		33,251,510	32,936,695
CURRENT ASSETS			
Inventories		5,244,260	4,670,644
Trade and notes receivables	13	630,644	216,465
Prepayments, other receivables and other assets		808,635	563,375
Financial assets at fair value through profit or loss		1,523,259	1,531,021
Pledged deposits		526,912	367,405
Loans receivable		2,171,833	2,018,677
Cash and cash equivalents		6,342,573	3,583,213
Total current assets		17,248,116	12,950,800
CURRENT LIABILITIES			
Trade and bills payables	14	391,904	430,637
Other payables and accruals		2,364,426	2,600,795
Financial liabilities at fair value through profit or loss		655,662	482,227
Interest-bearing bank and other borrowings	15	10,278,695	9,322,514
Corporate bonds	16	3,299,587	1,301,118
Tax payable		23,173	29,907
Provisions		2,253	1,970
Deposits from customers		1,241,745	1,204,418
Current portion of other long-term liabilities		221,854	197,668
Total current liabilities		18,479,299	15,571,254

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
NET CURRENT LIABILITIES		(1,231,183)	(2,620,454)
TOTAL ASSETS LESS CURRENT LIABILITIES		32,020,327	30,316,241
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	3,791,000	2,158,000
Corporate bonds	16	4,996,332	5,995,446
Lease liabilities		16,495	15,056
Deferred tax liabilities		271,595	274,346
Deferred income		107,101	127,975
Provisions		42,676	42,676
Other long-term liabilities		1,779,179	1,655,290
Total non-current liabilities		11,004,378	10,268,789
NET ASSETS		21,015,949	20,047,452
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,270,393	3,270,393
Perpetual capital instruments		6,173,370	5,058,253
Reserves		8,229,190	8,281,297
		17,672,953	16,609,943
Non-controlling interests		3,342,996	3,437,509
TOTAL EQUITY		21,015,949	20,047,452

Jiang Guipeng

Director

Duan Lei

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent										Total equity RMB'000
	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, net of tax RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2023 (Audited)	3,270,393	5,058,253	2,267,033	43,592	1,369,504	959	9,280	4,590,929	16,609,943	3,437,509	20,047,452
Profit for the period	-	116,061	-	-	-	-	-	136,797	252,858	112,502	365,360
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	23,981	-	23,981	144	24,125
Remeasurements of post-employment benefit obligations, net of tax	-	-	(280)	-	-	-	-	-	(280)	-	(280)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(81,789)	-	-	(81,789)	-	(81,789)
Total comprehensive (loss)/income for the period	-	116,061	(280)	-	-	(81,789)	23,981	136,797	194,770	112,646	307,416
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(207,159)	(207,159)
Disposal of a subsidiary	-	-	7,017	-	(5,000)	-	-	(2,017)	-	-	-
Safety production cost	-	-	-	11,100	-	-	-	(11,100)	-	-	-
Issue of perpetual capital instruments	-	999,056	-	-	-	-	-	-	999,056	-	999,056
Final 2022 dividend declared	-	-	-	-	-	-	-	(130,816)	(130,816)	-	(130,816)
At 30 June 2023 (Unaudited)	3,270,393	6,173,370	2,273,770*	54,692*	1,364,504*	(80,830)*	33,261*	4,583,793*	17,672,953	3,342,996	21,015,949

* These reserve accounts comprise the consolidated reserves of RMB8,229,190,000 (31 December 2022: RMB8,281,297,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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
Other comprehensive income for the period:											
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 CASH FLOWS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		450,975	318,801
Adjustments for:			
Finance costs		311,238	280,267
Share of profits and losses of associates		(2,374)	(3,307)
Share of loss of a joint venture		–	261
Interest income		(90,825)	(13,374)
Dividend income from equity investments at fair value through profit or loss		(367)	–
Net loss on disposal or write-off of items of property, plant and equipment	6	876	801
Fair value loss, net:			
Equity investments at fair value through profit or loss	6	161,417	215,002
Gain on disposal of financial assets at fair value through profit or loss		(37,736)	(59,201)
Gain on disposal of financial assets measured at amortized cost		(15,422)	(17,481)
Gain on disposal of a subsidiary	5	(9,138)	–
Gain on disposal of a joint venture	5	(1,018)	–
Gain on disposal of an associate	5	(22,792)	–
Loss/(Gain) on settlement of commodity derivative contracts	5,6	19,234	(25,566)
Depreciation of property, plant and equipment		411,033	415,110
Depreciation of right-of-use assets		18,811	18,009
Depreciation of investment properties		1,418	1,419
Amortisation of other intangible assets		46,643	59,878
Amortisation of long-term prepaid expenses		1,638	2,132
Provision for impairment of receivables	7	19,181	26,209
Impairment loss on loans receivable	7	12,872	28,516
Impairment loss on inventories	7	23,958	4,278
Decrease in long-term deposits		2,128	678
Increase in inventories		(597,375)	(359,656)
Increase in trade and notes receivables		(419,909)	(149,321)
Increase in prepayments and other receivables		(133,462)	(7,923)
Increase in pledged deposits		(159,507)	(26,002)
Increase in loans receivable		(80,961)	(293,988)
(Decrease)/increase in trade and bills payables		(38,732)	205,378
(Decrease)/increase in other payables and accruals		(350,561)	4,434
Decrease/(increase) in deposits from customers		37,327	(584,599)
Decrease in deferred income		(20,874)	(21,556)
Decrease in provisions		(1,032)	(1,972)
Cash (used in)/generated from operations		(463,336)	17,227
Income taxes paid		(122,127)	(192,710)
Net cash flows from operating activities		(585,463)	(175,483)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	57,724	9,439
Dividend received from an associate	–	4,444
Purchases of items of property, plant and equipment	(639,033)	(429,262)
Increase in other intangible assets	(178,886)	(442,010)
Proceeds from disposal of items of property, plant and equipment	608	1,371
Capital increase of an associate	–	(130,011)
Disposal of a subsidiary	8,879	–
Disposal of a joint venture	3,000	–
(Loss)/gain from commodity derivative contracts	(19,234)	25,566
Deposits paid for commodity derivative contracts	(57,860)	(115,854)
Net proceeds from acquisition and disposal of equity investments at fair value through profit or loss	(130,141)	(54,240)
Increase in right-of-use assets	(16,198)	(1,330)
Decrease in investments in financial assets measured at amortised cost	218,564	302,058
Increase in loans receivable	(12,064)	(23,000)
Non-current financial investing activities	–	(140,000)
Increase in term deposits with original maturity of more than one year	(11,000)	(40,000)
Net cash flows used in investing activities	(775,641)	(1,032,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	41,602,249	46,316,403
Issuance of corporate bonds, net of issuance expense	1,000,000	999,420
Issue of perpetual capital instruments	999,056	–
Proceeds from redemption of perpetual capital instruments	–	(500,000)
Repayment of corporate bonds	–	(1,890,420)
Repayment of bank and other borrowings	(39,013,068)	(41,724,441)
Capital contribution from non-controlling shareholders	–	271,061
Dividends paid	(258,198)	(59,753)
Interest paid	(339,362)	(292,571)
Distribution paid for perpetual capital instruments	–	(27,150)
Instalment for the purchase of long-term assets	(42,748)	–
Receipts from gold leasing business	173,435	–
Principal portion of lease payments	(6,060)	(5,840)
Net cash flows from financing activities	4,115,304	3,086,709

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,754,200	1,878,397
Cash and cash equivalents at beginning of period	3,583,213	2,998,213
Effects of foreign exchange rate changes, net	5,160	10,996
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,342,573	4,887,606
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,342,573	5,122,606
Less: Term deposits with original maturity of more than three months	–	235,000
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	6,342,573	4,887,606

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 No.118 Wenquan Road, Zhaoyuan City, Shandong Province, China.

In December 2006, the Company issued 198.7 million H shares to the public at a price of HK\$12.68 per share (equivalent to approximately RMB12.74 per share) and the H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In addition, 19.8 million H shares converted from certain domestic shares were transferred to the National Council for Social Security Fund. On 7 August 2020, the Company converted 1,560,340,597 domestic shares into H shares and the listing of the converted H shares on the Stock Exchange commenced on 10 August 2020.

During the period, the Company and its subsidiaries (the “Group”) were principally engaged in the exploration, mining, processing, smelting of gold, and the sale of gold products, the smelting and sale of silver products, the mining, processing and sale of copper and the sale of copper products in Mainland China and South America.

As of 30 June 2023, Shandong Zhaojin Group Company Limited (“Zhaojin Group”), a state-owned enterprise established in the PRC, and one of its subsidiaries held in total 36.30% of the issued share capital of the Company. Gold Mountains (H.K.) International Mining Company Limited (a wholly-owned subsidiary of Zijin Mining Group Co., Ltd.) held in total approximately 20.00% of the issued share capital of the Company. The remaining issued share capital of the Company was mainly held by shareholders of H shares and Zhaoyuan City State-owned Assets Operation Company Limited.

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 2023 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 2022.

As at 30 June 2023, the Group had net current liabilities of RMB1,231,183,000 (31 December 2022: RMB2,620,454,000). 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 2023, 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.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 *Definition of Accounting Estimates* clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, 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 2023

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

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any. The amendments did not have any significant impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

- (a) The gold operations segment consists of gold mining and smelting operations;
- (b) The copper operations segment consists of copper mining and smelting operations;
- (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 2023

4. OPERATING SEGMENT INFORMATION (Continued)

The Group's operating segments are as follows:

For the six months ended 30 June 2023 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	3,147,273	127,865	171,774	3,446,912
Segment results	861,822	(46,636)	(199,734)	615,452
<i>Reconciliation:</i>				
Interest income				146,761
Finance costs				(311,238)
Profit before tax				450,975
Segment assets	34,743,811	2,578,884	5,849,173	43,171,868
<i>Reconciliation:</i>				
Corporate and other unallocated assets				7,327,758
Total assets				50,499,626
Segment liabilities	4,540,505	622,512	1,683,451	6,846,468
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				22,637,209
Total liabilities				29,483,677
Other segment information				
Capital expenditure*	1,027,492	32,570	12,642	1,072,704
Investments in associates	272,946	–	5,577	278,523
Impairment losses recognised in the statement of profit or loss	50,400	1,339	4,271	56,010
Share of gains of:				
– Associates	2,357	–	17	2,374
Depreciation and amortisation	414,220	19,783	45,540	479,543
Gain on disposal of financial assets	11,737	67	41,551	53,355
Fair value gain/(loss) on financial assets at fair value through profit or loss	10,039	–	(171,456)	(161,417)

* 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 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
Investment in a joint venture	–	–	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/(losses) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

As over 95% 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 2023, revenue of approximately RMB2,625,000,000 (for the six months ended 30 June 2022: RMB2,727,305,000) was derived from sales by the gold operations segment to a single customer. In addition, the top five customers accounted for 87% of the total sales (for the six months ended 30 June 2022: 85% of the total sales).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of goods	3,480,757	3,611,788
Rendering of services	62,377	51,889
	3,543,134	3,663,677
Less: Government surcharges	(96,222)	(128,023)
	3,446,912	3,535,654
Goods recognised at a point in time	3,524,513	3,638,587
Services recognised over time	18,621	25,090
	3,543,134	3,663,677
Less: Government surcharges	(96,222)	(128,023)
Total revenue from contracts with customers	3,446,912	3,535,654

5. REVENUE, OTHER INCOME AND GAINS (Continued)

OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	146,761	92,164
Gain on settlement of financial instruments	38,103	59,201
Government grants	26,247	23,755
Gain on disposal of an associate	22,792	–
Sales of auxiliary materials	21,468	56,672
Gain on disposal of a subsidiary	9,138	–
Gain on disposal of a joint venture	1,018	–
Gain on settlement of commodity derivative contracts	–	25,566
Exchange gains	–	24,979
Others	30,721	22,852
	296,248	305,189

6. OTHER EXPENSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value loss on financial assets at fair value through profit or loss	161,417	215,002
Cost of auxiliary materials and other business	43,807	79,228
Impairment loss of inventories	23,958	4,278
Loss on settlement of commodity derivative contracts	19,234	–
Exchange losses	8,767	–
Loss on disposal or write-off of items of property, plant and equipment	876	1,230
Others	3,819	23,840
	261,878	323,578

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories sold	2,102,505	2,203,163
Impairment of inventories	23,958	4,278
Impairment of receivables	19,181	26,209
Impairment of loans receivable	12,872	28,516
Exchange losses/(gains)	8,767	(24,979)

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% (2022: 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% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%) for subsidiaries qualified under the two-tiered profits tax rate regime.

8. INCOME TAX EXPENSE (Continued)

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
– Charge for the period	115,393	167,514
Deferred tax	(29,778)	(58,530)
Total tax charge for the period	85,615	108,984

9. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared and paid – RMB0.04 (2022: Nil) per ordinary share	130,816	–

On 5 June 2023, the board of directors declared 2022 final dividend of RMB0.04 (2022: Nil) per ordinary share (tax included), amounting to a total of approximately RMB130,816,000 (2022: Nil). No interim dividend was proposed for the Period.

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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 RMB136,797,000 (for the six months ended 30 June 2022: RMB107,780,000) by the number of ordinary shares in issue during the period of 3,270,393,000 (for the six months ended 30 June 2022: 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 2023 and 30 June 2022, as no diluting events existed during these periods.

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2023, the Group acquired property, plant and equipment at a cost of RMB790,616,000 (30 June 2022: RMB603,655,000) and other intangible assets at a cost of RMB162,663,000 (30 June 2022: RMB688,428,000).

During the six months ended 30 June 2023, depreciation for property, plant and equipment was RMB411,033,000 (30 June 2022: RMB415,110,000) and amortisation for other intangible assets was RMB46,643,000 (30 June 2022: RMB59,878,000).

During the six months ended 30 June 2023, the net book value of property, plant and equipment transferred to investment properties and other intangible assets were RMB14,038,000 (30 June 2022: RMB0) and RMB64,699,000 (30 June 2022: RMB0), respectively.

During the six months ended 30 June 2023, property, plant and equipment with a net book value of RMB1,484,000 (30 June 2022: RMB2,165,000) were disposed of by the Group, resulting in a net loss on disposal of RMB876,000 (30 June 2022: RMB801,000), and other intangible assets with a net book value of RMB0 (30 June 2022: RMB6,000) were disposed of by the Group, resulting in a net loss on disposal of RMB0 (30 June 2022: RMB0).

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12. OTHER LONG-TERM ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Advances and deposits paid for acquisitions of subsidiaries and exploration rights	476,281	476,232
Non-current financial assets	251,213	236,990
Advanced payment of mining rights	158,020	–
Advance payments for purchases of property, plant and equipment	64,948	104,394
Long-term prepaid expenses	36,825	38,463
	987,287	856,079

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

13. TRADE AND NOTES RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	631,658	207,539
Notes receivables	16,967	21,178
Impairment	(17,981)	(12,252)
	630,644	216,465

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13. TRADE AND NOTES RECEIVABLES (Continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Outstanding balances due within one year	606,040	180,269
Outstanding balances due over one year but within two years	8,115	10,028
Outstanding balances due over two years but within three years	5,342	4,361
Outstanding balances due over three years	12,161	12,881
	631,658	207,539
Less: impairment of trade receivables	(17,981)	(12,252)
	613,677	195,287

14. TRADE AND BILLS PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	362,657	377,456
Bills payable	29,247	53,181
	391,904	430,637

At 30 June 2023, the balance of trade and bills 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.

14. TRADE AND BILLS PAYABLES (Continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Outstanding balances are due as follows:		
Within one year	336,716	388,659
Over one year but within two years	26,473	22,091
Over two years but within three years	13,579	5,018
Over three years	15,136	14,869
	391,904	430,637

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current:		
– Bank loans – unsecured	5,427,466	6,139,896
– Gold leasing business – unsecured	4,370,445	2,604,587
– Other borrowings – secured (a)	458,784	558,031
– Bank loans – secured	20,000	20,000
– Bank loans – guaranteed	2,000	–
	10,278,695	9,322,514
Non-current:		
– Bank loans – unsecured	1,793,000	1,158,000
– Other borrowings – unsecured	1,000,000	1,000,000
– Bank loans – guaranteed	998,000	–
	3,791,000	2,158,000
Total	14,069,695	11,480,514

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

As at 30 June 2023, most of the borrowings were denominated in RMB. The bank loans bear interest at effective interest rates of 2.60% to 4.96% (31 December 2022: 2.60% to 3.70%) per annum. The other borrowings bear interest at effective interest rates of 2.00% to 3.95% (31 December 2022: 2.25% to 3.95%) 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 RMB460,000,000 (31 December 2022: RMB560,000,000).

16. CORPORATE BONDS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Zhaojin medium term notes	4,997,229	3,997,458
Zhaojin bonds	3,298,690	3,299,106
Current	3,299,587	1,301,118
Non-current	4,996,332	5,995,446
Corporate bonds at the end of the period	8,295,919	7,296,564

17. COMMITMENTS

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	890,215	1,198,288
– Potential acquisitions	1,790,955	1,790,955
Total	2,681,170	2,989,243

18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS		
(i) Zhaojin Group		
Expenses:		
– Payment of rental of land use rights	4,225	4,350
– Purchase of technology service	–	5,677
Others:		
– Rental income	1,856	2,011
– Loans to related parties	–	134,228
– Interest income from loans to related parties	–	324
– Decrease in deposits from customers, net	(17,270)	(215,257)
– Interest expense on deposits from customers	16,429	16,807
– Bill discounting service	–	300,000
(ii) Subsidiaries of Zhaojin Group		
Sales:		
– Sales of silver	31,491	27,342
– Sales of gold material	4,051	9,588
– Sales of sulphur concentrate	2,775	5,799
Purchases:		
– Purchases of sulphur concentrate	–	5,299
Expenses:		
– Brokerage service fees	2,410	1,801
– Fees for refining services	2,834	2,211

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18. RELATED PARTY TRANSACTIONS (Continued)

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (Continued)		
Capital transactions:		
– Purchase of water treatment equipment and super filter membrane	10,161	20,157
– Provision of information services	4,448	6,728
– Provision of ore processing services	–	2,881
Others:		
– Rental income	5,525	1,528
– Increase in loans to related parties	9,019,385	4,141,151
– Interest income from loans	17,393	17,258
– Increase/(decrease) in deposits from customers	45,822	(370,406)
– Interest expense on deposits from customers	2,309	3,873
– Bill discounting service	–	140,000
– Interest income from bill discounting service	3,943	11,000
(iii) Zijin Mining Group Co., Ltd. (“Zijin Mining”)		
Sales:		
– Sales of gold material	1,388	–
(iv) Subsidiaries of Zijin Mining		
Expenses:		
– Purchase of technology service	16	–
(v) Subsidiary of an associate – Shandong Wucailong Investment Company Limited (“Wucailong”)		
– Sales of gold material	19	8
– Provision of engineering service	59	1,334
– Entrusted loans	15,859	45,800
– Interest income	9,993	7,952

18. RELATED PARTY TRANSACTIONS (Continued)

		For the six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (Continued)			
(vi)	Joint venture – Zhong Rui		
	– Deposits from customers	280	139
	– Purchases of technical and detection service	176	1,267
	– Interest expense	1	2
(vii)	Joint venture – WenZhouChangFeng		
	– Purchases of technical and detection service	244,102	–
(viii)	Non-controlling shareholder – No. 3 Exploration Institute		
	– Purchase of exploration, environmental governance and related technical services	1,400	2,567

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

The Group had an outstanding balance due from Zhaojin Group of RMB3,930,000 (31 December 2022: RMB8,806,000).

The Group had an outstanding balance due from subsidiaries of Zhaojin Group of RMB22,979,000 (31 December 2022: RMB17,624,000).

The Group had an outstanding balance due from subsidiaries of associates of RMB2,347,000 (31 December 2022: Nil).

The Group had an outstanding balance due from subsidiaries of Zijin Mining of RMB14,000,000 (31 December 2022: Nil).

The Group had an outstanding balance due to Zhaojin Group of RMB15,291,000 (31 December 2022: RMB15,291,000).

The Group had an outstanding balance due to subsidiaries of Zhaojin Group of RMB15,961,000 (31 December 2022: RMB9,627,000).

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18. RELATED PARTY TRANSACTIONS (Continued)

(B) OUTSTANDING BALANCES WITH RELATED PARTIES (Continued)

The Group had an outstanding balance due to subsidiaries of Zhaojin Group of RMB57,711,000 (31 December 2022: RMB31,028,000).

The Group had an outstanding balance due to No. 3 Exploration Institute of RMB4,418,000 (31 December 2022: RMB7,004,000).

The Group had an outstanding balance due to Zijin Mining of RMB38,000 (31 December 2022: Nil).

The Group had an outstanding balance due to subsidiaries of Zijin Mining of RMB14,000 (31 December 2022: Nil).

The above balances are unsecured, interest-free and have no fixed term of repayment.

The Company signed entrusted loan agreements to provide loans of RMB401,843,000 (2022: RMB385,984,000) to Wucailong. The loans are unsecured, bear interest at a fixed rate of 5.0025% per annum and have a maturity date on 31 December 2023.

Zhaojin Finance provided bill discounting services of RMB514,281,000 (2022: RMB802,860,000) to Zhaojin Group, which bear interest at fixed rates ranging from 3.1000% to 3.3000% per annum and have maturity dates from 26 September 2023 to 14 December 2023.

Zhaojin Finance provided loans of RMB1,379,025,000 (2022: RMB948,135,000) to subsidiaries of Zhaojin Group. The loans are guaranteed by Zhaojin Group, effective bear interest rates ranging from 3.2000% to 3.7000% per annum and have maturity dates from 29 August 2023 to 20 December 2030.

Zhaojin Finance also provided bill discounting services of RMB34,952,000 (2022: RMB79,030,000) to subsidiaries of Zhaojin Group, which bear interest at fixed rate is 3.1000% per annum and have maturity date is 18 July 2023.

The Company provided loans of RMB95,757,000 (2022: RMB95,757,000) to non-controlling shareholders. The loans are secured by equity or mining rights, and interest is paid at a rate 15% higher than the People's Bank of China LPR rate for the corresponding period, and the loans have maturity dates from 7 January 2022 to 31 December 2023.

18. RELATED PARTY TRANSACTIONS (Continued)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	4,360	3,749
Post-employment benefits	333	334
Total compensation paid to key management personnel	4,693	4,083

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 2023	31 December 2022	30 June 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Term deposits	68,000	57,000	70,220	58,023
Loans receivable	279,043	351,913	290,622	362,243
Total	347,043	408,913	360,842	420,266
Financial liabilities				
Interest-bearing bank and other borrowings	3,791,000	2,158,000	3,849,777	2,322,070
Corporate bonds	8,295,919	7,296,564	8,327,457	7,271,508
Total	12,086,919	9,454,564	12,177,234	9,593,578

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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.

The Group invests in unlisted investments, which represent wealth management products issued by a fund in Hong Kong. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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

The Group enters into financial liabilities at fair value through profit or loss with non-controlling shareholder of FNJL, included in other long-term assets. The Management adopted Discounted Cash Flow method (specifically Dividend Discount Model) in the valuation.

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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

	Valuation technique	Significant unobservable Input	Range	Sensibility of fair value to the input
Financial assets included in other long-term assets	DCF	Discount rate	14% (2022: 14%)	1% (2022: 1%) increase/decrease in discount rate would result in decrease/increase in fair value by RMB6,018,000 and RMB6,226,000 (2022: by RMB6,635,000 and RMB6,891,000)

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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 2023

	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	–	16,967	–	16,967
Equity investments designated at fair value through other comprehensive income	745,974	–	–	745,974
Financial assets at fair value through profit or loss	1,142,527	380,732	–	1,523,259
Financial assets included in other long-term assets	–	–	251,213	251,213
Total	1,888,501	397,699	251,213	2,537,413

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 2022

	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	–	21,178	–	21,178
Equity investments designated at fair value through other comprehensive income	190,273	–	–	190,273
Financial assets at fair value through profit or loss	1,266,214	264,807	–	1,531,021
Financial assets included in other long-term assets	–	–	236,990	236,990
Total	1,456,487	285,985	236,990	1,979,462

The movements in fair value measurements within Level 3 during the year are as follows:

	2023 RMB'000	2022 RMB'000
Financial assets included in other long-term assets		
At 1 January	236,990	244,608
Total gains recognised in the statement of profit or loss	14,223	9,756
At 30 June	251,213	254,364

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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 2023

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Financial liabilities at fair value through profit or loss	655,662	–	655,662

As at 31 December 2022

	Fair value measurement using		Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	
Financial liabilities at fair value through profit or loss	482,227	–	482,227

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

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 25 August 2023.