



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)



2024
INTERIM REPORT

*For identification purposes only

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CORPORATE INFORMATION

NAME OF THE COMPANY

招金礦業股份有限公司

ENGLISH NAME OF THE COMPANY

Zhaojin Mining Industry Company Limited*

LEGAL REPRESENTATIVE

Mr. Jiang Guipeng

EXECUTIVE DIRECTORS

Mr. Jiang Guipeng (*Chairman*)

Mr. Duan Lei (*Executive President*)

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

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*)

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*)

Mr. Luan Wenjing

Mr. Shen Shifu

* For identification purpose only

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Shandong Province
PRC

Agricultural Bank of China

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Shandong Province
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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 2024 (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 RMB4,627,203,000 in total (the corresponding period of 2023: approximately RMB3,446,912,000), representing an increase of approximately 34.24% as compared to the corresponding period of last year.

NET PROFIT

During the Period, the net profit of the Group was approximately RMB726,420,000 (the corresponding period of 2023: approximately RMB365,360,000), representing an increase of approximately 98.82% as compared to the corresponding period of last year.

PRODUCT PRODUCTION

During the Period, the Group attained an aggregate gold production of approximately 13,178.35 kg (approximately 423,693.18 ozs), representing an increase of approximately 11.98% as compared to the corresponding period of last year. In particular, the gold output from the Group’s mines amounted to 8,997.03 kg (approximately 289,261.02 ozs), representing an increase of approximately 6.86% as compared to the corresponding period of last year, and the gold output from the smelting and tolling arrangement amounted to approximately 4,181.31 kg (approximately 134,432.24 ozs), representing an increase of approximately 24.83% as compared to the corresponding period of last year. During the Period, the Group attained an aggregate copper production of approximately 4,082 tonnes (comprising 1,263 tonnes of copper produced from mines and 2,819 tonnes of copper smelted), representing an increase of approximately 54.15% 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 RMB552,793,000 (the corresponding period of 2023: approximately RMB252,858,000), representing an increase of approximately 118.62% 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 RMB0.12 (the corresponding period of 2023: approximately RMB0.04), representing an increase of approximately 200.00% as compared to the corresponding period of last year.

NET ASSETS PER SHARE

As at 30 June 2024, the consolidated net assets per share was approximately RMB7.21 (30 June 2023: approximately RMB6.43), and the yield to net assets during the Period was approximately 2.96% (the corresponding period of 2023: approximately 1.74%).

III. INTERIM DIVIDEND

The board (the “Board”) of directors (the “Directors”) of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2024 (the corresponding period of 2023: nil).

IV. BUSINESS REVIEW

In the first half of 2024, ongoing geopolitical conflicts, a sluggish global economic recovery, high inflation, and the escalating trends of unilateralism and protectionism have all contributed to a renewed focus on the hedging and value-preservation functions of gold. These factors have propelled the price of gold to continuously reach new historic highs. By the end of June, the London spot gold fixing price stood at US\$2,330.90 per ounce, marking a 12.34% increase from the year’s opening price of US\$2,074.90 per ounce. The average price for the first half of the year was US\$2,202.91 per ounce, reflecting a 14.05% increase compared to US\$1,931.54 per ounce for the same period of last year. At the end of June, the Shanghai Gold Exchange (“SGE”) recorded a closing price of RMB549.88 per gram for Au9999 gold, indicating a 14.37% increase from the opening price of RMB480.80 per gram at the beginning of the year. The weighted average price for the first half of the year was RMB514.12 per gram, representing an increase of 18.98% compared to RMB432.09 per gram for the same period of last year. (Data source: China Gold Association).

During the first half of the year, seizing the historic opportunity presented by the high gold prices, the Group continuously improved its market forecasting and opportunity utilization capabilities, emphasizing performance-driven strategies, strengthening operational management, and invigorating business activities, and successfully achieved its objectives for the first half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Seizing opportunities to increase reserves and production, leading to continued improvement in production and operations. In the first half of the year, the Group seized favorable market opportunities, focused on key aspects such as mining engineering, processing management and product sales, scientifically organized production and conducted labor competitions to promote production improvement and increase, thereby achieved a total gold production of 13,178.35 kg (approximately 423,693.18 ozs), including 8,997.03 kg of mine-produced gold (289,261.02 ozs). In addition, through exploration and reserve increases, the Group facilitated sustainable development, with geological exploration investments totaling RMB42 million and an additional 14.31 tons of gold metal discovered through exploration.

Domestic and international collaboration to expand incremental productivity and accelerate project construction. In the first half of the year, key projects led by the mining and processing project of Ruihai Mining* (瑞海礦業) in China and acquisition of Tietto Minerals Limited (“Tietto”) overseas progressed as planned, with key initiatives such as production stabilization and increase and in-depth exploration of Zaozigou Gold Mine* (早子溝金礦), development of Beishan Mining* (北山礦業), and production increase and capacity expansion of Canzhuang Gold Mine* (蠶莊金礦) advancing rapidly. Currently, the Company has completed the acquisition of 100% equity in Tietto and controlling stake of the Komahun Mine and smoothly completed the on-site takeover, which expanded the Group’s overall presence in the West African mining market. In the future, these projects will gradually form a large-scale and positive effect of synergistic development.

Diligently cultivating internal strength and implementing lean management to achieve significant results in quality and efficiency improvement. In the first half of the year, the Group focused on management initiatives such as the “Five Excellence Competition” and “Six Reductions and Six Guarantees” to save costs and increase efficiency. By strengthening key areas such as engineering construction, project development, electricity costs and procurement management, the Group made great efforts to explore potentials for consumption reduction. To broaden financing channels, the Group carried out a placing of 132 million shares with approximately HK\$1.74 billion raised, thereby further optimizing the Group’s debt structure and effectively replenishing working capital.

Upholding responsibility and strengthening the foundation to maintain a stable situation in terms of production safety. In the first half of the year, in response to multiple complex factors such as frequent extreme weather nationwide and tightening safety requirements, the Group consistently prioritized production safety, reinforced an all-staff production safety responsibility system, invested RMB60 million in safety measures, launched an in-depth production safety enhancement campaign, and made solid progress in key areas such as improvement, transportation, power supply and distribution, and tailings pond management, ensuring a continuously stable situation in terms of production safety.

V. FINANCIAL AND RESULTS ANALYSIS

REVENUE

During the Period, the Group's revenue amounted to approximately RMB4,627,203,000 (the corresponding period of 2023: approximately RMB3,446,912,000), representing an increase of approximately 34.24% as compared to the corresponding period of last year. During the Period, the increase in revenue was primarily due to the increase in gold sales prices and the sales volume of the Group.

NET PROFIT

During the Period, net profit of the Group amounted to approximately RMB726,420,000 (the corresponding period of 2023: approximately RMB365,360,000), representing an increase of approximately 98.82% as compared to the corresponding period of last year. The increase in net profit was primarily due to the increase in the gross profit from sales and the decrease in the financial costs of the Group.

INTEGRATED COST OF GOLD PER GRAM

During the Period, the Group's integrated cost of gold per gram was approximately RMB209.99 per gram (the corresponding period of 2023: approximately RMB214.67 per gram), representing a decrease of approximately 2.18% as compared to the corresponding period of last year. The decrease in integrated cost of gold per gram was primarily due to the increase in the gold production volume as well as improved cost control of the Group.

COST OF SALES

During the Period, the Group's cost of sales amounted to approximately RMB2,650,560,000 (the corresponding period of 2023: approximately RMB2,102,505,000), representing an increase of approximately 26.07% as compared to the corresponding period of last year. The increase was primarily attributable to the increase in gold sales of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Period, the Group's gross profit was approximately RMB1,976,643,000, representing an increase of approximately 47.03% as compared to RMB1,344,407,000 of the corresponding period of last year. The Group's gross profit margin has increased from approximately 39.00% for the corresponding period of last year to approximately 42.72% for the Period. The increase in gross profit was mainly due to the increase in gold sales price and sales volume of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME AND GAINS

During the Period, the Group's other income and gains were approximately RMB383,824,000 (the corresponding period of 2023: approximately RMB296,248,000), representing an increase of approximately 29.56% as compared to the corresponding period of last year. The increase was mainly due to the increase in fair value of the financial assets at fair value through profit or loss of the Group.

SELLING AND DISTRIBUTION COSTS

During the Period, the Group's selling and distribution costs were approximately RMB16,094,000 (the corresponding period of 2023: approximately RMB15,248,000), representing an increase of approximately 5.55% as compared to the corresponding period of last year. The increase was mainly due to the increase in gold processing fees of the Group.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the Period, the Group's administrative and other operating expenses were approximately RMB1,130,721,000 (the corresponding period of 2023: approximately RMB865,568,000), representing an increase of approximately 30.63% as compared to the corresponding period of last year. The increase was mainly due to the provision for impairment of property, plant and equipment by the Group during the Period.

FINANCE COSTS

During the Period, the Group's finance costs amounted to approximately RMB264,207,000 (the corresponding period of 2023: approximately RMB311,238,000), representing a decrease of approximately 15.11% as compared to the corresponding period of last year. Such decrease was mainly attributable to the decrease in the weighted average financing interest rate of the Group.

LIQUIDITY AND CAPITAL RESOURCES

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

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB2,229,078,000, representing a decrease of approximately 23.56% as compared to approximately RMB2,916,103,000 as at 31 December 2023. Such decrease was mainly due to the increase in the Group's net cash outflows from investing activities.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the balance of cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB244,402,000 (31 December 2023: RMB22,697,000), those denominated in United States dollars amounted to approximately RMB244,287,000 (31 December 2023: RMB159,693,000), those denominated in Australian dollars amounted to approximately RMB385,799,000 (31 December 2023: RMB21,352,000), those denominated in Great Britain Pound amounted to approximately were RMB6,082,000 (31 December 2023: RMB4,491,000), those denominated in West African Franc amounted to approximately RMB12,573,000 (31 December 2023: nil) and those denominated in Canadian dollars amounted to approximately RMB21,479,000 (31 December 2023: RMB13,042,000). 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 2024, 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 SGE) of approximately RMB12,543,162,000 (31 December 2023: RMB9,767,317,000), of which approximately RMB7,252,062,000 (31 December 2023: RMB4,824,267,000) was repayable within one year, and approximately RMB3,681,200,000 (31 December 2023: RMB4,643,050,000) was repayable within two to five years, and approximately RMB1,609,900,000 (31 December 2023: RMB300,000,000) was repayable over five years. As at 30 June 2024, the Group had outstanding corporate bonds of approximately RMB999,967,000 (31 December 2023: RMB2,999,486,000), which shall be repaid within one year, and approximately RMB6,995,108,000 (31 December 2023: RMB4,996,288,000), which shall be repaid within two to five years.

As at 30 June 2024, all borrowings of the Group are denominated in RMB (31 December 2023: bank loans of RMB672,857,000 were denominated in United States dollars, bank loans of RMB699,783,000 were denominated in Hong Kong dollars and the remaining interest-bearing bank and other borrowings of the Group were denominated in RMB). As at 30 June 2024, except for secured and guaranteed bank loans and other borrowings of RMB419,376,000 (31 December 2023: RMB1,418,100,000), all borrowings are unsecured. As at 30 June 2024, 54.85% (31 December 2023: 57.74%) of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

MANAGEMENT DISCUSSION AND ANALYSIS

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 23.78% (the corresponding period of 2023: approximately 18.98%).

TOTAL ASSETS

As at 30 June 2024, the total assets of the Group were approximately RMB52,557,541,000, representing an increase of approximately 12.14% as compared to approximately RMB46,867,396,000 as at 31 December 2023. Among which, total non-current assets amounted to approximately RMB38,858,227,000, accounting for approximately 73.93% of the total assets, and representing an increase of approximately 14.86% as compared to approximately RMB33,830,534,000 as at 31 December 2023. As at 30 June 2024, total current assets were approximately RMB13,699,314,000, accounting for approximately 26.07% of the total assets, and representing an increase of approximately 5.08% as compared to approximately RMB13,036,862,000 as at 31 December 2023.

NET ASSETS

As at 30 June 2024, the net assets of the Group were approximately RMB24,530,094,000, representing an increase of approximately 10.28% as compared to approximately RMB22,244,326,000 as at 31 December 2023.

TOTAL LIABILITIES

As at 30 June 2024, the total liabilities of the Group were approximately RMB28,027,447,000, representing an increase of approximately 13.83% as compared to approximately RMB24,623,070,000 as at 31 December 2023. As at 30 June 2024, 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 42.74% (31 December 2023: 40.03%).

CONTINGENT LIABILITIES

As at 30 June 2024, the contingent liabilities of the Group did not have any change as compared to 31 December 2023.

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 2024, 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 RMB120,000,000 (31 December 2023: RMB120,000,000).

SIGNIFICANT INVESTMENT

As at 30 June 2024, save as disclosed in this report, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, save as disclosed in this report, the Group did not have any future plan for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

VI. BUSINESS PROSPECTS

In the second half of the year, the Group will closely align with the various tasks and objectives set by the Board, focus on solidifying the “Four Key Points” of work to drive the Company to increase production and reserves and enhance quality and efficiency.

Focusing on production organization to achieve increased production and efficiency. In the second half of the year, the Group will strengthen production organization and optimization of indicators, focus on key mines such as the Xiadian Gold Mine* (夏甸金礦), Dayingezhuang Gold Mine* (大尹格莊金礦) and Zaozigou Gold Mine* (早子溝金礦), improve processing and smelting technologies, increase recovery rates and explore the potential for expanding capacity and increasing production. The Group will strengthen the operation and management of the newly acquired mines, promote the smooth transition of the Abujar Gold Mine, realize stable and increased production, and increase reserves through exploration to expand benefits. The Group will also accelerate the construction of the Komahun Mine and other projects so as to realize early completion and commencement of production.

Focusing on project construction to solidify future development momentum. In the second half of the year, the Group will focus its efforts on promoting dual key projects to ensure that they are implemented as planned. The Group will accelerate the progress of the mining and processing project of Ruihai Mining* (瑞海礦業) and the production and efficiency expansion projects of Xiadian Gold Mine* (夏甸金礦) and Dayingezhuang Gold Mine* (大尹格莊金礦). The Group will strengthen scientific research and accelerate result transformation, focus on advancing 22 “one project by one enterprise” projects, 6 key mine processing and smelting quality and efficiency improvement projects, and 10 key scientific research and development projects for the current year, with an aim to make breakthrough progress within the year.

Focusing on increasing resource reserves to expand development opportunities. Facing the increasingly fierce competition in the gold industry, the Group will firmly maintain its resource advantages, continue to increase the investment in geological prospecting and exploration at various mines, and strengthen the efforts in prospecting and reserve increase in the surrounding and untapped areas of key mines such as Dayingezhuang Gold Mine* (大尹格莊金礦), Subei Jinying* (肅北金鷹) and Zhaojin Beijiāng* (招金北疆). The Group will accelerate the pace of mergers and acquisitions of mining rights around its existing mines and in important domestic metallogenic zones. The Group will steadily promote the acquisition of overseas high-quality resources and continue to strengthen its resource foundation.

Focusing on operational control to enhance development quality. In the second half of the year, the Group will continue to implement the ESG concept of sustainable development and pursue safe, green, compliant and harmonious development. The Group will strengthen its safety protocols and deepen the dual prevention mechanism for production safety and the identification and management of hidden dangers; improve and refine the compliance management system, intensify supervision in key areas, and enhance the Company’s regulatory compliance standards; and implement corporate culture initiatives and community engagement projects to cultivate a safe and harmonious mining environment.

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 2024 are as follows:

Class	Number of Shareholders
Domestic share	2
Overseas-listed foreign share – H share	1,269
Total number of Shareholders	1,271

2. SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the Directors, supervisors and chief executives of the Company, as at 30 June 2024, 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 <i>(Note 1)</i>	18.18	93.58	-	Long position
	H shares	Beneficial owner	517,773,402 <i>(Note 1)</i>	15.22	-	18.89	Long position
	H shares	Interest of controlled corporation	79,100,695 <i>(Notes 1 and 2)</i>	2.32	-	2.89	Long position
2 Zijin Mining Group Co., Ltd.	H shares	Interest of controlled corporation	654,078,741 <i>(Note 3)</i>	19.22	-	23.86	Long position

OTHER INFORMATION

Name of Shareholders	Class of shares	Capacity	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %	Long position/ Short position/ Lending pool
3 Gold Mountains (H.K.) International Mining Co., Limited	H shares	Beneficial owner	654,078,741 (Note 3)	19.22	-	23.86	Long position
4 Van Eck Associates Corporation	H shares	Investment manager	216,836,991 (Note 4)	6.37	-	7.91	Long position
5 State Street Bank & Trust Company	H shares	Approved lending agent	191,557,938 (Note 5)	5.63	-	6.99	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 the official website of the Securities and Futures Commission. 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 28,133,500 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.
- (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.

As at 30 June 2024, 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 2024, 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 C3 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	0.004	0.005	Long position
2 Duan Lei (Executive Director and Executive President)	H shares	Beneficiary of a trust (other than a discretionary interest)	25,000	0.0007	0.0009	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	0.018	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

OTHER INFORMATION

Note:

1. 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 2023 annual report of the Company.

Save as disclosed above, as at 30 June 2024 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 (including sale of treasury shares). As at 30 June 2024, the Company did not hold any treasury shares.

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 2024, the Company had a total of 6,801 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 3 JUNE 2024, THE 2023 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 2023 that is, it is recommended to distribute a final dividend for the year ended 31 December 2023 of RMB0.04 (before taxation) per share to all Shareholders;
- (2) authorizing the Board a general mandate 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 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;
- (4) the proposed registration and issuance of super short-term bonds of not more than RMB10.0 billion in the PRC;
- (5) the proposed registration and issuance of the corporate bonds of not more than RMB6.0 billion in the PRC; and
- (6) the proposed amendments to the Article 3.5 and Article 3.8 to the articles of association of the Company (the "Articles of Association").

OTHER INFORMATION

Relevant details were set out in the circular and notice of the Company both dated 22 April 2024 and the supplemental circular and supplemental notice of the Company both dated 10 May 2024, and the voting results announcement of the Company dated 3 June 2024 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 3 JUNE 2024, THE DOMESTIC SHARES CLASS MEETING AND H SHARES CLASS MEETING CONSIDERED AND APPROVED THE FOLLOWING RESOLUTIONS:

- (1) authorizing the Board 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; and
- (2) the proposed amendments to the Article 3.5 and Article 3.8 to the Articles of Association.

Relevant details were set out in the circular and notices of the Company both dated 22 April 2024 and the supplemental circular and notice of the Company both dated 10 May 2024, and the voting results announcement of the Company dated 3 June 2024 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. ISSUANCE OF SUPER SHORT-TERM BONDS

- (1) On 26 January 2024, the Company issued the first tranche of super short-term bonds for the year of 2024 with a par value of RMB1.0 billion for a term of 89 days and bearing interest rate of 2.28% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 25 January 2024 and 29 January 2024 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 19 April 2024, the Company issued the second tranche of super short-term bonds for the year of 2024 with a par value of RMB1.0 billion for a term of 60 days and bearing interest rate of 1.78% 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 18 April 2024 and 23 April 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

- (3) On 11 May 2024, the Company issued the third tranche of super short-term bonds for the year of 2024 with a par value of RMB1.0 billion for a term of 180 days and bearing interest rate of 1.88% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 10 May 2024 and 14 May 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

- (4) On 5 June 2024, the Company issued the fourth tranche of super short-term bonds for the year of 2024 with a par value of RMB1.0 billion for a term of 267 days and bearing interest rate of 1.85% 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 4 June 2024 and 7 June 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. ISSUANCE OF MEDIUM-TERM NOTES

- (1) On 15 May 2024, the Company issued the first tranche of medium-term notes (Sci-Tech innovation notes) for the year of 2024 with a par value of RMB1.0 billion for a term of 3 years and bearing interest rate of 2.30% per annum. The amount received by the Company for this issuance is RMB1.0 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 13 May 2024 and 17 May 2024 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 14 June 2024, the Company issued the second tranche of medium-term notes (Sci-Tech innovation notes) for the year of 2024 with a par value of RMB1.0 billion for a term of 3 years and bearing interest rate of 2.26% per annum. The amount received by the Company for this issuance is RMB1.0 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 12 June 2024 and 18 June 2024 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

5. ENTERING INTO THE CYANIDE TAILINGS PURCHASE FRAMEWORK AGREEMENT

On 22 March 2024, Zhaoyuan Zhaojin Jinhe Technology Co., Ltd.* (招遠市招金金合科技有限公司) (“Zhaojin Jinhe”) entered into the cyanide tailings purchase framework agreement (“Cyanide Tailings Purchase Framework Agreement”) with Shandong Guoda Gold Co., Ltd.* (山東國大黃金股份有限公司) (“Guoda Gold”), pursuant to which Zhaojin Jinhe and its subsidiaries will purchase cyanide tailings from Guoda Gold and its subsidiaries for a term from 22 March 2024 to 31 December 2026. Zhaojin Jinhe and its subsidiaries expects that the annual caps for the purchase of cyanide tailings from the Guoda Gold and its subsidiaries under the Cyanide Tailings Purchase Framework Agreement for the years ending 31 December 2024, 31 December 2025 and 31 December 2026 will not exceed RMB195 million, RMB215 million and RMB254 million, respectively.

Zhaojin Jinhe is a subsidiary of the Company, while Zhaojin Group is the controlling Shareholder of the Company. Guoda Gold is a subsidiary of Zhaojin Group and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Cyanide Tailings Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the annual caps of the transactions contemplated under the Cyanide Tailings Purchase Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Cyanide Tailings Purchase 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 22 March 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. CONVENING THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

The Company held the 2024 first extraordinary general meeting on 31 January 2024, at which the following proposals, among other things, were reviewed and passed:

- (1) the financial services to be provided pursuant to the financial services agreement entered into between the Company and Shandong Zhaojin Finance Company Limited* (山東招金集團財務有限公司) (“Finance Company”) on 29 December 2023 and the relevant proposed annual caps;
- (2) the financial services to be provided pursuant to the financial services agreement entered into between Zhaojin Group and Finance Company on 29 December 2023 and the relevant proposed annual caps;
- (3) registration and issuance of renewable corporate bonds of not more than RMB2.0 billion in the PRC;

- (4) registration and issuance of medium-term notes of not more than RMB6.0 billion in the PRC; and
- (5) amendments to the rules of procedures for general meetings of the Company.

Relevant details were set out in the circular and notice of the Company both dated 15 January 2024 and the voting results announcement dated 31 January 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. PLACING OF NEW H SHARES UNDER GENERAL MANDATE

On 14 April 2024, the Company entered into the placing agreement (the “Placing Agreement”) with the placing agents (of which UBS AG Hong Kong Branch and Huatai Financial Holdings (Hong Kong) Limited serve as the overall coordinators), pursuant to which the Company has agreed to issue a total of up to 132,000,000 new H shares of RMB1.00 each (the “Placing Shares”) under general mandate, and the joint placing agents have agreed, on a several basis, as the placing agents of the Company, to procure in an aggregate of not less than six placees, who and whose ultimate beneficial owners are third parties independent of, and not connected with, the Company and the connected persons of the Company, to subscribe the Placing Shares at the price of HK\$13.20 per Placing Share on the terms and subject to the conditions of the Placing Agreement (the “Placing”).

Completion of the Placing took place on 22 April 2024. An aggregate of 132,000,000 Placing Shares have been successfully placed at the placing price of HK\$13.20 per Placing Share to not less than six placees, who and whose ultimate beneficial owners are third parties independent of, and not connected with, the Company and the connected persons of the Company. None of the placees has become a substantial Shareholder of the Company immediately after the completion of the Placing. The aggregate gross proceeds from the Placing is approximately HK\$1,742.4 million and the aggregate net proceeds from the Placing, after deducting the placing commission and other related expenses, is approximately HK\$1,725.3 million. The net price per Placing Share is approximately HK\$13.07. As at 12 April 2024 (being the trading day prior to the date of the Placing Agreement), the closing price of the Company’s H shares was HK\$14.57. The net proceeds of the placing were used for replenishing the Company’s working capital and repaying bank loans. As at 30 June 2024, approximately HK\$216.29 million of the proceeds of the Placing remain unutilised and the Company does not expect any material change in the use of the proceeds from the Placing.

The Board considers that it is in the interests of the Company to raise equity funding through the Placing so as to strengthen the capital base, reduce the gearing ratio and enhance the financial position and net assets base of the Group for its long-term development and growth. The Placing will also diversify the Company’s shareholder base by attracting a number of high-quality investors to participate in the Placing and will expand the Company’s equity capital and lay a foundation for debt financing in the future.

OTHER INFORMATION

Relevant details were set out in the announcements of the Company dated 14 April 2024 and 22 April 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

8. COMPLETION OF TAKEOVER BID FOR THE ENTIRE SHARE CAPITAL OF TIETTO

On 30 October 2023, Zhaojin Capital (Hong Kong) Limited (“Zhaojin Capital”), an indirect wholly-owned subsidiary of the Company, has lodged its bidder’s statement, pursuant to which it shall make a conditional offer to acquire all of the fully paid ordinary share(s) in the share capital of Tietto (the “Target Shares”) (including Target Shares that are issued during the offer period whether due to the conversion of options, performance rights or otherwise of Tietto, pursuant to the bidder’s statement), not currently held by the Company, at an offer price of AUD0.58 per Target Share.

On 15 April 2024, Zhaojin Capital issued the second supplementary bidder’s statement in relation to the conditional offer, which disclosed that Zhaojin Capital (i) has freed the relevant conditions to the conditional offer in relation to certain regulatory approvals; and (ii) will increase the offer price from AUD0.58 to AUD0.68 per Target Share (the “New Offer Price”). The New Offer Price of AUD0.68 per Target Share is the best and final and will not be further increased. The total consideration under the proposed acquisition is up to approximately AUD733 million (equivalent to approximately HK\$3,718 million).

At the close of the offer on 14 May 2024, the voting power of Zhaojin Capital in Tietto was 90.72%. Accordingly, on 24 May 2024, Zhaojin Capital proceeded to commence the compulsory acquisition on the remaining Target Shares which have not been accepted into the offer. Tietto was removed from the official list of Australian Securities Exchange on 6 June 2024. Zhaojin Capital has completed the compulsory acquisition of the remaining Target Shares in accordance with the Corporations Act 2001 (Cth) of Australia.

As one or more of the applicable percentage ratios in respect of the above acquisition exceed 5% but are all less than 25%, the above acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

Relevant details were set out in the announcements of the Company dated 30 October 2023, 3 November 2023, 13 November 2023, 27 November 2023, 6 December 2023, 18 December 2023, 4 January 2024, 1 February 2024, 29 February 2024, 28 March 2024, 15 April 2024, 24 April 2024, 1 May 2024, 14 May 2024, 24 May 2024, 6 June 2024 and 2 July 2024 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. ISSUANCE OF SUPER SHORT-TERM BONDS

On 11 July 2024, the Company issued the fifth tranche of super short-term bonds for the year of 2024 with a par value of RMB1.0 billion for a term of 90 days and bearing interest rate of 1.72% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 10 July 2024 and 12 July 2024 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 FRAMEWORK AGREEMENT ON TECHNICAL SERVICES FOR UNDERGROUND HYDROGEOLOGY AND WATER CONTROL

On 23 August 2024, Laizhou Ruihai Mining Co., Ltd.* (萊州市瑞海礦業有限公司) (“Ruihai Mining”) and Shandong Zhaojin Geological Exploration Co., Ltd.* (山東招金地質勘查有限公司) (“Zhaojin Geological Exploration”), a wholly-owned subsidiary of the Company, entered into the framework agreement on technical services for underground hydrogeology and water control (the “Framework Agreement on Technical Services for Underground Hydrogeology and Water Control”). Pursuant to such agreement, Zhaojin Geological Exploration has agreed to provide underground hydrogeology and water control technical services to Ruihai Mining from 1 January 2024 to 31 December 2026. Zhaojin Geological Exploration and/or its subsidiaries expect that the annual caps for the provision of underground hydrogeology and water control technical services to Ruihai Mining in accordance with the Framework Agreement on Technical Services for Underground Hydrogeology and Water Control will not exceed RMB26.0 million, RMB40.0 million and RMB40.0 million for the years ending 31 December 2024, 2025 and 2026, respectively.

As Zhaojin Geological Exploration is a wholly-owned subsidiary of the Company. In addition, Ruihai Mining is wholly owned by Shandong Ruiyin Mining Industry Company Limited* (山東瑞銀礦業發展有限公司), another non wholly-owned subsidiary of the Company, which is owned by the Company as to 70% and owned by Zijin Mining (through Zijin Mining Group Southern Investment Co., Ltd.* (紫金礦業集團南方投資有限公司)) as to 30%; and Zijin Mining is a substantial Shareholder of the Company. Pursuant to the Rule 14A.07 and Rule 14A.16 of the Listing Rules, Ruihai Mining is a connected subsidiary of the Company and a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement on Technical Services for Underground Hydrogeology and Water Control constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the annual caps of the transactions contemplated under the Framework Agreement on Technical Services for Underground Hydrogeology and Water Control is more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement on Technical Services for Underground Hydrogeology and Water Control 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 23 August 2024 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

3. ISSUANCE OF MEDIUM-TERM NOTES

On 21 August 2024, the Company issued the third tranche of medium-term notes (Sci-Tech innovation notes) for the year of 2024 with a par value of RMB1.0 billion for a term of 3 years and bearing interest rate of 2.27% per annum. The amount received by the Company for this issuance is RMB1.0 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 20 August 2024 and 23 August 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

XI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix C1 to the Listing Rules during the period from 1 January 2024 to 30 June 2024. 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 C3 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 chairman is Ms. Chen Jinrong.

The Audit Committee has adopted a written terms of reference which is in compliance with the Code. It is mainly responsible for matters concerning the internal control and financial reporting, reviewing with the management of the accounting principles, accounting standards and methods adopted by the Company. The Audit Committee has discussed risk management and internal control affairs and reviewed the Company’s unaudited interim report and the unaudited interim results announcement for the six months ended 30 June 2024, 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 2024 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, 23 August 2024

** For identification purpose only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	4,627,203	3,446,912
Cost of sales		(2,650,560)	(2,102,505)
Gross profit		1,976,643	1,344,407
Other income and gains		383,824	296,248
Selling and distribution expenses		(16,094)	(15,248)
Administrative expenses		(622,464)	(571,637)
Impairment losses on financial assets		(11,458)	(32,053)
Other expenses		(496,799)	(261,878)
Finance costs		(264,207)	(311,238)
Share of profits and losses of:			
– Associates		4,112	2,374
– Joint venture		(478)	–
PROFIT BEFORE TAX	5	953,079	450,975
Income tax expense	6	(226,659)	(85,615)
PROFIT FOR THE PERIOD		726,420	365,360
Attributable to:			
Owners of the parent		552,793	252,858
Non-controlling interests		173,627	112,502
		726,420	365,360
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period (RMB)	8	0.12	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	726,420	365,360
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(9,342)	24,125
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(9,342)	24,125
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligations	(1,743)	(329)
Income tax effect	261	49
Equity investments designated at fair value through other comprehensive income	(85,807)	(82,640)
Income tax effect	2,979	851
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(84,310)	(82,069)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(93,652)	(57,944)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	632,768	307,416
Attributable to:		
Owners of the parent	459,869	194,770
Non-controlling interests	172,899	112,646
	632,768	307,416

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	17,942,129	16,495,003
Investment properties		91,427	93,011
Right-of-use assets		814,239	752,358
Goodwill		583,303	583,303
Other intangible assets	9	16,005,177	12,550,869
Investment in a joint venture		2,731	–
Investments in associates		267,828	267,713
Financial assets measured at amortised cost		393,926	562,662
Equity investments designated at fair value through other comprehensive income		574,291	656,878
Deferred tax assets		454,515	439,869
Loans receivable		218,475	233,040
Long-term deposits		10,740	35,701
Term deposits		584,330	355,000
Other long-term assets	9	915,116	805,127
Total non-current assets		38,858,227	33,830,534
CURRENT ASSETS			
Inventories		6,112,413	5,154,577
Trade and notes receivables	10	424,211	227,799
Prepayments, other receivables and other assets		1,032,056	578,713
Financial assets at fair value through profit or loss		1,264,533	1,500,538
Financial assets measured at amortised cost		20,192	20,265
Pledged deposits		586,420	536,768
Loans receivable		2,030,411	2,102,099
Cash and cash equivalents		2,229,078	2,916,103
Total current assets		13,699,314	13,036,862
CURRENT LIABILITIES			
Trade and bills payables	11	853,742	520,754
Other payables and accruals		2,306,020	2,131,602
Financial liabilities at fair value through profit or loss		–	569,713
Interest-bearing bank and other borrowings		7,252,062	4,824,267
Corporate bonds		999,967	2,999,486
Tax payable		185,280	41,820
Provisions		555	2,378
Deposits from customers		440,867	931,817
Current portion of other long-term liabilities		245,544	221,854
Total current liabilities		12,284,037	12,243,691

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NET CURRENT ASSETS		1,415,277	793,171
TOTAL ASSETS LESS CURRENT LIABILITIES		40,273,504	34,623,705
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		5,291,100	4,943,050
Corporate bonds		6,995,108	4,996,288
Lease liabilities		63,539	19,229
Deferred tax liabilities		1,120,860	264,159
Deferred income		76,645	80,953
Provisions		124,222	78,068
Deposits from customers		400,000	400,000
Other long-term liabilities		1,671,936	1,597,632
Total non-current liabilities		15,743,410	12,379,379
NET ASSETS		24,530,094	22,244,326
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	3,402,393	3,270,393
Perpetual capital instruments		7,141,943	7,075,529
Reserves		9,999,703	8,516,038
		20,544,039	18,861,960
Non-controlling interests		3,986,055	3,382,366
TOTAL EQUITY		24,530,094	22,244,326

Jiang Guipeng
Director

Duan Lei
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Share capital RMB'000	Perpetual capital instruments RMB'000	Capital reserve* RMB'000	Special reserve and other reserves* RMB'000	Statutory and distributable reserves* 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 2024 (Audited)	3,270,393	7,075,529	2,264,704	106,528	1,463,052	(154,498)	20,617	4,815,635	18,861,960	3,382,366	22,244,326
Profit for the period	-	140,414	-	-	-	-	-	412,379	552,793	173,627	726,420
Other comprehensive income for the period:											
Exchange differences related to foreign operations	-	-	-	-	-	-	(8,614)	-	(8,614)	(728)	(9,342)
Remeasurements of post-employment benefit obligations, net of tax	-	-	(1,482)	-	-	-	-	-	(1,482)	-	(1,482)
Changes in fair value of equity investments at fair value through other comprehensive income net of tax	-	-	-	-	-	(82,828)	-	-	(82,828)	-	(82,828)
Total comprehensive income/(loss) for the period	-	140,414	(1,482)	-	-	(82,828)	(8,614)	412,379	459,869	172,899	632,768
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(240,294)	(240,294)
Issue of shares	132,000	-	1,436,146	-	-	-	-	-	1,568,146	-	1,568,146
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	4,896	4,896
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	687,474	687,474
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(16)	(16)
Acquisition of non-controlling interests	-	-	(135,843)	-	-	-	-	-	(135,843)	(21,270)	(157,113)
Safety production cost	-	-	-	13,446	-	-	-	(13,446)	-	-	-
Distribution of perpetual capital instruments paid	-	(74,000)	-	-	-	-	-	-	(74,000)	-	(74,000)
Final 2023 dividend declared	-	-	-	-	-	-	-	(136,093)	(136,093)	-	(136,093)
At 30 June 2024 (Unaudited)	3,402,393	7,141,943	3,563,525	119,974	1,463,052	(237,326)	12,003	5,078,475	20,544,039	3,986,055	24,530,094

* These reserve accounts comprise the consolidated reserves of RMB9,999,703,000 (31 December 2023: RMB8,516,038,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	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 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 income/(loss) 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 CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		953,079	450,975
Adjustments for:			
Finance costs		264,207	311,238
Share of profits and losses of associates		(4,112)	(2,374)
Share of loss of a joint venture		478	–
Interest income		(57,278)	(90,825)
Dividend income from equity investments at fair value through OCI		(22,831)	–
Dividend income from financial assets at fair value through profit or loss		–	(367)
Net loss on disposal or write-off of items of property, plant and equipment		35,431	876
Fair value loss/(gain), net:			
Financial assets at fair value through profit or loss		(131,995)	161,417
Gain on disposal of financial assets at fair value through profit or loss		(67,683)	(37,736)
Gain on disposal of financial assets measured at amortized cost		(5,164)	(15,422)
Gain on disposal of a subsidiary		–	(9,138)
Gain on disposal of a joint venture		–	(1,018)
Gain on disposal of an associate		–	(22,792)
Loss/(Gain) on settlement of commodity derivative contracts		123,472	19,234
Depreciation of property, plant and equipment		468,762	411,033
Depreciation of right-of-use assets		19,663	18,811
Depreciation of investment properties		1,584	1,418
Amortisation of other intangible assets		100,979	46,643
Amortisation of long-term prepaid expenses		1,798	1,638
Provision for impairment of receivables	5	10,097	19,181
Impairment loss on loans receivable	5	1,361	12,872
Impairment loss on inventories	5	12,958	23,958
Impairment loss on property, plant and equipment	5	217,980	–
Decrease in long-term deposits		24,960	2,128
Increase in inventories		(581,715)	(597,375)
Increase in trade and notes receivables		(197,346)	(419,909)
Increase in prepayments and other receivables		(159,294)	(133,462)
Increase in pledged deposits		(49,653)	(159,507)
Decrease/(increase) in loans receivable		61,434	(80,961)
Decrease in trade and bills payables		(87,523)	(38,732)
Increase/(decrease) in other payables and accruals		162,802	(350,561)
(Decrease)/increase in deposits from customers		(490,950)	37,327
Decrease in deferred income		(4,308)	(20,874)
Decrease in provisions		(1,040)	(1,032)
Decrease in financial liabilities at fair value through profit or loss		(569,713)	–
Cash generated from/(used in) operations		30,440	(463,336)
Income taxes paid		(229,518)	(122,127)
Net cash flows from operating activities		(199,078)	(585,463)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	37,764	57,724
Purchases of items of property, plant and equipment	(881,546)	(639,033)
Increase in other intangible assets	(65,014)	(178,886)
Proceeds from disposal of items of property, plant and equipment	4,445	608
Acquisition of subsidiaries	(2,942,238)	–
Disposal of a subsidiary	–	8,879
Acquisition of a joint venture	(1,981)	–
Disposal of an associate	4,652	–
Disposal of a joint venture	–	3,000
Loss from commodity derivative contracts	(122,703)	(19,234)
Deposits paid for commodity derivative contracts	(183,371)	(57,860)
Net proceeds from acquisition and disposal of equity investments at fair value through profit or loss	126,483	(130,141)
Increase in right-of-use assets	(17,810)	(16,198)
Increase in long-term prepaid expenses	(4,743)	–
Decrease in investments in financial assets measured at amortised cost	173,973	218,564
Increase in loans receivable	(21,542)	(12,064)
Dividend income from equity investments through OCI	22,831	–
Increase in term deposits with original maturity of more than three months	(229,330)	(11,000)
Net cash flows used in investing activities	(4,100,130)	(775,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	84,852,277	41,602,249
Issuance of corporate bonds, net of issuance expense	1,998,113	1,000,000
Proceeds from issue of shares	1,568,145	–
Issue of perpetual capital instruments	–	999,056
Repayment of corporate bond	(2,000,000)	–
Repayment of bank and other borrowings	(82,076,431)	(39,013,068)
Capital contribution from non-controlling shareholders	4,896	–
Dividends paid	(251,165)	(258,198)
Interest paid	(282,388)	(339,362)
Distribution paid for perpetual capital instruments	(74,000)	–
Acquisition of non-controlling interests	(98,362)	–
Instalment for the purchase of long-term assets	(19,740)	(42,748)
Receipts from gold leasing business	–	173,435
Principal portion of lease payments	(7,295)	(6,060)
Net cash flows from financing activities	3,614,050	4,115,304

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(685,158)	2,754,200
Cash and cash equivalents at beginning of period		2,916,103	3,583,213
Effects of foreign exchange rate changes, net		(1,867)	5,160
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,229,078	6,342,573
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,229,078	6,342,573
Less: Term deposits with original maturity of more than three months		—	—
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		2,229,078	6,342,573

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, 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 2024

2. CHANGES IN ACCOUNTING POLICIES (Continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

3. OPERATING SEGMENT INFORMATION

The Group's operating segments are as follows:

For the six months ended 30 June 2024 (Unaudited)

	Gold operations RMB'000	Copper operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Revenue from external customers	4,268,141	169,881	189,181	4,627,203
Segment results	1,142,771	(33,500)	(2,351)	1,106,920
<i>Reconciliation:</i>				
Interest income				110,366
Finance costs				(264,207)
Profit before tax				953,079
Segment assets	42,234,489	2,619,769	3,848,940	48,703,198
<i>Reconciliation:</i>				
Corporate and other unallocated assets				3,854,343
Total assets				52,557,541
Segment liabilities	4,453,128	712,691	1,202,533	6,368,352
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				21,659,095
Total liabilities				28,027,447
Other segment information				
Capital expenditure*	5,964,809	38,341	17,391	6,020,541
Investments in associates	267,828	–	–	267,828
Investment in a joint venture	–	–	2,731	2,731
Impairment losses recognised in the statement of profit or loss	237,547	735	4,114	242,396
<i>Share of gain/(loss) of:</i>				
– Associates	4,112	–	–	4,112
– Joint venture	–	–	(478)	(478)
Depreciation and amortisation	521,972	29,774	41,040	592,786
Fair value gain/(loss) on financial assets at fair value through profit or loss	159,652	–	(27,657)	131,995

* 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 2024

3. OPERATING SEGMENT INFORMATION (Continued)

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

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	3,163,084	127,866	155,962	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
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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	4,763,553	3,543,134
Less: Government surcharges	(136,350)	(96,222)
Total	4,627,203	3,446,912

DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

For the six months ended 30 June 2024

Segments	Gold RMB'000	Copper RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of gold	4,270,628	10,362	18,047	4,299,037
Sale of copper	3,009	146,611	–	149,620
Sale of silver	58,277	8,987	–	67,264
Sale of sulphur	1,737	3,405	15,745	20,887
Sale of other by-products	64,162	–	79,393	143,555
Rendering of processing services	3,484	1,946	–	5,430
Others	–	–	77,760	77,760
Less: Government surcharges	(133,156)	(1,430)	(1,764)	(136,350)
Total	4,268,141	169,881	189,181	4,627,203

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

4. REVENUE (Continued)

DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS
(Continued)

Segments	Gold RMB'000	Copper RMB'000	Others RMB'000	Total RMB'000
Geographical markets				
Chinese Mainland	4,195,475	171,311	190,945	4,557,731
Overseas	205,822	–	–	205,822
Less: Government surcharges	(133,156)	(1,430)	(1,764)	(136,350)
Total	4,268,141	169,881	189,181	4,627,203
Timing of revenue recognition				
Revenue recognised at a point in time	4,401,297	171,311	131,832	4,704,440
Revenue recognised over time	–	–	59,113	59,113
Less: Government surcharges	(133,156)	(1,430)	(1,764)	(136,350)
Total	4,268,141	169,881	189,181	4,627,203

For the six months ended 30 June 2023

Segments	Gold RMB'000	Copper RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of gold	3,138,015	9,760	–	3,147,775
Sale of copper	142	111,620	–	111,762
Sale of silver	35,737	6,161	–	41,898
Sale of sulphur	85	358	35,315	35,758
Sale of other by-products	58,138	–	85,426	143,564
Rendering of processing services	25,099	1,049	–	26,148
Others	–	–	36,229	36,229
Less: Government surcharges	(94,132)	(1,082)	(1,008)	(96,222)
Total	3,163,084	127,866	155,962	3,446,912

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

4. REVENUE (Continued)

DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Segments	Gold RMB'000	Copper RMB'000	Others RMB'000	Total RMB'000
Geographical markets				
Chinese Mainland	3,249,253	128,948	156,970	3,535,171
Overseas	7,963	–	–	7,963
Less: Government surcharges	(94,132)	(1,082)	(1,008)	(96,222)
Total	3,163,084	127,866	155,962	3,446,912
Timing of revenue recognition				
Revenue recognised at a point in time	3,257,216	128,948	138,349	3,524,513
Revenue recognised over time	–	–	18,621	18,621
Less: Government surcharges	(94,132)	(1,082)	(1,008)	(96,222)
Total	3,163,084	127,866	155,962	3,446,912

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	2,650,560	2,102,505
Write-down of inventories to net realisable value	12,958	23,958
Impairment of receivables	10,097	19,181
Impairment of loans receivable	1,361	12,872
Impairment of property, plant and equipment	217,980	–
Exchange differences, net	34,882	8,767

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

6. 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.

Profits tax in Chinese Mainland has been provided based on the statutory rate of 25% (2023: 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 Chinese Mainland, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%) for subsidiaries qualified under the two-tiered profits tax rate regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Chinese Mainland		
– Charge for the period	231,200	115,393
Current – Elsewhere		
– Charge for the period	9,983	–
Deferred tax	(14,524)	(29,778)
Total tax charge for the period	226,659	85,615

7. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared and paid – RMB0.04 (2023: RMB0.04) per ordinary share	136,093	130,816

7. DIVIDENDS (Continued)

On 3 June 2024, the declaration of 2023 final dividend of RMB0.04 per ordinary share (tax included) (5 June 2023: RMB0.04 per ordinary share (tax included)), amounting to a total of approximately RMB136,093,000 (2023: RMB130,816,000) was approved at the annual general meeting of the Company. No interim dividend was proposed for the Period.

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

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the period of RMB412,379,000 (for the six months ended 30 June 2023: RMB136,797,000) by the weighted average number of ordinary shares in issue during the period of 3,320,437,000 (for the six months ended 30 June 2023: 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 2024 and 30 June 2023, as no diluting events existed during these periods.

9. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of RMB839,691,000 (30 June 2023: RMB790,616,000) and other intangible assets at a cost of RMB110,707,000 (30 June 2023: RMB162,663,000), excluding property, plant and equipment and other intangible assets acquired through a business combination disclosed in note 13 to the interim condensed consolidated financial information.

During the six months ended 30 June 2024, property, plant and equipment with a net book value of RMB4,837,000 (30 June 2023: RMB1,484,000) were disposed of by the Group, resulting in a net loss on disposal of RMB419,000 (30 June 2023: RMB876,000). In addition, property, plant and equipment with a net book value of RMB127,135,000 were used to settle a debt of RMB82,918,000, resulting in a net loss of RMB44,217,000.

During the six months ended 30 June 2024, an impairment loss of RMB217,980,000 in aggregate was mainly recognised for certain property, plant and equipment of two mines in the Gold segment, as a result of the strategic adjustment and business plan adjustment of the mines during the period. The management determined to close a mine, which has been suspended for several years due to potential suffer of losses, and fully recognized impairment losses for its remaining property, plant and equipment, due to lack of mobility and market value. Business plans has been adjusted for another mine and the impairment charges are driven by the lower of the recoverable amounts of the cash generating unit ("CGU") as compared with the carrying amounts in aggregate of relevant assets. The recoverable amount has been determined at the level of the CGU based on a value-in-use calculation using cash flow projections. The CGU mainly consisted of property, plant and equipment, and other intangible assets allocated to that specific mine. The discount rate applied to the cash flow projections is 12% (30 June 2023: 12%).

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10. TRADE AND NOTES RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Trade receivables	416,557	238,950
Notes receivables	30,167	10,449
Impairment	(22,513)	(21,600)
Total	424,211	227,799

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Within one year	386,189	203,875
Over one year but within two years	4,170	6,066
Over two years but within three years	3,685	3,635
Over three years	-	3,774
Total	394,044	217,350

11. TRADE AND BILLS PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Trade payables	726,060	362,584
Bills payable	127,682	158,170
Total	853,742	520,754

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11. 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Within one year	750,364	471,674
Over one year but within two years	79,461	23,971
Over two years but within three years	6,192	8,806
Over three years	17,725	16,303
Total	853,742	520,754

12. SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Registered, issued and fully paid:		
660,837,607 (2023: 660,837,607) domestic shares of RMB1.00 each	660,838	660,838
2,741,555,597 (2023: 2,609,555,597) H shares of RMB1.00 each	2,741,555	2,609,555
Total	3,402,393	3,270,393

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

12. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital is as follows:

DOMESTIC SHARES:

	Number of shares in issue (Unaudited)	Share capital RMB'000 (Unaudited)
As at 31 December 2023	660,837,607	660,838
As at 30 June 2024	660,837,607	660,838

H SHARES:

	Number of shares in issue (Unaudited)	Share capital RMB'000 (Unaudited)
As at 31 December 2023	2,609,555,597	2,609,555
Placing of new H shares (<i>Note a</i>)	132,000,000	132,000
As at 30 June 2024	2,741,555,597	2,741,555

Note:

- (a) On 22 April 2024, an aggregate of 132,000,000 placing shares have been placed at the placing price of HK\$13.20 per placing share. The net proceeds approximated to HKD1,725,300,000 (equivalent to RMB1,568,145,000).

13. BUSINESS COMBINATION

On 24 May 2024, the Group acquired a 90.52% interest in total in Tietto Mineral Limited ("Tietto") as a result of the off-market takeover offer made by Zhaojin Capital (Hong Kong) Limited (an indirectly wholly-owned subsidiary of the Company) for all of the issued shares in Tietto, not then held by the Group. The Group held 6.91% of the issued shares of Tietto before the acquisition and accounted for it under financial assets at fair value through profit or loss, with a fair value of RMB256,638,000 at the acquisition date. Tietto was an Australian-headquartered gold miner, operating the Abujar Gold Mine in Côte d'Ivoire, which achieved commercial production on 6 July 2023. Tietto was previously listed on the Australian Securities Exchange and delisted on 6 June 2024 after the acquisition. The acquisition was made as part of the Group's strategy to expand its business overseas and to improve the overall profitability of its operation.

The purchase consideration for the acquisition was in the form of cash, with AUD 651,864,000 (equivalent to RMB3,081,164,000) paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of Tietto as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000 (Unaudited)
Property, plant and equipment	1,430,419
Other intangible assets	3,425,316
Right-of-use assets	192
Equity investments designated at fair value through other comprehensive income	47
Deferred tax assets	524
Inventories	389,055
Prepayments, other receivables and other assets	118,427
Cash and cash equivalents	138,926
Trade and notes payables	(420,510)
Other payables and accruals	(54,859)
Tax payable	(98,186)
Current portion of other long-term liabilities	(162)
Provisions	(43,879)
Deferred tax liabilities	(857,130)
Total identifiable net assets at fair value	4,028,180
Non-controlling interests	(687,474)
Derecognition of financial instruments	(256,638)
Exchange differences	(2,904)
Satisfied by cash	3,081,164

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000 (Unaudited)
Cash consideration	(3,081,164)
Cash and bank balances acquired	138,926
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,942,238)
Transaction costs of the acquisition included in cash flows from operating activities	(3,271)
Total net cash outflow	(2,945,509)

The Group incurred transaction costs of RMB3,271,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the interim condensed consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

Since the acquisition, Tietto contributed RMB197,984,000 to the Group's revenue and RMB18,214,000 to the consolidated profit for the six months ended 30 June 2024.

Had the combination taken place at the beginning of the period, the revenue and the profit attributable to the Group for the period would have been RMB5,470,064,000 and RMB536,650,000, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Contracted, but not provided for:		
– Property, plant and equipment	1,749,372	1,193,574
– Potential acquisitions	2,147,657	1,890,955
Total	3,897,029	3,084,529

15. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)

(A) NATURE OF RELATIONSHIPS/TRANSACTIONS

(i) Zhaojin Group

Expenses:

– Payment of rental of land use rights	3,347	4,225
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Others:

– Rental income	1,703	1,856
– Loans to related parties	2,750,160	–
– Interest income from loans to related parties	1,281	–
– Decrease in deposits from customers, net	(248,017)	(17,270)
– Interest expense on deposits from customers	7,621	16,429

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

15. RELATED PARTY TRANSACTIONS (Continued)

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (Continued)		
(ii) Subsidiaries of Zhaojin Group		
Sales:		
– Sales of silver	43,732	31,491
– Sales of gold material	1,225	4,051
– Sales of sulphur concentrate disposal fee	1,745	–
– Sales of sulphur concentrate	–	2,775
Expenses:		
– Brokerage service fees	1,449	2,410
– Fees for refining services	952	2,834
Capital transactions:		
– Purchase of water treatment equipment and super filter membrane	3,835	10,161
– Provision of information services	5,794	4,448
– Purchase of structural steel repair services	2,192	–
Others:		
– Rental income	1,210	5,525
– Loans to related parties	14,752,666	9,019,385
– Interest income from loans	25,944	17,393
– Decrease in deposits from customers, net	(245,745)	45,822
– Interest expense on deposits from customers	2,270	2,309
– Bill discounting service	120,000	–
– Interest income from bill discounting service	1,959	3,943
(iii) Zijin Mining Group Co., Ltd. (“Zijin Mining”)		
Sales:		
– Sales of gold material	–	1,388

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15. RELATED PARTY TRANSACTIONS (Continued)

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(A) NATURE OF RELATIONSHIPS/TRANSACTIONS (Continued)		
(iv) Subsidiaries of Zijin Mining		
Purchases:		
– Purchase of golden powder	323	–
Expenses:		
– Inspection Fee	2	–
– Purchase of technology service	–	16
(v) Subsidiary of an associate – Shandong Wucailong Investment Company Limited (“Wucailong”)		
– Sales of gold material	–	19
– Provision of engineering service	–	59
– Entrusted loans	15,150	15,859
– Interest income	11,086	9,993
(vi) Joint venture – Zhong Rui		
– Deposits from customers	132	280
– Purchases of technical and detection service	101	176
– Interest expense	2	1
(vii) Joint venture – WenZhouChangFeng		
– Purchases of technical and detection service	374,217	244,102
(viii) Non-controlling shareholder – No.3 Exploration Institute		
– Purchase of exploration, environmental governance and related technical services	10,309	1,400

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15. RELATED PARTY TRANSACTIONS (Continued)

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

The Group had an outstanding balance due from Zhaojin Group of RMB5,553,000 (31 December 2023: RMB3,979,000).

The Group had an outstanding balance due from subsidiaries of Zhaojin Group of RMB24,558,000 (31 December 2023: RMB19,391,000).

The Group had an outstanding balance due from subsidiaries of associates of RMB11,000 (31 December 2023: RMB1,470,000).

The Group had an outstanding balance due from subsidiaries of Zhaojin Group of RMB32,100,000 (31 December 2023: nil).

The Group had an outstanding balance due from subsidiaries of Zijin Mining of RMB11,500,000 (31 December 2023: RMB1,134,000).

The Group had an outstanding balance due to subsidiaries of Zhaojin Group of RMB15,283,000 (31 December 2023: RMB15,283,000).

The Group had an outstanding balance due to subsidiaries of Zhaojin Group of RMB28,655,000 (31 December 2023: RMB40,050,000).

The Group had an outstanding balance due to subsidiaries of associates of RMB58,927,000 (31 December 2023: RMB57,596,000).

The Group had an outstanding balance due to No.3 Exploration Institute of RMB16,034,000 (31 December 2023: RMB6,246,000).

The Group had an outstanding balance due to Zijin Mining of RMB136,000 (31 December 2023: RMB163,000).

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

The Company signed entrusted loan agreements to provide loans of RMB441,313,000 (2023: RMB426,163,000) 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 2024.

Zhaojin Finance provided loans of RMB1,505,006,000 (2023: RMB1,765,740,000) 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 16 August 2024 to 20 December 2030.

15. RELATED PARTY TRANSACTIONS (Continued)

(B) OUTSTANDING BALANCES WITH RELATED PARTIES (Continued)

Zhaojin Finance also provided bill discounting services of RMB118,905,000 (2023: RMB118,524,000) to subsidiaries of Zhaojin Group, which bear interest at fixed rate is 2.9000% per annum and have maturity date is 18 November 2024.

The Company provided loans of RMB50,757,000 (2023: 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 to 31 December 2024.

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	5,701	4,360
Post-employment benefits	343	333
Total compensation paid to key management personnel	6,044	4,693

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. 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 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Financial assets				
Term deposits	584,330	355,000	600,928	356,540
Loans receivable	218,475	233,040	209,770	223,002
Total	802,805	588,040	810,698	579,542
Financial liabilities				
Interest – bearing bank and other borrowings	5,291,100	4,943,050	5,262,469	4,858,398
Corporate bonds	7,995,075	7,995,774	8,069,775	8,144,160
Total	13,286,175	12,938,824	13,332,244	13,002,558

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.

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

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 funds in Chinese Mainland and 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.

The Group enters into financial assets at fair value through profit or loss with non-controlling shareholder of Fengningjinlong Mining Company Limited, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable Input	Range	Sensitivity of fair value to the input
Financial assets included in other long-term assets	DCF	Discount rate	14% (2023:14%)	1% (2023: 1%) increase/decrease in discount rate would result in decrease/increase in fair value by RMB2,026,000 and RMB2,083,000 (2023: by RMB4,311,000 and RMB4,442,000)

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 2024

	Fair value measurement using			Total
	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	-	30,167	-	30,167
Equity investments designated at fair value through other comprehensive income	574,291	-	-	574,291
Financial assets at fair value through profit or loss	968,595	295,938	-	1,264,533
Financial assets included in other long-term assets	-	-	268,768	268,768
Total	1,542,886	326,105	268,768	2,137,759

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

FAIR VALUE HIERARCHY (Continued)

Assets measured at fair value: (Continued)

As at 31 December 2023

	Fair value measurement using			Total
	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	–	10,449	–	10,449
Equity investments designated at fair value through other comprehensive income	656,878	–	–	656,878
Financial assets at fair value through profit or loss	1,166,842	333,696	–	1,500,538
Financial assets included in other long-term assets	–	–	216,980	216,980
Total	1,823,720	344,145	216,980	2,384,845

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

	2024 RMB'000	2023 RMB'000
Financial assets included in other long-term assets at 1 January	216,980	236,990
Total gains recognised in the statement of profit or loss	51,788	(20,010)
At 30 June	268,768	216,980

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

FAIR VALUE HIERARCHY (Continued)

Liabilities measured at fair value:

As at 30 June 2024

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

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	569,713	-	569,713

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 (31 December 2023: nil).