紫金礦業集團股份有限公司
ZIJIN MINING GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code 股份代號：2899)

2009 年報 Annual Report

*For identification purpose only
*僅供識別

Contents

GENERAL

Zijin Mining Group Company Limited (the "Company") (formerly Fujian Zijin Mining Industry Company Limited) was incorporated on 6 September 2000 with the approval of the People's Government of Fujian Province as a joint stock limited company in the People's Republic of China (the "PRC") by Minxi Xinghang State-owned Assets Investment Company Limited, Shanghang County Jinshan Trading Company Limited, Xinhuadu Industrial Group Company Limited, Fujian Xinhuadu Engineering Company Limited, Xiamen Hengxing Group Company Limited, Fujian Xinhuadu Department Store Company Limited, Fujian Gold Group Company Limited and Fujian Minxi Geologist as its promoters.

In December 2003, the Company was listed on the Stock Exchange of Hong Kong Limited. The Company was the first Mainland gold production enterprise listed overseas. In 2004, 2005, 2006 and 2007, the Company had continuously applied reserves to issue new shares four times and in April 2008, the Company issued 1.4 billion of A shares at RMB7.13 per share and was listed on the Shanghai Stock Exchange on 25 April 2008 at a nominal value of RMB0.1 each. As at 31 December 2009, the Company has a total of 14,541,309,100 ordinary shares (Nominal value of RMB0.1 each) of which 4,005,440,000 shares (H-shares) listed on Hong Kong Stock Exchange, representing about 27.55% of the total issued shares, and 6,324,966,980 shares (A-shares) listed on Shanghai Stock Exchange, representing about 43.50% of the total issued shares. The total listed shares in these two stock exchanges represented about 71.05% of the total issued shares of the Company.

The Company and its subsidiaries (the "Group") are a comprehensive mining conglomerate in the PRC primarily engaged in gold production, and specifically engaged in the exploration, mining, and sale of gold and other non-ferrous metals. The Company produced about 75.37 tonnes of gold (including 30.65 tonnes of mine-produced gold) in year 2009. All major economic-efficiency indicators show that the Company is the most efficient operator in the industry in the PRC. The Group is the second large mine-produced copper producer (by volume) and the sixth large mine-produced zinc producer (by volume) in the industry.

At the end of 2009, the Group has recorded the following resources reserve (approved): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten(W_2O_3), an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase in reserve in main minerals was larger than the consumption.

In 2009, the Company obtained new resources reserve of (partially not yet approved): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten(W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, and 11.1 million tonnes of iron ore.

The Group owns 244 exploration rights with a total area of 5,880.90 square km; 45 mining rights with a total area of 125.0116 square km.

Corporate Information

EXECUTIVE DIRECTORS

Chen Jinghe *(Chairman, President*
(from 1 January 2009 to 4 November 2009))
Luo Yingnan *(President (from 5 November 2009))*
Liu Xiaochu
Lan Fusheng
Huang Xiaodong
Zou Laichang

NON-EXECUTIVE DIRECTOR

Peng Jiaqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Su Congfu
Chen Yuchuan
Lin Yongjing
Wang Xiaojun *(Appointed on 5 November 2009)*
Loong Ping Kwan *(Resigned on 4 November 2009)*

SUPERVISORS

Lin Shuiqing *(Appointed on 5 November 2009)*
Xu Qiang
Lin Xinxi *(Appointed on 5 November 2009)*
Zhang Yumin
Liu Xianhua *(Appointed on 26 October 2009)*
Zheng Jingxing *(Resigned on 17 June 2009)*
Lin Jingtian *(Resigned on 4 November 2009)*
Lan Liying *(Resigned on 4 November 2009)*

COMPANY SECRETARY

Fan Cheung Man

AUDIT COMMITTEE

Lin Yongjing
Su Congfu
Chen Yuchuan
Wang Xiaojun
Peng Jiaqing
Liu Xiaochu

AUTHORISED REPRESENTATIVE

Chen Jinghe
Liu Xiaochu

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1601, 16/F.,
Sino Plaza,
255-257 Gloucester Road,
Causeway Bay,
Hong Kong

LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1 Zijin Road,
Shanghang County,
Fujian Province,
The PRC

LEGAL CONSULTANT OF THE COMPANY

(Hong Kong laws)
Charltons

AUDITORS

International Auditors:
Ernst & Young

PRC Auditors:
Ernst & Young Hua Ming

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

WEBSITE

www.zjky.cn

STOCK CODE

2899

In this annual report, unless otherwise stated, monetary units are denominated in Renminbi.

FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

	For the year ended 31 December				
	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**20,215,111**	16,322,275	14,871,268	10,678,810	3,036,215
Cost of sales	**(13,642,427)**	(10,329,182)	(9,295,361)	(6,718,899)	(1,563,439)
Gross profit	**6,572,684**	5,993,093	5,575,907	3,959,911	1,472,776
Other income and gains	**608,982**	522,199	238,991	193,226	27,811
Selling and distribution costs	**(376,971)**	(316,948)	(255,000)	(143,074)	(66,058)
Administrative expenses	**(717,709)**	(826,891)	(607,360)	(417,505)	(244,885)
Other expenses	**(968,942)**	(630,942)	(318,248)	(673,169)	(68,488)
Finance costs	**(168,425)**	(247,326)	(292,683)	(114,975)	(18,437)
Share of profits of:					
Associates	**79,050**	11,370	72,371	64,923	31,173
Jointly-controlled entities	**16,654**	28,502	18,225	—	—
Profit before tax	**5,045,323**	4,533,057	4,432,203	2,869,337	1,133,892
Income tax	**(968,254)**	(639,031)	(912,448)	(510,821)	(263,829)
Profit for the year	**4,077,069**	3,894,026	3,519,755	2,358,516	870,063
Attributable to:					
Owners of the parent	**3,552,347**	3,066,201	2,552,007	1,704,514	703,637
Minority interests	**524,722**	827,825	967,748	654,002	166,426
	4,077,069	3,894,026	3,519,755	2,358,516	870,063

Financial Highlights

	For the year ended 31 December				
	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**29,646,137**	26,217,549	16,799,160	11,349,397	5,475,378
Total liabilities	**8,032,671**	7,038,424	9,680,547	6,295,925	2,296,734
Minority interests	**3,443,285**	3,044,737	1,781,587	1,401,444	807,728
Equity holders of the parent	**18,170,181**	16,134,388	5,337,026	3,652,028	2,370,916

LIQUIDITY

	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	**2,999,054**	2,719,868	2,158,477	1,939,408	1,029,836
Current ratio (%)	**125**	142	66	105	112.12
Trade receivables turnover (days)	**6.68**	6.89	5.83	4.45	4.18

To all shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Zijin Mining Group Company Limited. I am pleased to report herewith the operating results of the Group for the year ended 31 December 2009 as follows:

In 2009, the Group achieved a sales income (turnover) of RMB20,215,111,000, representing an increase of 23.85% over the previous year, and achieved a net profit after tax (net profit attributable to shareholders of the parent) of RMB3,552,347,000, representing an increase of 15.85% over the previous year. Earnings per share (basic) was RMB0.24, representing an increase of 9.09% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 shares) in issue during the year.)

MARKET OVERVIEW

In the reporting period, under the shadow of global financial crisis, governments of various countries have carried out mass economic stimulation policies. The Chinese government adopted "guarantee the growth, guarantee the livelihood of the people, and guarantee the stability" policy. The national economy recorded a remarkable progress and realized a "V" shape bounce back in the economy. Precious metals such as gold, kept swinging in the high trend, and the non-ferrous metals quickly reversed the falling trend in its growth rate.

In the reporting period, the demand for the risk resistance due to the global crisis widened the fluctuation of gold price. Gold became a better risk-resistance investment tool in 2009. In 2009, gold price sharply increased from the lowest of US$801.5 per ounce in January to the record highest of US$1,226.60 per ounce in early December. At the end of 2009, international gold price closed at approximately US$1,096 per ounce (2008: US$881 per ounce). The average gold selling price of the Company was RMB212.06 per gram (approximately US$965.97 per ounce), representing an increase of 9.41% when compared with the same period last year (2008: RMB193.82 per gram). (as at 31 December 2009, the middle exchange rate: US$1 = RMB6.8282)

In reporting period, leading by the PRC factors, the copper market started to recover first, the copper price almost showed an unilateral increase. The lowest price US$3,035 per tonne was recorded at the 1st day of 2009 and the highest price US$7,425 per tonne was recorded on the last day of the year. In 2009, the average copper cathodes selling price of the Company was RMB35,672 per tonne, representing a decrease of 22.11% when compared with same period last year (2008: RMB45,799/tonne).

In the reporting period, the national and international price of zinc recognized a "V" shape bounce back, the zinc price on the LME maintained at the high trend, recorded an increase of 150%. The LME 3-month forward price of zinc stayed at highest of US$2,615 per tonne by the year end and it was the highest price of the year. Its lowest price was US$1,067 per tonne (the closing price of LME in 2008 was US$1,177.6 per tonne), and its average price of zinc was US$1,680 per tonne. In 2009, the average zinc bullion selling price of the Company was RMB11,913.53 per tonne, representing a decrease of 10.54% when compared with same period last year (2008: RMB13,317.08 per tonne).

INDUSTRIAL POSITION

According to the statistics of the China Gold Association, the 2009 national gold production in the PRC amounted to 313.98 tonnes in which 261.051 tonnes was mine-produced gold. In 2009, the Group produced 75.37 tonnes of gold, of which, 30.65 tonnes was mine-produced gold, representing approximately 11.74% of mine-produced gold in the PRC. Gold enterprises in the PRC recorded a profit of RMB13.9589 billion (included non-gold profit) and the Group recorded a profit of RMB5.018 billion, representing 35.95% of the profit (included non-gold profit) generated by gold enterprises in the PRC.

The Group is the second large mine-produced copper producer (by volume) and the sixth large mine-produced zinc producer (by volume) in the industry.

BUSINESS OVERVIEW

In 2009, the Group achieved a sales income of approximately RMB20.215 billion, representing a growth of 23.85% when compared with same period last year (2008: RMB16.322 billion); and achieved net profit attributable to equity holders of the parent of approximately RMB3.552 billion, representing a growth of 15.85% when compared with same period last year (2008: RMB3.066 billion). As at the end of 2009, the total assets of the Group amounted to approximately RMB29.646 billion, representing a growth of 13.08% when compared with same period last year (2008: RMB26.218 billion); and the net assets attributable to equity holders of the parent amounted to RMB18.17 billion, representing a growth of 12.62% when compared with same period last year (2008: RMB16.134 billion).

I. Production and Operation

1. *GOLD MINE BUSINESS*

In the reporting period, the Group produced a total of 75,372.67kg (2,423,286 ounces) of gold, representing an increase of 31.50% when compared with same period last year (2008: 57,318.05kg).

The Group produced 30,652.59kg (985,503 ounces) of mine-produced gold, representing an increase of 7.63% when compared with same period last year (2008: 28,478.84kg); in which 18,001.53kg (578,762.20 ounces) was produced from Zijinshan Gold Mine; 2,300.34kg (73,957.59 ounces) was produced from Hunchun Shuguang Gold and Copper Mine; 2,689.38kg (86,465.51 ounces) was produced from Guizhou Shuiyindong Gold Mine; 7,661.34kg (246,317.62 ounces) was produced from other gold mines.

The Group produced 44,720.08kg (1,437,783 ounces) of refinery gold, representing a growth of 55.07% over last year (2008: 28,839.21kg), of which, Henan Luoyang Zijin Yinhui Gold Refinery Company Limited produced 40,584kg (1,304,804.93 ounces) of refinery gold, Fujian Jinshan Gold Refinery Plant produced 1,933.41kg (62,160.53 ounces), and other entities in the Group produced 2,202.67kg (70,817.43 ounces) of refinery gold.

Sales income from the gold business of the Group represented about 73.23% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 73.57% of the total net profit attributable to equity holders of the parent.

(1 troy ounce = 31.1035g)

2. *COPPER MINE BUSINESS*

In the reporting period, the Group produced a total of 84,826.34 tonnes copper, representing an increase of 38.13% over last year (2008: 61,408.58 tonnes), in which 12,840.80 tonnes was mine-produced copper cathodes, representing an increase of 25.39% (2008: 10,240.50 tonnes); the Group produced copper concentrates containing copper of 70,914.39 tonnes, representing an increase of 39.08% (2008: 50,987.83 tonnes). Copper refinery produced 1,071.15 tonnes, Ashele Copper Mine produced copper concentrates containing copper of 30,058.16 tonnes, representing an increase of 10.91% (2008: 27,102.51 tonnes); Qinghai Deerni Copper Mine produced copper concentrates containing copper of 24,529.41 tonnes, representing an increase of 63.02% (2008: 15,047 tonnes); Zijinshan Copper Mine produced 12,840.80 tonnes of copper cathodes which represented a growth of 28.33% (2008: 10,006.35 tonnes), the newly increased production of copper metal was 1,362.64 tonnes in concentrate form. Hunchun Shuguang Gold and Copper Mine produced copper concentrate containing copper of 8,634.40 tonnes which represented a growth of 67.02% over last year (2008: 5,169.80 tonnes)

Sales income from the copper mine business represented 10.75% (after elimination) of the annual total sales income, while it represented about 21.52% of the total net profit attributable to equity holders of the parent.

3. *LEAD AND ZINC MINE BUSINESS*

During the reporting period, the Group produced zinc of 136,346 tonnes, representing an increase of 0.91% (2008: 135,117 tonnes). In which 103,472 tonnes was zinc bullion, representing an increase of 2.01% (2008: 101,437 tonnes); the Group produced zinc concentrates containing zinc of 32,874 tonnes, representing a decrease of 2.39% (2008: 33,680 tonnes). Bayannaoer Zijin Zinc Refinery Plant produced zinc bullion 103,014.88 tonnes, representing an increase of 1.56% (2008: 101,437 tonnes), and Wuding Yunye newly produced mine-produced zinc bullion of 456.82 tonnes. Wulatehouqi Zijin produced zinc concentrates containing zinc of 22,474.60 tonnes, representing an increase of 5.72% (2008: 21,259.32 tonnes); Ashele Copper Mine produced 6,800.01 tonnes of zinc from other associated metals, other mines produced 3,599.39 tonnes of zinc from other associated metals.

In the reporting period, the Group produced lead concentrates containing lead of 5,073.11 tonnes, representing an increase of 38.02%.

Sales income from lead and zinc mine business represented about 6.20% (after elimination) of total annual sales income, while net profit from lead and zinc mine business represented about 2.64% of the total net profit attributable to equity holders of the parent.

4. *IRON MINE, SILVER AND OTHER BUSINESS*

In the reporting period, the Group produced silver of 125,401.71kg, of which Wuping Zijin produced 26,042.02kg of silver, Wuhou Zijin produced 10,750.88kg of silver, and Ashele Copper Mine produced 14,193.96kg of silver from other associated metals.

In the reporting period, the Group produced processed refinery silver of 26,956.36kg.

In the reporting period, the Group produced iron concentrates of 1,421,800 tonnes, representing an increase of 20.25% (2008: 1,182,400 tonnes).

Sales income from iron mine, silver and other mineral products represented about 9.82% (after elimination) of total annual sales income, which represented about 2.27% of the total net profit attributable to equity holders of the parent.

II. External Investment

In 2009, in accordance with the thought of "Acquisition of large project, put gold as priority, and the acceleration of internationalization process", the Company seriously captured the investment opportunities in mining industry during the financial crisis, by widening the collection of project information, screening, investigating and verifying, the Group realized a new achievement in resources acquisition.

In domestic market, the Company has completed the acquisition of the minority interests in Jinjishan Gold Mine, Yuanyang Huaxi Gold Company Limited (Daping Gold Mine), Wancheng Commercial Company Limited (Lead-Zinc Mine), and share subscription in Xiamen Modern Terminals, basically completed restructuring of Fuyun Jinshan Mining. The Group entered into the strategic cooperation agreements with China Geological Survey, Qinghai Geological Exploration Bureau, and Guizhou Wengfu Group for the arrangement of business extension and development of recycle economy. The Group also transferred (withdrew) the investment in Yunnan Pulang Copper Mine, Hunan Shangqing Iron Ore Mine, Guizhou Wuchuan Bauxite Mine, etc.

In overseas, the Company successfully subscribed shares in a Canadian company, Continental Minerals Corporation, and became the major shareholder in the development of Tibet Xietongmen Gold and Copper Mine. The Company started a cash offer for all of the ordinary shares in an Australian company, Indophil Resources NL (which holds 37.5% share of Philippines Tampakan Large scale Gold and Copper Mine). At present stage, the takeover bid is in progress. The Group has also collected a number of key projects for further investigation and implementation.

III. CONSTRUCTION PROJECTS

In the reporting period, the construction of following projects have been successfully completed and put in operation or in trial operation stage: the perfection of Zijinshan Gold Mine third process plant, construction of Zijinshan Copper Mine 45,000 tonnes/day crushing system and 8,000 tonnes/day floatation process system, expansion of Bayannaoer Zinc Refinery Plant to 200,000 tonnes/year, Hunchun Shuguang Gold and Copper Mine "2+1" technological innovation, Ashele Copper Mine newly set up 1,500 tonnes/day independent mining and processing system, Malipo Nanwenhe Tungsten Mine 1,500 tonnes/day floatation process technological innovation, Jinwei Company Bazi 2,400 tonnes/day mining and process construction, Xinyi Zijin Yinyan Tin Mine 3,000 tonnes/day mining and processing construction, etc. The following constructions have been carried out: 200,000 tonnes Copper Refinery project, Wuping Yueyang Silver Mine technological innovation project, Qinghai Deerni Copper Mine 10,000 tonnes/day sulfur process project, Qinghai Company tailings comprehensive utilization and economy circulation project, expansion of Jinyi Copper 30,000 tonnes high quality copper pipes project, etc. The initial construction stage of Russia Tuva project and Heilongjiang Duobaoshan Copper Mine project basically completed which will carry out the main construction in 2010.

IV. GEOLOGICAL EXPLORATOIN PROJECTS

In the reporting period, the Group invested RMB160.3 million in geological survey which increased our resources reserves (partially not yet audited): 31.84 tonnes of gold, 687,700 tonnes of copper, 71,500 tonnes of tungsten(W_2O_3), 123.53 tonnes of silver, 49,600 tonnes of molybdenum, 11.1 million tonnes of iron ore.

As at the end of 2009, the Group retained resources reserve (audited): 714.652 tonnes of gold, an increase of 1.88%; 1,855.21 tonnes of silver, an increase of 9.1%; 10.6286 million tonnes of copper, an increase of 10.22%; 392,500 tonnes of molybdenum, an increase of 0.46%; 5.23 million tonnes of lead and zinc; 173,400 tonnes of tungsten(W_2O_3); an increase of 70.17%; 185.6 million tonnes of iron ore, an increase of 10.54%; 459.2 million tonnes of coal, an increase of 52.61%; 99,290 tonnes of tin; 607,100 tonnes of nickel; 66.73 million tonnes of sulfur iron (standard ore). The Group achieved the target that the increase of reserve in main minerals was larger than the consumption.

The Group owns 244 exploration rights with a total area of 5,880.90 square km; 45 mining rights with a total area of 125.0116 square km.

V. MANAGEMENT

Campaign of "Learning from Jinshan, lowering the cost" brings remarkable benefits

In 2009, the Group has continued a further promotion of the campaign "Learning from Jinshan, lowering the cost", each unit in the Comapny has established effective measures for reducing the costs incurred in aspects of infrastructure, sales and management, etc. According to approximate statistics, controllable administrative expenses have decreased of 23.3% compared with the corresponding period last year. Management and staffs from each level have strengthened their consciousness towards crisis, cost and responsibility. This led to an improvement of standardization of enterprise-wide management, and a better control on production costs and administrative expenses.

Greater improvement in human resources management

The Group deepened the development of human resources management, and focused on overseas talents. The Group has utilized the role of the regional companies as the centres of human resources management in respective regions, and established a preliminary group-wide human resources sharing platform; which has effectively attracted a group of high-profile mining technicians and management experts to join the Company.

Continuous increase of technological investment

In 2009, the Group continued to increase the technological investment. Research results and its application to projects like process technological innovation project in Talao Gold and Copper Mine in Tajikistan and utilization of pre-oxidation process of gold ore in Guizhou Shuiyidong Gold Mine which resulted significant benefits. The State Laboratory Accreditation (verification) Project development has recorded a great achievement. The Ministry of Science and Technology of the PRC has approved the construction of "State's Key Laboratory of integrated usage of low grade refractory gold ore", which is the first State's key laboratory in industry of non-ferrous metals and gold. The Group prepared to apply for the approvals for 4 technological projects (2 projects have been approved) from the State, Fujian Province and Longyan City Governments. The Group has received a 1st prize and a 2nd prize for technology advancement in Fujian Province, two 2nd prizes and two 3rd prizes for technology advancement in non-ferrous metal industry, a 2nd prize for technology advancement in Longyan City. The Group has gained 8 patents. The Group has gained the recognition of "Provincial, State Class Technical Innovation Model Enterprise" "Provincial, State Class Intellectual Patents Model Enterprise" "State Implementation of Excellence Performance Module Advanced Enterprise". The Zijin logo has been recognized by State Administration of Industry & Commerce of the PRC as first batch of "China's famous Trademark" of the non-ferrous metal industry. Zinc bullion with Zijin brand has been registered at Shanghai Futures Exchange. The Group has utilized its technological advantage for organization and establishment of the national standard of chemical analysis of gold bullion, copper cathodes and gold; this can further promote the prestigious status of the Group in the industry.

VI. WORK SAFETY AND ENVIRONMENTAL PROTECTION

In 2009, the Group actively explored new trend and adopted "Headquarters – Regional offices – subsidiaries" three-grade safety and environmental protection management structure and saftety and environmental protection regulations, to further improve safety, environmental protection, security, fire prevention and hazardous chemical management regulations. The Group carried out safety activity by team basis, standardization of safety production rules and enhancement of fundamental safety management ("three courses of action"). The Group enhanced the inspection and supervision of the work safety and environmental protection of target units, perfected the incentives and assessment program of the Group's subsidiaries and project constructors. The Group continued to put effort on safety and environmental protection, enhanced the capability on safety and environmental protection, and established long-term safety and environmental protection mechanism. In 2009, the Group had no record of serious accidents, damages, accident of civil explosive goods and hazardous chemicals safety management, serious fire accidents, serious environmental pollutions and ecological damage accidents.

PROSPECTS

Business Environment

In 2010, the global economy presented the obvious recovery sign. China and the emerging economy countries will still be the engines for the global economic growth. The economies of developed countries like the US and European Union will also get out the trough. In the post financial crisis era, the latent financial risk has not completely been released. The anticipated world-wide inflation and the possible withdrawal of economic stimulus policies will increase uncertainty to the economic growth. The Chinese economy will adopt the policy of "promotion of transformation and adjustment of structure" in order to swift gradually the pulling force from investment and export to expenditure. It is expected that the Chinese economy will maintain the stable growth in the moderate inflation environment. Based on the above-mentioned situation, the Group believes that in 2010, gold price will continue its price fluctuation at the top level and the medium and long term bullish investment and speculation activities will support the copper price. Copper price is expected to fluctuate at the top level with wider movement. Other basic metals will generally move at the rather higher price range and market volatility will further increase. The Group's main economic indicators might achieve a faster pace of growth.

The Company's business is a national fundamental industry and has a strong correlation to the national economy, which the cyclical fluctuation in economy will affect the performance of the Company. As the Company's main products are US dollar-denominated, the change of metal price and the exchange rate of Renminbi will also affect the Company's current performance. The board of directors would like to remind the investors about the risks in metal price and Renminbi exchange rate.

Business Objectives

In 2010, the Group plans to produce gold of approximately 31.1 tonnes from mines, representing 1.5% increase over last year; copper metal of approximately 100,000 tonnes, representing 18% increase over last year; silver of approximately 127 tonnes; process gold of approximately 32.7 tonnes; refined zinc of approximately 170,000 tonnes; zinc in concentrate form of approximately 34,200 tonnes from mines; iron concentrates of approximately 1,300,000 tonnes; tungsten in concentrate form of approximately 6,591 tonnes. Please note that the said plan was made on the basis of the current economic situation, market situation and the existing conditions of the Company. The Board may, pursuant to circumstances, vary the production plan.

Business Strategies

The Group aims to put more effort in recruitment of talents and will consolidate and develop the result of "Learning from Jinshan, lowering the cost" campaign. The Group will fully implement standardization and fine management, take effective management as a target to establish a relatively perfect system of group management, and accelerate the speed in resource control, projects construction and internationalization. The Group will keep balance of every aspect in the high speed development.

1. Production and operation

Zijinshan Gold and Copper Mine will continue to act as the Group's production and profit centre and ensure the implementation of the whole year production plan. Other gold production enterprises should catch the opportunity to increase their production capacity with high gold price. Copper production entities should control their cost and increase their production. Other mining entities should catch the opportunity to realize their production plan with high metal price.

Each entity should closely monitor the market and the variation of price and enter into some metal forward contracts to promote the profitability under the united direction of the Group.

2. Projects construction

The Group will promote the production capacity in the following technological innovation projects: Dongping Gold Mine floating process system, Zijinshan Copper Mine floating process system, Wuping Zijin independent process system, Ashele Copper Mine 650 independent mining and process system, Mengku Iron Mine initial process plant, Malipo Tungsten Mine, Xinyi Yinyan Tin Mine, and Bayannaoer Zinc Refinery Plant and Jinyi Copper Pipes. The Group will strive to accelerate the progress in the following new technological upgrade projects: Zijinshan Gold and Copper Mine, 200,000t/y copper refinery plant, Duobaoshan Copper Mine, Sanguikou Lead and Zinc Mine, Yuanyang Gold Mine, Taipingdong Gold Mine, Changtian Gold Mine, Mongolia Tianhong Gold Mine, Luoning Luyuangou Gold Mine, Gutian Copper-Molybdenum Mine, tailing utilization project in Qinghai, Wulagen Zinc Mine, and Xinjiang Qitai Coal Mine. These projects will enhance the force in the future development.

In overseas, the Group will strengthen the input in ZGC's technological upgrade to reach a scale production of gold, and push the construction of Russia Tuva Zinc-lead Mine project in full stream. The Group expects that these projects will complete the construction and try to start the initial production in 2011.

3. Geological Exploration

The Group will reinforce the exploration and mainly accelerate the works in the important projects including the deepen part and its surrounding areas of Zijinshan, deepen part of Ashele Copper Mine, gold field of Shuiyindong, Yuanyang Gold Mine and its surrounding areas, Malipo Tungsten Mine, Lannitang Copper Mine, Luyuangou Gold Mine, Jinjishan Gold Mine and Dujiagou Gold Mine. The Group will strive to have a breakthrough in search of new mining deposits in Hunchun area, Daxinganling area, Bayannaoer area and Aletai area.

4. External Investments

The Group will preferentially guarantee the support in human resources, capital and management for the construction and operation needs in overseas projects including ZGC Gold Mine, Tuva Zinc-lead Mine, and Mongolia Tianhong Gold Mine. With these measures, the Group is looking for an early completion of construction and scale of production in these projects. The Group will trace the important projects and carry out due diligent work and negotiations and try to have one or two big acquisition projects to realize a substantial increase in controlled resource. For projects in China, the Group will continue to acquire sizable targets and put quality before quantity. The Group will put more effort for gold mines acquisition and utilize the geographical advantages of the regional offices and controlling companies, well prepare for the information collection, elimination and initial stage working for the potential projects, and achieve a breakthrough in external investment.

Corporate Governance

On the basis of the China Securities Regulatory Commission's inspection and rectification opinions in 2009, the Company will seriously study the difference in the concept of securities regulation, laws and regulatory systems of capital market between the PRC and Hong Kong. The Group will enhance the operation in compliance with the rules and regulations, continue to provide education and training for its directors, supervisors, senior management and the related personnel, review and revise the management system in accordance with the regulatory requirements, pay attention especially in investment decisions, connected transactions, legal procedure in use of proceeds, timely and adequate disclosure; enhance the information disclosure and sense of responsibility, strictly implement the accountability system, promote the sense of public relations, and build up a stable investor relations and a reputable image of the Company in the capital market.

The Group will strengthen the internal control system to ensure legal compliance of enterprise management, asset security, the complete and true disclosure of financial reporting and the related information. It will enable the Group to improve operational efficiency and effectiveness, and the realization of enterprise development strategy.

Social Responsibility

The Group firmly adopts the corporate value of "Harmony creates wealth, coordinated development with corporate, staff and community" and to properly handle the relationship of the relevant interest groups, emphasis and uphold the sense of social responsibility, enhance the works of the investor relations and external coordination, actively establish the communication and contacts with each level of the government, the relevant departments and the surrounding social communities, assist to improve the peoples' production, living and education in the location of the projects, develop a harmonious mine and stimulate a common development in local business and economy.

Future Needs, Plans and Source In Capital

In accordance with the Company's initial plan, it is expected that the Company might invest approximately RMB5 billion in fixed assets and risk exploration, and approximately RMB7 billion in mining rights and shares (the timing and amount of external capital investment are uncertain and it will vary from time to time). Except for the projects specified in the A Shares IPO in 2008, all other projects will be financed by the Group's available cash, bank loans and the issue of short and medium term notes.

By order of the Board
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
30 March 2010

The management of the Group sincerely reports the discussion and analysis of 2009 operating results.

OPERATING RESULTS

In 2009, the management has fully executed the resolutions passed in general meetings and board meetings and organised well in production, the Group recorded sales income of RMB20,215,111,000 in the year, representing an increase of 23.85% over the previous year (2008: RMB16,322,275,000).

The table below sets out the sales by products for the two years ended 31 December 2009 and 2008:

	2009 (before elimination) *(note 1)*			2008 (before elimination) *(note1)*			2008 (after elimination)		
Product	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)	Unit price (excluded tax) RMB	Volume	Amount (RMB'000)
Mine-produced gold bullion	212.06/g	23,724.31kg	5,030,872	193.82/g	24,059.24kg	4,663,107	196.70/g	23,046.90kg	4,533,402
Mine-produced gold concentrates	188.95/g	6,206.58kg	1,172,709	178.94/g	3,215.36kg	575,366	173.52/g	2,886.26kg	500,818
Processed gold	216.00/g	44,633.22kg	9,640,992	198.34/g	28,841.77kg	5,720,582	198.30/g	28,832.34kg	5,717,451
Copper concentrates	30,416.48/t	68,081.82t	2,070,809	41,056.57/t	51,435.71t	2,111,774	41,150.75/t	51,318.00t	2,111,774
Mine-produced copper cathodes	35,671.55/t	11,508.08t	410,511	45,799.43/t	9,966.53t	456,461	43,195.00/t	8,882.00t	383,659
Zinc bullion	11,913.53/t	99,988.81t	1,191,220	13,317.08/t	102,595.08t	1,366,267	13,314.31/t	102,292.00t	1,361,947
Zinc concentrates	6,547.06/t	33,252.77t	217,708	7,068.28/t	34,388.12t	243,065	6,880.43/t	5,002.45t	34,419
Iron concentrates	394.73/t	1,499,551.00t	591,912	987.04/t	978,850.00t	966,161	987.04/t	978,850.00t	966,161
Others			1,346,888 *(note 2)*			1,323,176			1,374,133
Less:Sales taxes and levies			(251,578)			(285,803)			–
Less: Internal sales			(1,206,932)			(817,881)			–
Total			20,215,111			16,322,275			16,983,764

Note:

(1) The sale revenue disclosed in 2008 was after eliminated of internal sales; the Company considers, it is more objective to disclose the figures before elimination of internal sales in terms of the product revenue and cost, therefore, starting from 2009, the Company will analyze the product sale revenue and cost on this basis.

(2) In 2009, the other sales include: RMB440,056,000 income from copper belts, RMB274,954,000 income from silver products, RMB224,744,000 income from copper pipes, RMB131,982,000 income from tungsten products, RMB47,012,000 income from lead products and RMB36,574,000 income from sulfur contained products.

The Group's revenue in 2009 has increased by 23.85% over 2008, which was mainly attributable to (1) increase in sales volume and production volume caused by (i) increased in gold sales by 30.55%, in which the sales of mine-produced gold increased by 9.74% when compared with the same period last year and processed and refinery gold increased by 54.75%; (ii) increased in sales volume in copper concentrates by 32.36%, mainly attributable to the increased production of Xinjiang Ashele Copper Mine and Qinghai Deerni Copper Mine; (iii) Fujian Zijin Copper gradually achieving the normal production in copper belts and the sales increased by 57.91%; (2) although the price of basic metals dropped substantially over the same period last year, the gold price increased by 8.81% over last year and it represents 73.23% for the total revenue and pushed up the total revenue.

An Analysis of Gross Profit and Gross Profit Margin

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing, and refining costs, ore transportation cost, raw materials consumption, salaries and depreciation of fixed assets employed for production. The table below sets out details of the gross profit margin for the two years ended 31 December 2008 and 2009.

	Unit cost of sales					Gross Profit Margin (%)			
Year	**2009 before elimination RMB**	2008 before elimination RMB	2008 after elimination RMB	unit	compared with the same period last year (before elimination) %	2009 before elimination %	2008 before elimination %	2008 after elimination %	compared with the same period last year (before elimination) %
Mine-produced gold bullion	**59.48**	68.10	63.90	g	(12.66)	71.95	64.87	67.51	7.08
Mine-produced gold concentrates	**88.26**	93.92	91.42	g	(6.03)	53.29	47.51	47.31	5.78
Processed gold	**214.99**	197.41	197.25	g	8.90	0.47	0.47	0.56	0.00
Copper concentrates	**9,092.00**	10,941.00	10,942.00	t	(16.90)	70.11	73.35	73.41	(3.24)
Mine-produced copper cathodes	**14,722.00**	15,392.00	14,215.00	t	(4.35)	58.73	66.39	67.09	(7.66)
Zinc bullion	**9,618.00**	12,555.00	12,555.00	t	(23.39)	19.27	5.72	5.72	13.55
Zinc concentrates	**2,570.00**	2,943.00	3,432.00	t	(12.67)	60.75	51.45	51.45	9.30
Iron concentrates	**134.10**	191.90	191.90	t	(30.13)	66.03	80.56	80.56	(14.53)
Overall (refinery products included)						33.65	38.84	38.84	(5.19)
Overall (refinery products excluded)						71.37	68.05	65.09	3.32

Note: The following analysis was based on the figures before elimination of internal sales.

The Group's overall gross profit margin was 33.65%, representing a decrease of 5.19% over last year. The overall gross profit margin (excluding processed and refined products) is 71.37%, representing an increase of 3.32% over last year. The gold price increase and the cost decrease were the main reasons for the increase in the gross profit margin.

Details analysis as follow:

During the reporting period, the Group's average selling price of mine-produced gold was RMB207.26 per gram, representing an increase of 7.91% over last year. It was mainly attributable to the decrease of raw materials and management cost. Mine-produced gold bullion's average selling cost decreased 12.65% over last year and the mine-produced gold concentrates average selling cost decreased 6.02% over last year.

During the reporting period, the Group's average selling price of copper concentrates was RMB30,416.48 per tonne (2008: RMB41,056.57 per tonne), representing a substantial decrease of 26.09% over last year. But given that the Group's major copper production unit, Xinjiang Ashele Copper reduced its production cost by 16.9% and the increase in production and decrease in cost in Deerni Copper Mine (production volume increases 63.02% and unit selling cost decreased 24.17% over last year), enabled the Group's unit selling cost of copper concentrates decreased 16.90% over last year. Summarised the above factors, the gross profit margin of copper concentrates decreased 3.24% over last year.

During the reporting period, the average selling price of mine-produced copper cathodes was RMB35,671.55 per tonne (2008: RMB45,799.43 per tonne) representing a decrease of 22.11% over last year. As Zijinshan Copper Mine increased its production and diluted the cost, the unit selling cost of mine-produced copper cathodes decreased by 4.35%. Summarized the above factors, the gross profit margin of mine-produced copper cathodes decreased by 7.66% over the same period last year.

During the reporting period, the unit selling price of zinc concentrates was RMB6,547.06 per tonne (2008: RMB7,068.28 per tonne), it decreased 7.37% over last year. The unit selling cost decreased by 12.67% over the same period last year which caused an increase of 9.30% in the gross profit margin of zinc concentrates when compared the same period last year.

During the reporting period, Xinjiang Jinbao commenced production in advance, the production increased resulting a decrease in unit cost, and Hengyang Shangqing, which with a higher production cost, was disposed in May 2009, therefore, the Group's unit selling cost of iron concentrates decreased by 30.13% over the same period of last year, the Group's unit selling price decreased by 60.01% over the same period last year, caused a decrease of the Group's gross profit margin of iron concentrates by 14.53% over the same period last year.

SELLING COSTS

The Group's selling and distribution costs have increased by 18.94% over last year to RMB376,971,000 in 2009 (2008: RMB316,948,000). The significant increase was mainly attributable to the increase in transportation costs resulting from the increase in the sales of iron concentrates and copper concentrates in 2009.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses in 2009 amounted to RMB717,709,000, which represented a decrease of 13.20% over last year (2008: RMB826,891,000). The decrease was mainly attributable to the campaign of "Learning from Jinshan, lowering the cost" in the Group, and strictly controlled the non-production cost. The Group recorded a substantial decrease in costs including salary cost, office expenses, travelling expenses, business entertainment expenses, vehicles cost and other expenses.

FINANCE COSTS

In the reporting period, the Group's total finance costs was RMB168,425,000 representing a decrease of 31.90% over last year (2008: RMB247,326,000). It was mainly attributable to: 1. the successful listing in the A Shares market and raised net proceed of RMB9,806,960,000 in April 2008, the Company immediately repaid part of the outstanding bank loans which increased interest income and reduced loan interest; 2. the Group's Finance Company commenced its operation in September 2009, it enhanced the internal capital management, decreased the external borrowings and the interest expenses of the Group.

ASSETS IMPAIRMENT LOSS

In the reporting period, the Group's assets impairment loss was RMB377,941,000 (2008: RMB326,388,000), in which, RMB15,380,000 was fixed asset impairment; RMB202,912,000 was assets impairment loss of intangible assets and RMB111,374,000 was loss in construction in progress attributable to the negative change in the reserve of some mines after the impairment loss tests.

FINANCIAL INSTRUMENTS

Under the impact of the governments' substantial economic stimulation policies, the quick recovery of the economy was unexpected in 2009, the Group obtained a gain of RMB136,480,000 in stock investment. The Group made a loss of RMB409,341,000 in settlement of forward contracts.

As at 31 December 2009, the Group's (realized and unrealized) gain in fair value was RMB26,100,000 and the Group has entered gold future contracts and held 367kg of gold and recorded unrealised gain of RMB2,402,000.

DONATION AND SOCIAL RESPONSIBILITY

As at 31 December 2009, the Group donated RMB140,210,000, which included the Company's donation of RMB99,860,000, Guizhou Zijin's donation of RMB18,790,000, and other enterprises' donation of RMB21,560,000. The board considers the Group relies on the support and favorable policies of the mine site and provincial government, it is the enterprise's obligation to bear the social responsibility to donate for education, to reconstruct the infrastructure, to improve the social environment, and to increase the donation expenses.

WORKING CAPITAL AND CAPITAL RESOURCES

As at 31 December 2009, the Group's cash and cash equivalents amounted to RMB2,999,054,000 representing an increase of RMB279,186,000, or 10.26% over the previous year (2008: RMB2,719,868,000).

During the year, net cash inflow generated from the Group's operating activities amounted to RMB4,490,717,000, an increase of RMB574,933,000 or 14.68% over the previous year (2008: RMB3,915,784,000). The main reasons for the increase in the cash-flow generated from the Group's operating activities were (i) the increase in sales revenue; (ii) the decrease in cost and expenses attributable to the campaign of "Learning from Jinshan, lowering the cost" in the Group.

During the year, the net cash outflow from the Group's investing activities amounted to RMB3,183,074,000, a decrease of RMB5,358,737,000 or 62.74% over the previous year (2008: RMB8,541,811,000). The main reasons for the decrease in investment activities were (i) the Group has adopted prudent and stable investment strategies during the financial crisis, and to avoid investment risk of high acquisition cost of materials resources; (ii) delay progress of some project construction due to the low metal price or unforeseeable future of lead and zinc.

During the year, net cash outflow from the Group's financing activities amounted to RMB1,042,039,000, net cash inflow in 2008 was RMB5,207,230,000, which was mainly due to the issue of 1,400,000,000 A shares (face value RMB0.10) at RMB7.13 per share and raised net proceed of RMB9,806,960,000 in 2008.

As at 31 December 2009, the Group's total borrowings amounted to RMB3,865,065,000 (31 December 2008: RMB3,485,663,000) of which the amount repayable within one to two years was approximately RMB3,835,065,000, the amount repayable within two to five years was approximately RMB30,000,000, and the amount repayable in over five years was nil. All the bank borrowings bore interest rates between 1.03% to 7.20% (2008: 2.25% to 7.47%).

The Group's daily capital requirements and capital expenditures were expected to be financed from its internal cash-flow. The Group also possessed a substantial amount of uncommitted short-term loan facilities provided by its major banks.

GEARING RATIO

Gearing ratio is defined the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2009, the Group's consolidated total liabilities was RMB8,032,671,000 (it was RMB7,038,424,000 as at 31 December 2008), and the Group's consolidated total equity was RMB21,613,466,000 (it was RMB19,179,125,000 as at 31 December 2008). As at 31 December 2009, the Group's gearing ratio was 0.37 (it was 0.37 as at 31 December 2008).

PROFITS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT AND EARNINGS PER SHARE

The Group's profits attributable to shareholders of the parent as at 31 December 2009 was approximately RMB3,552,347,000, representing an increase of 15.85% over approximately RMB3,066,201,000 in 2008.

For the year ended 31 December 2009, the Group's earnings per share (basic) was RMB0.24, representing an increase of 9.09% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 shares) in issue during the year.)

EFFECTS OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

Effects of significant differences between net profit under CAS and profit attributable to equity holders of the Group under IFRS are analysed as follows:

	For the 12 months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Profit attributable to equity holders of the parent under CAS	**3,541,447**	3,005,348
Adjustment in work safety fund and future development fund (note 1)	**10,900**	60,853
Profit attributable to equity holders of the parent under IFRS	**3,552,347**	3,066,201

Effects of significant differences between equity attributable to the equity holders of the Group under CAS and IFRS are analysed as follows:

	31 December 2009 *RMB'000* *(Audited)*	31 December 2008 *RMB'000* *(Audited)*
Equity attributable to equity holders of the parent under CAS	**18,170,181**	16,134,388
	—	—
Equity attributable to equity holders of the parent under IFRS	**18,170,181**	16,134,388

Note 1:

Pursuant to relevant PRC regulations, the Group is required to set aside an amount to provide for work safety and future devlopment fund based on the quantity of mining. The accrual expenses will be transferred to a special reserve account under equity attributable to the holders for the year. When the non-current asset is recognized and its cost is being measured, within the special use conditions, full amount of relevant incurred fund recorded as special reserve will be credited to the accumulated depreciation simultaneously. Pursuant to the IFRS, these expenditures should be recongnised when incurred, relevant capital expenditures are recognized as part of cost of the non-current asset when they are incurred and depreciated according to the respective depreciation policy.

TAX

Income taxes of the Group for the years of 2009 and 2008 were set out in the table below:

	2009 *RMB'000*	2008 *RMB'000*
Group:		
Current – Hong Kong	**—**	2,561
– Mainland China	**893,897**	694,894
Underprovision/(overprovision) in prior years	**94,661**	(8,884)
Deferred tax	**(20,304)**	(49,540)
	968,254	639,031

Provision for Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Details of the income tax of the Group are set out in note 10 to the financial statements.

CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Corporate guarantees in respect of bank loans granted to:				
Subsidiaries	**—**	—	**1,044,000**	1,529,000
Associates	**315,500**	315,500	**265,500**	265,500
A jointly-controlled entity	**80,000**	100,000	**80,000**	100,000
	395,500	415,500	**1,389,500**	1,894,500

EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 53, is the chairman of the Company. Mr. Chen is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the Tenth People's Congress of Fujian province, chairman of chairman group of China Mining Association, and the vice president of the China Gold Association. Mr. Chen graduated from Fuzhou University with a bachelor's degree in geology in 1982 and obtained an EMBA degree from Xiamen University. He was a team head of Minxi Geology Division from 1986 to 1992, major founder and organiser for exploration of Zijinshan Gold and Copper Mine. He was the chairman and general manager of the Company from August 1993 to August 2000 and also held other positions within the Company during that period. In August 2000, he was appointed as the chairman of the Company. From August 2006 to November 2009, Mr. Chen also served as the president of the Company. Mr. Chen specialises in mine exploration, evaluation and exploitation management. He was a core leader in the development phase of the Company. He has been awarded the "National Scientific Advancement Award", as well as several awards from the province and ministry.

Mr. Luo Yingnan, aged 53, is the president of the Company and a professor grade senior engineer. He graduated from Fuzhou University with a bachelor's degree in geology in 1982. Mr. Luo was the head of the Geological Unit for the Second Team of the Second Geological Prospecting Bureau under the Ministry of Metallurgy and the manager of Longyan Metallurgy Industry Company. Mr. Luo was appointed as an executive director and general manager of the Company from August 2000 to August 2006. From August 2006 to November 2009, he served as the vice-chariman of the Company. Mr. Luo has extensive experiences in geology exploration, mine evaluation and operation of mining enterprises.

Mr. Liu Xiaochu, aged 63, is a vice-chairman of the Company since August 2000. Mr. Liu is also a supervisor of Hunan Nonferrous Metals Corporation Limited, which listed on the Hong Kong Stock Exchange in March 2006 and an independent director of Fujian Hong Bo Printing Corporation Ltd. He graduated from Fuzhou University with a bachelor's degree in physics in 1982. Mr. Liu was the division head, deputy department head and department head of the Fujian Economic Reform Commission from December 1986 to December 1999 and during which he directed the reform and listing of enterprises in Fujian. Since December 1999, Mr Liu has also served as a director of Xinhuadu Industrial Company Limited. Mr. Liu is familiar with the company law, the listing rules, and the capital market.

Mr. Lan Fusheng, aged 46, is a vice-chairman of the Company. He graduated from Fuzhou University with a bachelor's degree in geology in 1984 and obtained a master's degree in business administration from La Trobe University in 2000. Mr. Lan has extensive experiences in managing the investment business of enterprises and mining project evaluation, and mergers and acquisitions. Mr. Lan joined the Company in 1994. From August 2000 to August 2006, Mr. Lan was appointed as a director and deputy manager of the Company. Since August 2006, Mr Lan has served as a vice-chairman of the Company. He was the manager of Shanghang County Xinhui Jewellery Company from 1992 to 1994. On 2 June 2008. Mr. Lan was appointed as non-executive director and non-executive chairman of an associated company of the Company — Monterrico Metals PLC (which was listed on Alternative Investment Market (AIM) in the UK, and delisted on 2 June 2009).

Mr. Zou Laichang, aged 42, is a senior engineer, executive director and standing vice president of the Company. He graduated from Fujian Agriculture and Forestry University Forestry College with a bachelor's degree in chemistry in 1990 and obtained an MBA degree in Xiamen University. Since March 1996, Mr. Zou has held several senior positions within the Company, including deputy director of gold refinery, deputy head of the institute of mining and refining design and research, deputy chief engineer and chief engineer, executive director and senior vice president. Mr. Zou was the head of the production division of the Shanghang County Forestry and Chemical Factory from August 1990 to March 1996. Mr. Zou specialises in hydrometallurgical process, and is recognized as a leading science and technology innovator. Mr. Zou has received several awards from the province and ministries.

Mr. Huang Xiaodong, aged 55, is a director and vice president of the Company. He graduated from Hefei University of Technology with a specialisation in computing in 1980, and graduated from Xiamen University with an EMBA degree. Mr. Huang has been an engineer of the Computer Science Research Institute in Fujian, and deputy department head and department head of the Science and Technology Committee in Fujian. From 1995 to 2001, he has been the general manager of the corporate departement and assistant to the general manager of Huamin (Group) Company Limited, and from 2002 to 2004, he was the deputy general manager of Chinalco (Fujian) Ruimin Company Limited. Mr. Huang acted as the chief economist of the Company from February 2005 to August 2006. From August 2006 to November 2009, he was appointed as a director and senior vice president of the Company. Mr. Huang has extensive experience in business management and international operations. On 1 June 2007, Mr. Huang was appointed as executive director and chief executive officer of an associated company of the Company — Monterrico Metals PLC (which was listed on Alternative Investment Market (AIM) in the UK, and delisted on 2 June 2009).

NON-EXECUTIVE DIRECTOR

Mr. Peng Jiaqing, aged 65, is currently a non-executive director of the Company. Mr. Peng is a senior economist, and the vice chairman of the Fujian Technology Economic and Modernization Management Association. Mr. Peng graduated from Fujian Normal University major in Chinese linguistics in 1968, Mr. Peng has been the chief secretary of Liupanshui Guizhou provincial government, deputy branch manager of Xiamen branch, branch manager of Zhangzhou branch and deputy office supervisor of the Fujian provincial branch of Industrial and Commercial Bank of China. Mr. Peng has served as a non-executive director of the Company since June 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Su Congfu, aged 64, he is currently an independent non-executive director of the Company. He is also a professor grade senior engineer, former deputy director of Anhui Metallurgy Department, and manager of Anhui Gold Company, former head of the Metallurgy Department of Anhui Economics and Commerce Committee, and assistant inspector of the Bureau of Work Safety in Anhui. Mr. Su graduated from Beijing Steel Institute with a mining specialisation. He was the chief of Anqing Copper Mine, and assistant to the general manager of Tongling Non-ferrous Metal Group Company. Mr. Su has extensive experience and expertise in mining and processing, refining, producing and managing in the steel, non-ferrous metal and gold industries, as well as substantial management experience in mining enterprises.

Mr. Chen Yuchuan, aged 76, he is currently an independent non-executive director of the Company, researcher, supervisor of doctoral students, and academician of the Chinese Academy of Engineering. Mr. Chen graduated from Donetsk Polytechnic University of the former Soviet Union in 1959, where he majored in geology exploration. He was the chief engineer in the former geology and mine ministry, and head of the Chinese Academy of Geology Sciences, vice-chairman of the International Association of the Genesis of Ore Deposits, member of the course evaluation team for the State Council Degree Committee, part-time professor of Beijing University and Nanjing University, and member of the 9th National People's Political Consultative Conference. Currently, Mr. Chen is the director of the Science Committee for the Chinese Academy of Geology Sciences and head of the Mine and Geology Specialist Committee, Mr. Chen dedicates himself to deposit geology, geochemistry, regional metallogeny rules, estimation of metallogeny, and mine exploration. Mr. Chen is a world famous geology specialist.

Mr. Lin Yongjing, aged 67, he is currently an independent non-executive director of the Company. He is also a senior accountant, a registered certified public accountant ("CPA"), and a registered valuer. He graduated from Xiamen University with an accounting specialisation in July 1967. He was formerly the director and chief accountant of the Fujian Huaxing Certified Public Accountants. He was the head of Fujian Appraisal Centre, the director of the Fujian State-owned Property Bureau, and vice chief-officer of Fujian Provincial Financial Bureau and a committee member of the 7th Provincial People's Political Consultative Conference of Fujian. He is currently the chairman of the Fujian State-owned Assets Management Association, vice-chairman of Fujian Listing Enterprises Association, an expert specially invited by National State-owned Property Management Committee and a senior member of China Appraisal Society. In June 2005, he was appointed as an independent director of Fujian Sanmu Group Company Limited (an A Share Company), and in October 2005, he was appointed as an independent director of Fujian Mindong Power Company Limited (an A Share Company). In May 2007, he was appointed as an independent director of Hainan Zhenghe Industrial Group Co., Ltd. (an A Share Company). Mr. Lin is an expert in finance, audit and asset management.

Mr. Wang Xiaojun, Chinese, aged 55, he is currently an independent non-executive director of the Company. He graduated from Chinese Academy of Social Sciences in 1986 with a master degree in law. He is a lawyer qualified to practice in China, Hong Kong and the United Kingdom. Mr. Wang was a lawyer in Beijing from 1986 to 1988, he was seconded by the Ministry of Justice of the PRC to a law firm in the United Kingdom as a consultant of PRC laws in 1988. He joined The Stock Exchange of Hong Kong Limited in 1992. From 1993 to 1996, he worked with Richards Butler. In 1996, he served as an associate director of BNP Paribas Peregrine Capital Ltd. From 1997 to 2001, he served as a director of ING Barings Investment Bank. In 2001, he established X.J. Wang & Co., and in 2004, X.J. Wang & Co., formed an association with Jun He Law Offices. Mr. Wang Xiaojun completed and participated in many transactions and cases, including direct investment, joint venture, company listing and acquisition and merger. He was an independent non-executive director of Yanzhou Coal Mining Company Limited from 2001 to 2007. He is currently an independent non-executive director of Oriental Patron Financial Investments Limited, Guangzhou Shipyard International Company Limited and NORINCO International Company Limited.

SUPERVISORY COMMITTEE AND SUPERVISORS

Mr. Lin Shuiqing, aged 46, tertiary educated, is a supervisor representing shareholders and the chairman of the Supervisory Committee of the Company. He was a teacher from August 1982 to September 1991. From September 1991 to March 1998, he was a staff, head of staff, deputy director and director of the Shanghang Committee Office, and deputy director of Shanghang County Communist Party Construction Office. From March 1998 to May 2002, he was a deputy secretary, head of town and secretary of Zhongdu Town of Shanghang County Communist Party. From June 2002 to May 2006, he was a director of Shanghang County Communist Party office, and a standing member of the Shanghang County Communist Party. From May 2006 to August 2009, he was a committee member of the Shanghang County Communist Party, director of Shanghang County Tongzhanbu and Secretary of Shanghang County Non State-owned Economic Working Committee. Mr. Lin has resigned as a civil servant.

Mr. Xu Qiang, aged 59, tertiary educated, is a supervisor representing shareholders and vice-chairman of the Supervisory Committee of the Company. He is a senior accountant, registered CPA, registered valuer and a chief accountant of Fujian Huaqiang Limited Liability Accountants' Firm. He has been the deputy director of Fujian Huaxing Accountants' Firm and the director of Fujian Asset Valuation Centre. Mr. Xu was appointed as a supervisor of the Company since August 2000.

Mr. Lin Xinxi, aged 48, tertiary educated, is a supervisor representing shareholders of the Company. From January 1980 to May 1987, he engaged accounting work with the supply and sales department of the Shanghang County. From October 1987 to July 1999, he was the officer, deputy manager, manager and secretary of division party of Shanghang County Agricultural Company. From July 1999 to July 2002, he was a committee member and secretary of the disciplinary council of Diantian Town of Shanghang County Communist Party. From August 2002 to October 2008, he was an inspector, member, and deputy secretary of the disciplinary council of Shanghang County Communist Party, and a committee member of the 15th Committee of the People's Congress of Shanghang County. From October 2008 to August 2009, he was the deputy secretary of disciplinary council of Shanghang County Communist Party, a committee member of the 15th Committee of the People's Congress of Shanghang County and the chairman of supervisory committee of Minxi Xinghang State-owned Assets Investment Company Limited. Mr. Lin has resigned as a civil servant.

Mr. Zhang Yumin, aged 59, an accountant. He currently is the vice head of the Company's audit department and supervisor representing workers and staff of the Company. He was previously financial officer and assistant to the factory manager of Fujian Shunchang Yuankeng Cement Plant, manager of the financial department of the Xinhuadu Hotel. He joined the Company as the assistant finance manager and officer of assets department in 2000. He has served as vice head of the audit department since February 2004. He has good knowledge of and substantial working experience in finance and audit.

Mr. Liu Xianhua, aged 54, is a supervisor representing workers and staff of the Company and senior engineer. He currently is the chairman of the labour union of the Company. Mr. Liu graduated from Jiangxi Metallurgy University majoring in mining. He was previously vice general manager of Jiangxi Xihuashan Tungsten Mine. He joined the Company in October 1996, he was previously the vice general manager of Zijinshan Gold Mine, secretary of Communist Party branch of Zijinshan Gold Mine and vice general manager of Zijinshan Gold Mine, chief commander of Zijinshan Copper Mine construction command unit, general manager of Zijinshan Gold and Copper Mine, chairman of Heilongjiang Duobaoshan Copper Company Limited, general manager and chairman of Xinjiang Wuqia Jinwang Mining Development Company Limited, general manager of Zijin Mining Group North-West Company Limited, general manager of Liancheng Zijin Mining Company Limited, and president assistant of the Company.

SENIOR MANAGEMENT

Mr. Chen Jiahong, aged 40, is a vice president of the Company since August 2006. He graduated from China University of Geosciences with a bachelor's degree in business administration. In July 1994, he joined the Company as deputy chief of Zijinshan Gold Mine, and then held the positions of standing deputy chief of Zijinshan Gold Mine, chief of Zijinshan Gold Mine, deputy head of the technology innovation department, deputy general manager of the Company, director and general manager of Xinjiang Zijin Mining Company Limited.

Mr. Xie Chengfu, aged 44, is a vice president of the Company since August 2006. He graduated from Changchun College of Geology with a bachelor's degree in mine exploration. He is a senior engineer. In 1994, he joined the Company as plant manager of gold refinery plant, and then held the positions of chief of Zijinshan Gold Mine, assistant to general manager and deputy manager of the Company. Mr. Xie is currently appointed as the chairman and general manager of Hunchun Zijin Mining Company Limited.

Mr. Liu Rongchun, aged 46, is a vice president of the Company since August 2006. He graduated from Central-South Institute of Mining and Metallurgy with a bachelor's degree in geology. Mr. Liu is a senior engineer. In December 1993, he joined the Company as deputy chief of Zijinshan Gold Mine, and then held the positions of chief commander of establishment headquarter for Zijinshan Copper Mine, chief officer of office, secretary of the discipline council, assistant to general manager, deputy general manager and chief of Zijinshan Gold Mine. Mr. Liu is the general manager and chairman of Xinjiang Zijin Mining Co., Ltd.

Mr. Lin Hongfu, aged 36, is a vice president of the Company since August 2006. He graduated from Chongqing Steel College majoring in smelting steel alloy and Hunan University remote education majoring in finance. In August 1997, Mr. Lin joined the Company as an assistant to plant manager gold refinery plant and director of the electrolysis plant, and then held the positions of deputy plant manager, plant manager, deputy chief of Zijinshan Gold Mine. Mr. Lin is general manager and chairman of Bayannaoer Zijin Non-ferrous Metals Company Limited.

Mr. Li Side, aged 55, is a vice president of the Company. He graduated from Xi'an Metallurgy & Architecture College majoring in mining. He is a professor grade senior management engineer, senior mining engineer, first group of registered safety engineer in the PRC, first group of registered gold investment senior analyst in the PRC, senior manager of the PRC. He was the director of mining plant, officer in planning department, deputy chief in innovation construction, deputy engineer in Shandong Xincheng gold mine. From 1990 to 2003, he worked in former gold management bureau in the PRC, metallurgy industrial gold management bureau, state trading committee gold management bureau (head office of China Gold), he was the deputy head and head of development department, head of production department, head of investment department and consultation department, deputy chief engineer in bureau (head office), from 2003 to 2005, he worked in China Gold Group Company Limited as chief engineer and deputy head of investment strategy, safety and budget assessment committee. Mr. Li joined the Company in 2005 and held the positions of general manager of Zijin International Mining Company Limited, assistant to chairman of the Company, chief officer of president office and assistant to president.

Ms. Lin Hongying, aged 41, is the financial controller of the Company. She graduated from China University of Geosciences with a bachelor's degree in business administration, she is a senior accountant. She was the accountant in the finance department of transformer plant in Shanghang County. Ms. Lin joined the Company in 1993 and held the positions of accountant, deputy manager, manager of finance department and assistant financial controller.

Mr. Zheng Yuqiang, aged 56, is the secretary to the Board of Directors. He graduated from The Open University of Fuijan in enterprise management. Mr. Zheng is an economist, he was the director and secretary to the Board of Directors for Fujian Sannong Group Company Limited. Mr. Zheng was appointed as the secretary to the Board of Directors for the Company in June 2001.

Mr. Fan Cheung Man, aged 49, is the company secretary. Mr. Fan graduated from the University of New England, Australia in 1993 and holds a master's degree in business administration. He is an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of The Association of Chartered Certified Accountants, UK. He was a deputy general manager of Hungtai Electronic Factory and a financial controller of Vigers HK Limited. Mr. Fan was appointed as the company secretary (HK) for the Company in December 2004.

The Directors of the Company ("Directors") hereby submit the Report of the Directors and the audited financial statements of the Company and the Group for the year ended 31 December 2009.

PRIMARY BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources in the PRC, and is a large mining conglomerate primarily engaged in the production of gold and non-ferrous metals. The Company produces mainly gold bullion of 99.99% and 99.95% purity under the "ZIJIN" brand, copper cathodes and zinc bullion. Currently, the sales of gold products represents 73.23% (after elimination) of the total sales and related other income. There were no significant changes in the nature of the Group's principal activities during the year.

Details regarding the key business of the Company's subsidiaries, associates and jointly-controlled entities are set out in notes 21, 22 and 23 to the financial statements, respectively.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2009 are set out in the financial statements on pages 67 to 192.

MAJOR INVESTMENT AND ACQUISITION IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Status of invested company

Name	Major operation	Shareholding in the invested company (%)	Notes
Sino Trend Hydro Power Investment Ltd.	Hydro Power	100	Capital injection of RMB278,914,000 for acquisition of 100% equity interest and RMB107,135,000 of creditors' right of Sino Trend Hydro Power Investment Ltd.
Fujian Jinyi Copper Mine Co., Ltd.	Production of high quality copper pipes with inner grooved used for air conditioner and refrigerator and copper compound metals	53.5	Acquired 9% equity interest of Jinyi Copper with a consideration of RMB17,100,000, and later sold 4.5% equity interest of Jinyi Copper for a consideration of RMB8,550,000 to Minxi Xinghang

Name	Major operation	Shareholding in the invested company (%)	Notes
Zijin Copper Co., Ltd.	Production and sales of copper cathodes and gold	100	Joint investment by the Company and Minxi Xinghang with a registered capital of RMB1 billion, Minxi Xinghang and the Company each owned 50% of Zijin Copper and the initial capital of each party was RMB100 million. The Company later acquired the 50% equity interest of Zijin Copper held by Minxi Xinghang with a consideration of RMB104.34 million, and own 100% of Zijin Copper. After the acquisition, the Company further invested RMB200 million in Zijin Copper.
Zijin Mining Group Finance Co., Ltd.	Provide loan for members of the Group	95	Newly established with a registered capital of RMB500 million, in which the Company invested RMB475 million
Zijin Mining Group (Xiamen) Investment Co., Ltd.	Geological research, exploration of gold and non-ferrous metals and their mining, processing and refining technique research and design	100	Capital injection of RMB320,000,000 by the Company, the registered capital of Zijin Mining Group (Xiamen) Investment Co., Ltd. increased from RMB80,000,000 to RMB400,000,000
Bayannaoer Zijin Non-ferrous Metals Co., Ltd.	Zinc refining	67.2	Acquired 4.8% equity interest of Bayannaoer Zijin from a natural shareholder with a consideration of RMB43,200,000
Fujian Zijin Copper Co., Ltd.	Production and development of copper based alloys strip	100	Capital injection of RMB110,000,000, the registered capital of Fujian Zijin Copper Co., Ltd. increased from RMB190,000,000 to RMB300,000,000
Yuanyang County Huaxi Gold Co., Ltd.	Exploration and mining of gold, copper and other mineral resources	Yunnan Huaxi and Zijin South West Company jointly own 100%	Acquired 10% equity interest of Yuanyang Huaxi from 6 natural shareholders with a consideration of RMB67,500,000; and acquired 20% equity interest of Yuanyang Huaxi from Yuanyang Hongyuan with a consideration of RMB162,000,000

Name	Major operation	Shareholding in the invested company (%)	Notes
Zijin Mining Group South West Co., Ltd.	Sales of precious and non-ferrous metals, geology, resource information and technical consultancy service	100	Capital injection of RMB100 million, the registered capital of Zijin Mining Group South West Co., Ltd. increased from RMB300 million to RMB400 million
Wulatehouqi Zijin Mining Co., Ltd.	Floating process and sales of lead and zinc ores	95	Acquired 22% equity interest of Wulatehouqi Zijin from a natural shareholder with a consideration of RMB150,000,000
Shanghang Jinshan Mining Co., Ltd.	Sales of machinery and equipment of the mine and mineral products	70	Capital injection by shareholding proportion, invested RMB35,000,000, the registered capital of Shanghang Jinshan Mining Co., Ltd. increased from RMB50,000,000 to RMB100,000,000
Malipo County Yiling Mining Co., Ltd.	Exploration of lead and zinc multi-metals mine	51	Capital injection of RMB3,122,450 by the Company's subsidiary, Malipo Zijin Tungsten, the registered capital of Malipo County Yiling Mining Co., Ltd. increased from RMB3,000,000 to RMB6,122,450, after the capital injection, Malipo Zijin Tungsten owns 51% equity interest of Malipo County Yiling Mining Co., Ltd.
Malipo Jinyuan Mining Co., Ltd.	Open pit and underground mining of silicon and multi-metals	51	The original investment from Malipo Zijin Tungsten (a subsidiary) was RMB1,000,000 and owned 10% equity interest of Malipo Jinyuan Mining Co., Ltd. The registered capital of Malipo Jinyuan Mining Co., Ltd. increased from0RMB5,000,000 to RMB10,000,000, in which Malipo Tungsten Zijin further invested RMB4,100,000 and owns 51% equity interest of Malipo Jinyuan Mining Co., Ltd. after capital injection
Wancheng Commercial Dongshengmiao Co., Ltd.	Production and sales of zinc concentrates	The Company and Bayannaoer Zijin jointly own 47.5%	The Company's subsidiary, Bayannaoer Zijin acquired 15%, 12.5% and 10% equity interest of Wancheng Commercial with a consideration of RMB42,000,000, RMB35,000,000 and RMB28,000,000 respectively, Bayannaoer Zijin owns 37.5% of Wancheng Commercial in total

Name	Major operation	Shareholding in the invested company (%)	Notes
Zijin Mining Group North-East Asia Co., Ltd.	Investment in non-ferrous metals, precious metals, other metals and non-metals projects	100	Capital injection of RMB100,000,000 increased the registered capital of Zijin Mining Group North-East Asia Co., Ltd. from RMB500,000,000 to RMB600,000,000
Shanghang Xinyuan Waterworks Co., Ltd.	Centralized water supplies and sales of water-heating equipment	38	The registered capital of Shanghang Xinyuan Waterworks Co., Ltd. increased from RMB93,000,000 to RMB300,000,000, in which the Company's wholly-own subsidiary, Fujian Zijin Investment invested RMB100,000,000 in cash and RMB14,000,000 of valuated asset, Tiedong Yanxia Dam, total consideration was RMB114,000,000 and after capital injection, Fujian Zijin Investment owns 38% of equity interest of Shanghang Xinyuan Waterworks Co., Ltd.
Continental Minerals Corporation	Acquisition, exploration and development of minerals resources	12.8	The Company's wholly owned subsidiary, Golden Island Resource invested CAD$22,599,999.65 (equivalent to approximately RMB142,502,037.80) to subscribe for 21,121,495 common shares representing 12.80% of the total enlarged outstanding share capital (including both common and preference shares)
Xiamen Modern Terminals Co., Ltd.	Construction and operation of terminal and other port facilities, engaged in business of load and unload in the port, warehousing	25	The registered capital of Xiamen Modern Terminals Co., Ltd. increased from RMB266,680,000 to RMB355,580,000, the Company's wholly owned subsidiary, Zijin Mining Group (Xiamen) Investment Co., Ltd. invested RMB120,000,000, in which RMB88,900,000 was paid-up capital, RMB31,100,000 was increased capital reserve. After the capital injection, Zijin Mining Group (Xiamen) Investment Co., Ltd. owns 25% equity interest of Xiamen Modern Terminals Co., Ltd.
Xinjiang Jinneng Mining Co., Ltd.	Investment of mine and sales of mine products	100	New established with a registered capital of RMB20,000,000

Name	Major operation	Shareholding in the invested company (%)	Notes
Zijin Xiangyu (Longyan) Logistics Co., Ltd.	Industrial and mining products, electrical and mechanical equipment and parts; purchase, transport, sales, storage of construction and steel materials	65	Newly established with registered capital of RMB20,000,000, in which RMB13,000,000 was invested by the Company's wholly owned subsidiary, Fujian Zijin Investment

DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES AND DISPOSAL OF ASSETS

Disposal of equity

Unit: RMB (ten thousand)

Transaction Parties	Assets sold	Date	Price	Completion of equity transfer	Completion of liability transfer
Fujian Deyuan Investment Co., Ltd.	51% equity interest of Hengyang Shangqing Mining Company Limited	7 May 2009	3,060	Yes	Yes
Liu Zhendong	49% equity interest of Hengyang Shangqing Mining Company Limited	7 May 2009	2,940	Yes	Yes
Yunnan Copper Group	18% equity interest of Yunnan Diqing Non-ferrous Metals Co., Ltd.	20 January 2009	14,280	Yes	Yes
China Power Investment Guizhou Zunyi Development Co., Ltd.	Exploration right of Wuchuan Wachangping Bauxite Mine	10 April 2009	15,000	Yes	Yes
Kunming Junda Trading Co., Ltd.	51% equity interest of Yuanyang County Xinjie Town Zhengyuan Mining Company Limited	23 September 2009	1,173	Yes	Yes
Marigold Time International Co., Ltd.	70% equity interest of China Gold Development Group (H.K.) Limited	25 September 2009	19,250	No	No

1. Pursuant to the equity transfer agreement entered between the Company and Fujian Deyuan Investment Co., Ltd. on 7 May 2009, the Company sold 51% equity interest of Hengyang Shangqing Mining Company Limited ("Hengyang Shangqing") with a consideration of RMB30,600,000. Pursuant to the equity transfer agreement entered between the Company and the natural person Liu Zhendong on 7 May 2009, the Company sold 49% equity interest of Hengyang Shangqing with a consideration of RMB29,400,000. Hengyang Shangqing was originally the wholly-owned subsidiary of the Company, mainly engaged in exploration of iron mine in Qidong, Hunan.

2. Pursuant to the equity transfer agreement entered between the Company's controlling company, Yunnan Huaxi Mining Resources Company Limited ("Yunnan Huaxi") and Yunnan Copper (Group) Co., Ltd. ("Yunna Copper Group") on 20 January 2009, Yunnan Huaxi sold 18% equity interest of Yunnan Diqing Non-ferrous Metals Co., Ltd. to Yunnan Copper Group for a consideration of RMB142,800,000. Yunnan Diqing Non-ferrous Metals Co., Ltd. was mainly engaged in exploration and development of Yunnan Pulang Copper Mine.

3. Pursuant to the mining right transfer agreement entered between the Company's controlling company, Guizhou Wuchuan Zijin Resources Co., Ltd. ("Wuchuan Zijin") and China Power Investment Guizhou Zunyi Development Co., Ltd. ("Zhongdiantou") on 10 April 2009, Wuchuan Zijin sold its Wuchuan Wachangping Bauxite Mine exploration right for a consideration of RMB150,000,000 to Zhongdiantou. According to the valuation report, as at the valuation date of 31 October 2008, the value of detailed exploration right of Wuchuan Wachangping Bauxite Mine was estimated as RMB130,763,100.

4. Pursuant to the equity transfer agreement entered between the Company's subsidiary, Yuanyang County Huaxi Gold Company Limited ("Yuanyang Huaxi") and Kunming Junda Trading Co., Ltd. on 23 September 2009, Yuanyang Huaxi sold 51% equity interest of Yuanyang County Xinjie Town Zhengyuan Mining Company Limited for a consideration of RMB11,730,000.

5. Pursuant to the equity transfer agreement entered between the Company's subsidiary, Best Ground and Marigold Time International Co., Ltd. ("Marigold Time") on 25 September 2009, Best Ground sold 70% equity interest of China Gold Development Group (H.K.) Limited ("China Gold HK") for a consideration of RMB192,500,000. China Gold HK owns 50.05% equity interest in Shangdong Guoda Gold Company Limited. As at the end of 2009, the equity transfer was remained unfinished.

Save as disclosed above, the Group did not have any other substantial purchases or disposals of subsidiaries and associated companies during the reporting period.

FINAL DIVIDEND

As audited by Ernst & Young, the Group's net profit for the year ended 31 December 2009 prepared under International Financial Reporting Standards ("IFRSs") and the generally accepted accounting principles of the PRC (the "PRC GAAP") were RMB3,552,347,000 and RMB3,541,446,000 respectively. The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2009 of RMB0.10 per share (tax included) (the "2009 Final Dividend"). The 2009 Final Dividend is subject to the approval at the coming annual general meeting of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group for the year ended 31 December 2009 are set out in note 39 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

According to the articles of association of the Company, the reserves available for distribution are based on the lower of the Company's profits determined under PRC GAAP and IFRSs.

In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the transfer to the statutory surplus reserve. As at 31 December 2009, the Company's reserves available for distribution were approximately RMB4,036,710,000 (2008: RMB2,886,266,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Company and the Group for the year ended 31 December 2009 are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements of the Company's share capital are set out in note 38 to the financial statements.

DONATIONS

As at 31 December 2009, the Group donated RMB140,210,000, which included the Company's donation of RMB99,860,000, Guizhou Zijin's donation of RMB18,790,000, other enterprises' donation of RMB21,560,000. The board considers the Group relies on the support and favorable policies of the public and provincial government in the mine sites, it is the enterprise's obligation to bear the social responsibility to donate for education, to reconstruct the infrastructure, to improve the social environment, and to increase the donation expenses in the mine sites.

BANK LOANS

Details of the Group's bank loans are set out in note 33 to the financial statements.

TAXATION

The PRC's corporate income tax rate is 25%, details of the Group's taxation are set out in note 10 to the financial statements.

FINANCIAL HIGHLIGHTS

The financial highlights of the Group are set out in pages 4 to 5 of this annual report.

Use of the proceeds:

The Company's IPO raised the net proceeds of RMB9,806,960,200 in April 2008 in the PRC. In 2009, RMB613,150,600 of proceeds has been used in specific projects. As at 31 December 2009, the accumulated use of the proceeds was RMB8,096,901,300.

RMB(ten thousand)

Project name	Project amended	Proposed investment	Actual investment	On schedule	Gains generated
Zijinshan Gold and Copper Mine joint open pit mining project	No	152,104.08	122,393.50	Yes	Production of gold 18,001kg, increase of 573kg over last year; production of copper cathodes 12,840 tonnes, increased 2,834 tonnes over last year, newly produced 1,363 tonnes of copper concentrates; total new profit was RMB183,650,000
Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	46,150.00	39,993.21	Yes	New product gold-copper mixed process concentrates, containing copper of 3,464.6 tonnes, containing gold of 540.17kg and new production of 260.53kg gold sand. Total new profit was RMB152,520,000
200 tonnes daily refractory gold processing and refining project	No	19,838.00	19,809.40	Yes	Realised net profits of RMB26,310,000 in 2009
Mining resources exploration projects	No	35,700.00	1,706.76	No	
Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project	No	19,800.00	19,680.00	Yes	
Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals plc project	No	60,300.00	60,300.00	Yes	
Acquisition and development of the ZGC Gold Mine in Tajikistan	No	130,534.50	41,847.26	No	
Acquisition of 70% interest in Zijin Longxing which owns the mining right in the Tuva Lead Zinc Mine - the Republic of Tuva	No	27,160.00	27,160.00	Yes	
Supplemental working captial		489,109.44	476,800.00	Yes	
Total	/	**980,696.02**	**809,690.13**	/	/

Note:

1. Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu section exploration project was completed with a balance of investment of RMB1,200,000;

2. 200 tonnes daily refratory gold processing and refining project has completed construction and commenced production with a remaining balance of investment of RMB286,000;

3. Acquisition and development of the ZGC Gold Mine in Tajikistan has completed acquisition, the Group is actively developing its technological innovation construction, the investment amount was paid in form of shareholder loans, whether this payment method is appropriate is still pending for confirmation of the relevant authorities;

4. Mining resources exploration projects including Zijinshan Gold and Copper Mine and 6 exploration projects on its surrounding area, in which Zijinshan Gold and Copper Mine and its surrounding area, northern part and its surrounding area of Hunchun Shuguang Gold Copper Mine and Yixingzhai Gold Mine are still required investment; Xinjiang Mengku Wutubulake Iron Mine no longer needed to invest due to the need of materials restructuring from the provincial government; Xinjiang Fuxing Copper Mine and Anhui Mashi Copper Mine were measured as low grade and thin resources, the Group proposed to stop investing in these uneconomical mines; Dongkeng Gold Mine and Yinyan Tin Mine have fulfilled the production needs, the Group will arrange a combination of exploration and process, these mines will stop using the proceeds as it will be difficult to distinguish exploration and production investment. The Group will prepare a summary of the exploration projects, for those projects that no longer required investment, the Group will change the purpose of the proceeds in accordance with the relevant regulations of the proceeds management.

5. China Security Regulatory Commission Fujian Bureau found out the problems in relation to the use and management of proceed during the inspection of the Company in 2009, the Company has solved the problems according to the audit report prepared by the accounting firm in February 2010, details can be referred to the "Zijin Mining Group Co., Ltd. Report to the Specific Proceeds Audit" (Lin 2010 – no.008) disclosed at 9 February 2010.

6. Report of investment status for non-specific projects

Project name	Project amount	Project progress
Acquisition of all issued shares of Indophil	A$545 million (equivalent to approximately RMB3.368 billion) (based on 100% acquisition)	In process of cash offer
Subscription of convertible bonds issued by Glencore Finance (Europe) S.A.	US$200 million (equivalent to approximately RMB1.364 billion)	In process of approval

During 2009, the Company has conducted transactions in the equity interest of certain subsidiaries, the details of which are set out in note 40 to the financial statements of the 2009 annual report.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities as at 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

SHARE OPTION SCHEME

As at the date of this report, the Company has not granted nor agreed to grant any option to its Directors or supervisors or the employees of the Company or its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

Transactions of the Company's gold products were conducted and settled through the Shanghai Gold Exchange. Information about the ultimate customers is unknown.

The Company's total purchases from the five largest suppliers and the largest supplier amounted to RMB4,287,190,000 and RMB1,029,999,000 respectively, representing 36.96% and 8.88% of the total purchases respectively. All transactions between the Company and the related suppliers were entered into under normal commercial terms.

As far as the Directors are aware, none of the Directors, supervisors or their respective associates (as defined in the Listing Rules of the Stock Exchange ("Listing Rules")), who own more than 5% equity interest of the Company had any interest in the above five largest suppliers in the year 2009.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and supervisors has entered into a service contract with the Company respectively. All these contracts will be ended on 4 November 2012.

Pursuant to article 106 of the articles of association of the Company, the terms for Directors will be three years, (commencing from the date of appointment or re-appointment) subject to re-appointment. Under the Company Law of the PRC, the term of appointment for supervisors is also three years, and subject to re-appointment. Remuneration of Directors and supervisors can be amended at annual general meetings.

Save as disclosed above, there are no service contracts (excluding contracts expiring or terminable by the Company within one year without payment of compensation other than statutory compensation) between the Company and any of the Directors or supervisors.

PRE-EMPTIVE RIGHTS

According to the articles of association of the Company and the laws of the PRC, there are no provisions for limited pre-emptive rights requiring the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

TERMS OF DIRECTORS AND SUPERVISORS

During the year and up to the date of this report, the terms of the existing Directors and supervisors are:

	TERMS
EXECUTIVE DIRECTORS:	
Chen Jinghe	3 years from his re-appointment on 5 November 2009
Luo Yingnan	3 years from his re-appointment on 5 November 2009
Liu Xiaochu	3 years from his re-appointment on 5 November 2009
Lan Fusheng	3 years from his re-appointment on 5 November 2009
Huang Xiaodong	3 years from his re-appointment on 5 November 2009
Zou Laichang	3 years from his re-appointment on 5 November 2009
NON-EXECUTIVE DIRECTOR:	
Peng Jiaqing	3 years from his re-appointment on 5 November 2009
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Su Congfu	3 years from his re-appointment on 5 November 2009
Chen Yuchuan	3 years from his re-appointment on 5 November 2009
Lin Yongjing	3 years from his re-appointment on 5 November 2009
Wang Xiaojun	3 years from his appointment on 5 November 2009
Loong Ping Kwan	Resigned on 4 November 2009
SUPERVISORS:	
Lin Shuiqing	3 years from his appointment on 5 November 2009
Xu Qiang	3 years from his re-appointment on 5 November 2009
Lin Xinxi	3 years from his appointment on 5 November 2009
Zhang Yumin	3 years from his re-appointment on 5 November 2009
Liu Xianhua	3 years from his appointment on 5 November 2009
Zheng Jingxing	Resigned on 17 June 2009
Lin Jingtian	Resigned on 4 November 2009
Lan Liying	Resigned on 4 November 2009

BRIEF BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of Directors, supervisors and senior management are set out on pages 23 to 27 in this report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save for the service contracts of Directors and supervisors as disclosed above, there were no contracts of significance to which the Company or its subsidiaries were a party to and in which a Director or supervisor of the Company had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE ISSUED SHARES OF THE COMPANY

As at 31 December 2009, the interests of the Directors or supervisors of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange are as follows:

Shareholdings of Directors and supervisors in the Company as at 31 December 2009:

Director	Number of domestic shares/amount of equity interest held	Nature of interest	Long/short positions	Proximate percentage of share holding in such class of securities	Proximate percentage of share holding in the registered capital
Chen Jinghe	87,000,000	Personal	Long	0.83%	0.60%
Liu Xiaochu	4,828,350	Personal	Long	0.05%	0.03%
Luo Yingnan	5,000,000	Personal	Long	0.05%	0.03%
Lan Fusheng	5,000,000	Personal	Long	0.05%	0.03%
Zou Laichang	1,000,000	Personal	Long	0.01%	0.01%

Save as disclosed above, none of the Directors and supervisors or their associates has any interest in the securities of the Company or its associated company (as defined in the SFO) during the reporting period. None of the Directors and supervisors or their spouse or children under the age of 18 years is holding any option to subscribe securities or debentures of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries during any time in the reporting period, which will allow the Directors or supervisors of the Company to be benefited by acquiring the shares or debentures of the Company or other body corporates.

SHAREHOLDING STRUCTURE

1. Change of issued shares

The Company issued 1,400,000,000 A shares and listed on Shanghai Stock Exchange at RMB7.13 per share (face value RMB0.1 each) on 25 April 2008. The registration of the IPO A shares in China Securities Depository and Clearing Corporation Limited (Shanghai branch) was completed on 21 April 2008.

As at 31 December 2009, the Company has issued 14,541,309,100 ordinary shares of RMB0.1 each.

Unit: share

	31 December 2009	31 December 2008
Domestic shares/A shares	**10,535,869,100**	10,535,869,100
H shares	**4,005,440,000**	4,005,440,000
Total shares	**14,541,309,100**	14,541,309,100

2. The Status of Major Shareholders

As at 31 December 2009, the Company has a total of 983,664 shareholders, of which 929 are holders of H shares and 982,735 are holders of domestic shares. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders are as follows:

	Shareholders' names	Class of shares	Number of shares held	Approximate percentage of shareholding in the registered capital
1.	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	28.96%
2.	HKSCC Nominees Limited (Note)	H Shares	3,985,263,406	27.41%
3.	Xinhuadu Industrial Group Co., Ltd.	Domestic Shares	1,700,030,223	11.69%
4.	Xiamen Hengxing Group Co., Ltd.	Domestic Shares	339,848,505	2.34%
5.	Shanghang County Jinshan Trading Co., Ltd.	Domestic Shares	170,830,000	1.17%
6.	Chen Jinghe	Domestic Shares	87,000,000	0.60%
7.	China Construction Bank - Yinhua Core Value Equity Fund	Domestic Shares	60,005,492	0.41%
8.	CITIC Securities Co., Ltd.	Domestic Shares	35,996,980	0.25%
9.	Bank of China – Harvest Hushen 300 Equity Fund	Domestic Shares	34,281,289	0.24%
10.	China Construction Bank – Guotai Jinma Stable Return Equities Fund	Domestic Shares	31,231,368	0.21%

Note:

HKSCC Nominees Limited is holding 3,985,263,406 H shares of the Company as a nominee, representing 27.41% of the Company's shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and trust business for customers.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors, supervisors and chief executives are aware, as at 31 December 2009, the interests and short positions of substantial shareholders (other than directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of shareholder	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate percentage of total number of issued domestic shares	Approximate percentage of total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	28.96%	39.97%	—	Long
Xinhuadu Industrial Group Company Limited	Domestic Shares	1,700,030,223 (Note 1)	11.69%	16.14%	—	Long
Chen Fashu	Domestic Shares	1,712,087,750 (Note 2)	11.77%	16.25%	—	Long
Blackrock, Inc.	H Shares	669,943,645 (Note 3)	4.61%	—	16.73%	Long
Blackrock, Inc.	H Shares	1,592,000 (Note 4)	0.01%	—	0.04%	Short

Notes:

(1) Xinhuadu Industrial Group Company Limited holds 1,700,030,223domestic shares of the Company.

(2) Mr. Chen Fashu holds 12,057,527domestic shares of the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhuadu Industrial Group Company Limited, under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 1,700,030,223 domestic shares of the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 1,712,087,750 domestic shares of the Company.

(3) BlackRock, Inc. is interested in 669,943,645 H shares (Long position) of the Company (representing approximately 16.73% of the total issued H shares), which were held through BlackRock, Inc.'s controlled corporations including Trident Merger, LLC, BlackRock Investment Management, LLC., BlackRock Holdco 2, Inc. and BlackRock Financial Management, Inc. 2,001,500 H shares of which were held through Trident Merger, LLC and BlackRock Investment Management, LLC. 349,002,000 H shares of which were held through BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC and BlackRock Institutional Trust Company N.A. 9,131,750 H shares of which were held through BlackRock Capital Holdings, Inc. and BlackRock Advisors, LLC. 10,025,000 H shares of which were held through BlackRock Cayco Ltd., BlackRock Trident Holding Company Limited, BlackRock Japan Holdings GK, BlackRock Asset Management Japan Co. Ltd. 37,198,300 H shares of which were held through BlackRock Advisors (UK) Limited. 1,370,000 H shares of which were held through BlackRock International Limited. 369,095 H shares of which were held through BlackRock (Netherlands) B.V. 184,185,000 H shares of which were held through BlackRock Luxembourg Holdco Sarl and BlackRock Luxembourg S.A. 76,661,000 H shares of which were held through BlackRock Investment Management (UK) Limited.

(4) BlackRock, Inc. is interested in 1,592,000 H shares (Short position) of the Company (representing approximately 0.04 % of the total issued H shares) which were held through BlackRock, Inc.'s controlled corporations including BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc., BlackRock Capital Holdings, Inc. and BlackRock Advisors, LLC.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2009, no other person (other than the Directors, supervisors, chief executives or members of senior management of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

Based on members register and other published information, the Directors consider that the Company complies with the Listing Rules in relation to the requirement of minimum public shareholding.

CONNECTED TRANSACTIONS

Certain transactions entered into by the Group for the year ended 31 December 2009 constitute connected transactions/continuing connected transactions under the Listing Rules at the time when such transactions were entered into and which are required to be disclosed under rule 14A.45 of the Listing Rules. Such transactions/continuing connected transactions are summarised as follows:

1. Continuing Connected Transactions

Parties of the connected transaction	Transaction date	Content of the connected transaction	Annual Cap RMB	Payment methods of the connected transaction
Zijin Copper Company Limited	8 January 2009	Provision of financial guarantee	2009: 900 million (Note 1) 2010: 900 million 2011: 900 million	Cash
Fujian Xinhuadu Engineering Company Limited	18 February 2009	Zijinshan Gold and Copper Mine exploitation	152,000,000	Cash
Fujian Jinyi Copper Products Company Limited	18 February 2009	Sale of copper cathodes	200,000,000	Cash
Fujian Xinhuadu Engineering Company Limited	13 May 2009	Qinghai Deerni Copper Mine exploitation	50,000,000	Cash
Fujian Jinyi Copper Products Company Limited	15 December 2009	Sale of copper cathodes	250,000,000 (Note 2)	Cash

Notes:

1. As at 31 December 2009, the Company and Minxi Xinghang did not provide any guarantee to Zijin Copper Company Limited.

2. This agreement replaced and superseded an agreement entered into with Jinyi Copper on 18 February 2009.

2. Connected transactions from acquisition and disposal of assets

Parties of the connected transaction	Transaction date	Content of the connected transaction	Price *RMB*	Payment method
Master Achieve Enterprise Ltd.	3 April 2009	Acquisition of 9% equity interest of Fujian Jinyi Copper Products Company Limited and later sold 4.5% equity interest of Jinyi Copper for a consideration of RMB8,550,000 to Minxi Xinghang	17,100,000	Cash
Minxi Xinghang State-owned Assets Investment Co., Ltd.	22 June 2009	Capital injection and hold 38% equity interest of Shanghang Xinyuan Waterworks Company Limited	114,000,000	Cash and valuated asset
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Received a confirmation from Longyan City Equity Exchange on 16 October 2009 and approved in the EGM on 5 November 2009	Acquisition of 50% equity interest of Zijin Copper Company Limited	104,340,000	Cash
Gansu Jinhui Wine Group Company Limited	13 November 2009	Acquisition of 15% equity interest of Wancheng Commercial Dongshengmiao Co., Ltd.	42,000,000	Cash
Gansu Yate Investment Group Company Limited	13 November 2009	Acquisition of 12.5% equity interest of Wancheng Commercial Dongshengmiao Co., Ltd.	35,000,000	Cash
Hainan Baohui Investment Company Limited	13 November 2009	Acquisition of 10% equity interest of Wancheng Commercial Dongshengmiao Co., Ltd.	28,000,000	Cash
Yuanyang Hongyuan Mining Development Company Limited	7 December 2009	Acquisition of 20% equity interest of Yuanyang Huaxi Gold Company Limited	162,000,000	Cash
Mr. Huang Mao	16 December 2009	Acquisition of 22% equity interest of Wulatehouqi Zijin Mining Company Limited	150,000,000	Cash
Mr. Huang Mao	16 December 2009	Acquisition of 4.8% equity interest of Bayannaoer Zijin Non-ferrous Metals Co., Ltd.	43,200,000	Cash

3. Connected transaction from formation of a joint venture

Parties of the connected transaction	Transaction date	Content of the connected transaction	Total registered capital *RMB*	Expected investment of the Company *RMB*	Payment method
Minxi Xinghang State-owned Assets Investment Co., Ltd.	8 January 2009	Formation of a joint venture – Zijin Copper Co., Ltd., intended to build a copper refinery in Shanghang, Fujian, the PRC, with a capacity of 200,000 tonnes/year	1 billion	1.3 billion	Cash

Save as disclosed above, the disclosed related party transactions in the auditors' report were not the discloseable connected transactions defined by Chapter 14A in the Listing Rules.

Accordingly, it is confirmed by the Directors that:

(a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for auditors' inspection the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.

(b) The Company has undertaken to the Stock Exchange, if it is aware or has reasons to believe that the Independent Non-executive Directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions that the Company must immediately notify the Stock Exchange. The Company may have to comply with the disclosure and independent shareholders' approval requirements, or make corrections based on the instructions of the Listing Division of the Stock Exchange.

(c) Independent directors of the Group have confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2009 were:

   1. entered into in the ordinary and usual course of business of the Company or its subsidiaries;

   2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;

   3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior from those available from or to independent third parties.

(d) The Group's auditors have reviewed the transactions (details of which are set out in note 42 to the financial statements), and confirmed to the Board that:

   1. the transactions have been approved by the Board;

   2. terms of the agreement of the relevant transactions are attached to the connected transactions;

   3. the aggregated amounts of the transactions have not exceeded the respective annouced annual caps.

Except for Mr. Liu Xiaochu who has interests in the connected transaction between the Company and Fujian Xinhuadu Engineering Company Limited, the other directors do not have any interests in other material contracts.

Save for the connected transactions/related-party transactions as disclosed in this report, there were no contracts of significance between the Company or its subsidiaries and the controlling shareholder or any of its subsidiaries.

Save as disclosed above, please refer to the note 42 to the financial statements for the details of commodity purchase, labour offering and other continuing connected transactions.

STAFF OF THE COMPANY

Total current staff	19,474
Retired employees that the Company is responsible for the retirement expenses	172

Profession structure

Classification	Staff number
Mining	1,942
Processing	5,103
Refining	890
Geology	941
Infrastructure	825
Electrical and Mechanical	1,001
Accounting	754
Survey	561
Finance	902
Chemistry	840
Management	1,501
Others	4,214
Total	**19,474**

Education

Classification	Staff number
Doctorial degree	45
Master degree	212
Bachelor degree	2,601
Tertiary education	3,150
Secondary school or below	13,466
Total	**19,474**

As at the end of 2009, the Group had 19,474 employees. According to the strategic human resources development strategy and planning, the Group implemented a programme of global talent recruitment. The Group introduced various methods in staff training including the establishment of three strata training system, job orientation, on-job training, technique competition, and external assigned training. In order to solve the bottle neck problem in recruiting key professionals, the Group paid high attention to a result-oriented training integrated with production, academic and research, and the strategic co-operation with universities. The Group believes in the harmonic development among the enterprise, staff and the community and built an annual salary system, negotiated salary system, structured salary system which are mainly interlocked with the enterprise's performance. The allocation of personal income will be based on the personal appraisal. The Group will motivate staff to create value to the enterprise and realize the personal goal simultaneously to achieve the maximization of value to shareholders.

MANAGEMENT CONTRACTS

There were no management and administrative contracts relating to the business as a whole or any principal operations of the Company entered into by the Company or existing for the year ended 31 December 2009.

MAJOR LITIGATION, ARBITRATION

The Company has no major litigation or arbitration during the reporting period.

ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed from pages 28 to 33 of this report, the Company has no other significant acquisitions, disposal or merger of assets during the reporting period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year, the articles of association of the Company was amended in the Company's general meetings convened on 15 May 2009 and 5 November 2009. For details, please refer to the Company's notices issued on 27 March 2009 and 19 September 2009.

AUDITORS

In the coming Annual General Meeting, the Company will submit a resolution for the reappointment of Ernst & Young Hua Ming and Ernst & Young as the domestic and international auditors of the Company for the year 2010 respectively. The Company has not changed its domestic and international auditors in the past three years.

POST BALANCE SHEET EVENTS

The details of the Group's other events after the balance sheet date are set out in note 49 to the financial statements.

By order of the Board
Chen Jinghe
Chairman

Shanghang, Fujian, the PRC
30 March 2010

Dear shareholders,

I am delegated by the supervisory committee to deliver its working report for 2009, please consider.

A WORKING REPORT OF THE SUPERVISORY COMMITTEE

Meetings of the supervisory committee	Resolutions in the supervisory committee
The Seventh meeting of the Third supervisory committee was convened on 20 March 2009 in Xiamen	"2008 supervisory committee report", "Annual report and summary report of 2008", "2008 Financial Report", "Profit distribution proposal for the year ended 31 December 2008", "Specific report of use and deposit of proceeds", "2008 self assessment report for internal control" and "Proposal of recognition of asset impairment loss and change of accounting policies" were reviewed and passed
The Eighth meeting of the Third supervisory committee was convened on 20 April 2009 in Xiamen	"2009 first quarterly report" was reviewed and passed
The Ninth meeting of the Third supervisory committee was convened on 7 August 2009 in Xiamen	"2009 interim report and summary report" and "Specific report for use and deposit of proceeds" were reviewed and passed
The Tenth meeting of the Third supervisory committee was convened on 28 October 2009 in Xiamen	"2009 third quarterly report" was reviewed and passed
The First meeting of the Fourth supervisory committee was convened on 5 November 2009 in Shanghang	The chairman and vice chairman for the fourth supervisory committee were elected in the meeting, the work of new term of supervisory committee and its plan have been discussed

Apart from the meetings, the supervisors have also sat in all the board meetings in 2009, listened all important proposals and resolutions; the supervisory committee have discussed and commented on 2008 financial report and each regular report in 2009 in the meetings of board's audit committee. The supervisory committee thoroughly understood the formation of the important decisions and the operation results of the Company, and performed the functions of acknowledgement, monitoring and investigation of the supervisory committee.

B COMPLIANCE OF THE COMPANY'S OPERATION

In 2009, the supervisory committee has carried out the supervisory function effectively; and upholds the interests of the Company and the shareholders in accordance with "Company Law", "Articles of Association", "Rules and procedure of supervisory committee meeting" and the relevant law, rules and regulations. During the reporting period, the supervisors have sat in the board meetings, the chairman of the supervisory committee participated in the meetings of president office, listened the working reports of the board and operation management, discussed and commented on major decisions, changes of important personnel and capital guarantee, the supervisory committee also questioned or provided suggestions to the resolutions of the board; monitored the financial status of the Company and the behavior of the directors and senior management in discharging their duties.

The board fully implemented all the resolutions approved in the general meetings in accordance with the "Company Law", "Articles of Association" and relevant rules and regulations, The operation management has effectively implemented all the resolutions of the board. They also pursed quality management standard for achieving continuous growth of the Company and protecting the interest of the shareholders by fine management, according to the relevant rules and regulations of China Securities Regulatory Commission ("CSRC"), Company Law, Hong Kong Stock Exchange's Code on Corporate Governance Practices and "Internal control system guideline for listing company". Based on this objective and combined with its core advantages, the Company has built up a comprehensive internal control system and carried out its functions smoothly and thoroughly. The result showed that the internal control system was adopted in a reasonable and effective way. No violation of laws, regulations, articles of association or damages to the interests of the Company has been identified during the discharging of duties by the directors and senior management of the Company.

During the inspection by the CSRC Fujian Regulatory Bureau in 2009, some issues related to corporate governance and operation management were noted, such as improper minutes keeping of the "three kinds of meeting", incomplete document keeping of board meetings, inaccurate disclosures of certain issues of the Company. The Company had taken immediate actions in response to these issues. The supervisory committee considered that the Company should enhance its corporate governance and standard operation, the information disclosure should be accurate, complete and according to law and regulations.

C INSPECTION OF THE FINANCIAL STATUS

The supervisory committee reviewed each regular financial report in 2009, forward contract transactions, donations and external guarantees, especially assets impairment loss and change of accounting policies.

(1) The Group's financial statements for the year 2009 were audited by Ernst & Young Hua Ming, which issued an independent auditor's report with an unqualified opinion. During the year, the Group recorded revenue of RMB20.956 billion, representing an increase of 23.39% over last year; net profit attributable to equity holders of the parent amounted to RMB3.541 billion, representing an increase of 17.84% over last year; the Group realized earning per share of RMB0.24, representing an increase of 14.29%; total assets amounted to RMB29.646 billion, representing an increase of 13.08% over last year; equity attributable to equity holders of the parent was RMB18.17 billion, representing an increase of 12.62% over last year.

(2) In 2009, the Company has provided asset impairment loss of RMB364,151,800, in which RMB1,657,300 was bad debt, RMB13,790,800 was related to net reversal of provision for inventories (Provision of RMB15,544,800 and reversal of provision of RMB29,335,600 was recorded in 2009), RMB20,571,300 was assets impairment loss of other current assets (non-current assets held for sales - long term equity investment - Shandong Guoda), RMB1,750,000 was impairment for long term equity investment, RMB111,373,800 was impairment for construction in progress, RMB15,380,800 was impairment for fixed assets, RMB202,911,700 was impairment for intangible assets, RMB14,291,000 was impairment for goodwill and RMB10,006,700 was impairment for other long term assets (investment prepayment, warrants and others). The supervisory committee considered that the impairment provisions for assets in 2009 have been adequately provided according to principles of prudence and objectivity and this enhanced the factuality and comparability of the Company's financial statements;

(3) Cost method was adopted for long term equity investment, relevant accounting policies of the Company has been updated in accordance with the Accounting Policy Explanation 3 in 2009. Except for the cash dividend or profit declared but not yet distributed that included in the actual payment of consideration for an investment, investment gains should be recognized in accordance with cash dividend or profit declared by the invested company. This change in accounting policy has no impact on the Company's financial statements;

Disposal of the subsidiaries' equity interest without losing its control, relevant accounting policy has been updated according to Caihui [2009] no. 16 in 2009, the difference has been recorded in the share premium under capital reserve, the shortfall was adjusted to retained reserve. This change in accounting policy has no impact on the Company's financial statements;

According to the "Notice of the 2008 annual report preparation for enterprise that adopts accounting policy" (Caihuihan [2008] no. 60), the provision and usage of safety and future development fund were recorded under equity attributable to the holders. In 2009, according to the "Corporate Accounting Policy Explanation 3", the Company updated the relevant accounting policy, the provision is recognized in cost or profit or loss for the year, the usage is recognized after differentiation: for those recognized as expenses will be directly eliminated towards shareholders' interest; for those recognized as fixed assets, when it becomes ready for use, the amount will be eliminated towards specific reserve and recognized as accumulated depreciation. The retrospective adjustment of this change in accounting policy reduced the net profit for the year 2008 by RMB60,850,000 .

The above accounting policies which compiled with the PRC accounting standards and policies, no damages to the interests of the Company and the shareholders has been found:

(4) To reduce the risk of profitability reduction of normal operation caused by the price fluctuation, the Company engaged in forward contracts of gold and copper regularly, forward contracts was included in the key inspection area of supervisory committee. In 2009, the Company recorded a loss of RMB141,228,400 in investing activities, included loss of RMB409,340,900 in settlement of forward contracts. The supervisory committee considered the reason for loss in settlement of forward contracts was mainly attributable to the inaccurate judgment of the recovery of economy by securities department. Therefore, more attention should be paid on research and analysis on the market trend, in order to minimize the loss and achieve the objective of forward contract operation;

(5) In 2009, other operating expenses of the Group was RMB183,659,300, representing a decrease of RMB130,704,800 when compared with last year (2008: RMB314,364,100), it was mainly attributable to the Group's donation of RMB140,209,900, representing a decrease of RMB130,602,500 over last year (2008: RMB270,812,400). These donations were mainly used for local economic development and social welfare, which matched with the mission of the Company as well as the corporate value of "harmony creates wealth, coordinates development with corporate, staff and community";

(6) At the end of 2009, the balance of external guarantee was RMB1,439,500,000, included external guarantee for associates and jointly-controlled entities of RMB395,500,000 and external guarantee for subsidiaries of RMB1,044,000,000. The supervisory committee considered that the external guarantee were issued in accordance with the principle of prudent operation, effective prevention and elimination of asset losing risk, which compiled with the requirement of "External guarantee management regulations" and the disclosure for external guarantee was true and complete;

(7) The supervisory committee has carried out specific review and advised on the annual performance appraisal of the senior management, total salary of the staff, business expenses, loan to subsidiaries and its interest payments, relevant advice was provided.

The financial reports and the related information for each reporting period in 2009 were reviewed and considered to be reflecting the actual operation situation of the Company in a true, accurate and complete manner. There was no false representation, misleading statement or material omission. No violation of the regulations or damages to the interests of the Company has been identified.

D THE RECENT ACTUAL INVESTMENT BY USE OF PROCEED RECETNTLY

The Company raised a net proceeds of RMB9,806,960,200 from A shares listing, the Company promised to use RMB4,915,865,800 of the proceeds in 8 projects including Zijinshan gold and copper mine joint open pit mining project in the prospectus. After investigation, the use of proceeds was same as stated in the prospectus, as at 31 December 2009, the accumulated use of the proceeds was RMB8,096,901,300, the combined progress of the investment was 82.56%, after audit, as at 30 September 2009, the above projects which have already commenced production, their production volume and economic benefit were good, the results were exceeded the expectation, for other projects have been carried out initial construction as planned, the progress of the exploration and construction was normal.

However, the management of the use of proceeds was still not well regulated. Pursuant to the report from Huaxing Accounting Firm, a single project was paid through various designed bank accounts, there were other deposits in accounts for proceeds, the payment of proceeds was not regulated, no three-party regulatory agreements of proceeds deposits were entered with banks and sponsor. The board highly concerned of this issue and took instant actions. The related announcement was released in February 2010.

The supervisory committee opined the Company should regulate the use and deposit of the proceeds in accordance with relevant law and regulations of use of proceeds management.

E ACQUISITIONS AND DISPOSAL OF ASSETS

The supervisory committee concerned lawful, reasonable and effective procedures of asset acquisitions and disposals, and close monitoring was continuously adopted. In 2009, the major change in equity interest included: (1) acquisition of 50% equity interest of Zijin Copper from Minxi Xinghang; (2) disposal of 70% equity interest of China Gold Development (H.K.) Limited which held by the wholly-owned subsidiary, Best Ground; (3) Acquisition of the minority interest of Yuanyang Huaxi by the Company's wholly-owned subsidiary, South West Company; (4) acquisition of the 22% equity interest of Wulatehouqi Zijin by the Company's wholly-owned subsidiary, Zijin International; (5) acquisition of the 4.8% equity interest of Bayannaoer Zijin; (6) acquisition of 37.5% equity interest of Wancheng Commercial Dongshengmiao Co., Ltd. by the Company's subsidiary, Bayannaoer Zijin and etc.

The supervisory committee had inspected the above acquisition and disposal, especially for the pricing principle and the procedure of third party's evaluation, recognition and decision making. It was found that the acquisition and disposal of the Company's assets were based on market principles, the decision procedures are legal, no insider trading and damages of interests of the Company and shareholders was identified.

F CONNECTED TRANSACTIONS

The connected transactions in 2009 included purchases of commodities, provision of services, acquisition of equity interest, provision of guarantee, capital borrowing and etc. The major connected transactions included:

(1) Consumption of exploitation and transportation service provided by Fujian Xinhuadu of RMB168,733,700 (2009 annual cap: RMB202,000,000); sales of copper cathodes to Jinyi Copper of RMB26,710,000 from January to March 2009 and of RMB212,970,000 from January to December 2009.

(2) Formation of a joint venture, Zijin Copper Co., Ltd. with Minxi Xinghang with a registered capital of RMB1 billion, initial capital was RMB100 million and each of the party holds 50% equity interest; acquisition of 50% equity interest of Zijin Copper from Minxi Xinghang by bid with a consideration of RMB104,340,000; acquisition of 20% equity interest of Yuanyang Huaxi from Yuanyang Hongyuan with a consideration of RMB162,000,000; acquired 22% equity interest of Wulatehouqi Zijin and 4.8% equity interest of Bayannaoer Zijin from Mr. Huang Mao, with a consideration of RMB150,000,000 and RMB43,200,000 respectively; acquired 37.5% equity interest of Wancheng Commercial Dongshengmiao Co., Ltd. from Jinhui Wine, Yate Investment and Hainan Baohui with considerations of RMB42,000,000, RMB35,000,000 and RMB28,000,000 respectively; acquired 9% equity interest of Jinyi Copper with a consideration of RMB17,100,000.

(3) Capital injection to Minxi Xinghang's subsidiary, Xinyuan Waterworks of RMB114,000,000 by the Company's subsidiary, Fujian Zijin Investment.

The connected transactions of the Company strictly followed the "Articles of association", "Management guideline for connected transaction" and the listing rules of HKEX and SSE for carrying out the procedures of approval and information disclosure, the agreements entered between the Company and the connected parties were fair with careful consideration and compiled with law and regulations, no insider trading and damage to the interests of the Company and shareholders were identified.

G COMPLIANCE OF CSRC'S REQUIREMENTS

1. Pursuant to the report of the regulatory measures issued by CSRC Fujian Regulatory Bureau on 23 November 2009, there are inadequacies in disclosure, accounting audit and measures, mainly included:

   a. Some disclosures were inaccurate, such as 2008 connected transactions. The sales made to an associated company, Shandong Guoda, was reported as RMB97,760,000 but actual sales amount was RMB148,810,000, RMB51,050,000 had been omitted;

   b. there were improper account presentation and recording, such as provision for land restoration and environmental costs, specific subsidy for environmental project and recognition of acquisition cost higher than fair value, etc;

   c. there was improper accounting measurement, such as initial recognition of installments of long term payables was measured by cost method, the installments were then eliminated towards long term payables, this practice wdid not compile with the Accounting Policy, which states that recognition of financial liabilities should be measured according to its fair value, the Company should adopt actual interest rate method to measure the amortised costs of these financial liabilities.

   The board highly concerned the problems raised by the CSRC, and set up a special unit to inspect and audit at once, related correction actions were taken and relevant announcement was published on 29 December 2009. The supervisory committee considered that the Company should compile with the requirements of the CSRC strictly, enhance the accounting, information disclosure and use of proceeds management.

2. According to the report of the regulatory measures issued by CSRC Fujian Regulatory Bureau, the supervisory committee organized professionals to inspect and verify the new external investments since A shares listing and the use of the proceeds, progress and profit of the project according to objective, complete and prudence principles.

   There were 39 external investments since A shares listing, including 8 projects which were invested by A shares proceeds and 31 new external investment projects. The result of inspection showed that positive result was recorded from those projects invested by using A shares proceeds and the operating portion of new external investments, progress for those projects under exploration and construction was on the schedule. However, there were specific problems existing in the new external investments, such as high uncertainty of the resource reserve, large fluctuation of the metal prices, problems arose from the social and environmental protection in local society, higher political, economic and cultural risk for overseas investments. The senior management of the Company should plan and analyse carefully, adopt risk prevention measures, and build a foundation for future development.

   The inspection carried out for the above issue facilitated the encouragement and development of the supervisory work of the supervisory committee, the supervisory committee will cooperate with the relevant regulatory departments, enhanced the supervision of the Company's operation, financial audit and external investments in accordance with the law, rules and regulations as well as the articles of association.

H AUDIT WORK OF THE COMPANY

The audit work of the Company was put under the supervisory committee as a daily operation, it was combined with the daily operation of the Company to enlarge the supervision coverage, which was an innovation of the supervisory committee. In 2009, the supervisory committee worked along with the Company's production plan and missions, enhanced the management of the audit work and seriously performed their duty. The supervisory committee understood the important decisions and management of operations of the Company by various channels, promoted the continuous improvements of internal control and standard operations. The supervisory committee strengthened the management mechanism of the subsidiaries' supervisory committee and enhanced their internal control systems, daily operations of the audit department and actively developed the management measures of the overseas subsidiaries.

I WORK PLAN FOR 2010

The coming 3 years will be the critical development stage of the Company which will face new challenges and opportunities. In 2010, the supervisory committee will continuous to perform its duties in accordance with law, rules and regulation, it will follow the requirements of "to view the whole picture, catch the key point and emphasis the effectiveness" to enhance the internal control supervision, improve the work level and provide a protect for the health development of the Company. The major plan as follow:

(1) Perform the task according to law and regulation, improve the supervisory level, complete the supervisory work of the company governance and operation management with high standard, ensure the Company is operated by law, protect the interest of the Company and its shareholders as a whole. Important tasks such as regular report of the audit company with suggestions, supervise the senior management's duties and verify the annual general meeting's materials such as financial reports;

(2) With emphasis on crisis management, to confirm the internal control valuation. Design a internal checking formula based on actual circumstances of the Company in accordance with the "Basic requirements for corporate internal corporate", "Guidelines for evaluation of corporate internal control", improve the internal control quality so as to raise the operation management level and risk prevention ability, enhance the continuous development of the Company;

(3) To perfect the guideline for the Company's audit department as well as the audit mechanism. To enhance the establishment of the regional audit system, to strictly execute substantial incidents and supervise the reporting system of audit, to carried out supervision for prevention purpose, to clear the reporting channel in order to facilitate and enhance smooth inspection;

(4) To enhance the monitor power and quality of the audit, the check the implementation of the audit measures. To inspect the core operations, concern every details of the operation, collect and analysis the information. To strengthen the audit supervision in terms of investment, logistic and construction, raise the efficiency of overseas auditing, to protect the interest of the Company and shareholders; and

(5) To promote continuous learning of the supervisors and audit personnel, organize job training based on actual needs, to provide appropriate and suitable training for supervisors and audit personnel, to raise the work level. To further strengthen the qualification, knowledge in law, regulation and political, to provide strong guarantee of integrated qualification for the effective supervision.

Zijin Mining Group Co., Ltd.
Supervisory Committee

30 March 2010

Note: This report used Renminbi as currency and the financial figures used in this report were extracted from financial reports prepared under China Accounting Standards.

The Code on Corporate Governance Practice ("Practice Code") effective for accounting periods commencing on 1 January 2005 or after has superseded the Code of Best Practice as set out in Appendix 14 of the Listing Rules. Save as disclosed herein, the Group has applied the principles as set out in the Code on Corporate Governance Practice and has complied with the relevant code provisions and most of the recommended best practices.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by directors of the Group. The effective date was 23 December 2003. Following enquiries with all directors of the Company, the Group confirmed that all directors have complied with the provisions of the Model Code for the year ended 31 December 2009.

BOARD COMPOSITION AND PRACTICE

The Board of the Company is jointly responsible to all shareholders for leading and overseeing the operations of the Group so as to ensure the achievement of the objective of value adding to shareholders.

The Board comprises eleven directors, including six executive directors, one non-executive director and four independent non-executive directors. There is no related connections in respect of finance, business or family relations among the members of the Board.

Pursuant to the Listing Rules, a listed issuer must have at least three independent non-executive directors and at least one of them shall possess appropriate professional qualifications or appropriate expertise in accounting or financial management. The professional composition of independent non-executive directors of the Company is: one independent non-executive director who is an experienced registered accountant with expertise in accounting and financial management; one independent non-executive director who is an experienced lawyer with expertise in Hong Kong law; and two independent non-executive directors who are experienced specialists in smelting and mining operations.

For the year ended 31 December 2009, all the non-executive directors of the Company were appointed for 3 years from 5 November 2009 to 4 November 2012. Details are set out in the Report of the Directors.

All independent non-executive directors have submitted annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Group considers that all independent non-executive directors have complied with the Independence Guideline of Rule 3.13 of the Listing Rules and are considered as independent directors pursuant to the provisions of the guideline.

For the period from 1 January 2009 to 4 November 2009, Mr. Chen Jinghe was both the Chairman of the Board and President of the Company. The Board considers that although such structure deviates from Rule A.2.1 of the CG Code, the effective operation of the Group will not be impaired as Mr. Chen is responsible for the effective operation of the Board as Chairman of the Board and has made sufficient delegation in the daily business operation of the Group as the President.

From 5 November 2009 onward, Mr. Chen Jinghe is the Chairman of the Board and Mr. Luo Yingnan is the President of the Company. The structure does not deviate from Rule A.2.1 of the CG Code.

Led by the Chairman of the Board, the Board is responsible for approving and monitoring the overall development strategy of the Group, approving annual budgets and business plans, approving major investment projects related to the business development of the Group, assessing the performance of the Group, supervising the work of the management and ensuring that the Board acts in the best interests of the Group. The Chairman should ensure that the Board operates effectively and performs its proper duties and holds discussions on various important and proper businesses of the Company in a timely manner. All directors are entitled to propose any matter that needs to be submitted to the Board for discussion in the agenda of the board meeting. The Chairman has delegated the secretary of the Board to draft the agenda of each board meeting. With the assistance of executive directors and the company secretary, the Chairman will ensure that all directors will be provided with sufficient and reliable information in a timely manner to enable them to make necessary analyses according to their business expertise.

As the President of the Company, Mr. Chen fully delegates the daily operation management to relevant managers. Executive directors and senior vice presidents are responsible for the daily management of various businesses, including implementing resolutions of the Board, and are responsible to the President for the business operations of the Group. The President is responsible to the Board for the overall operations of the Group.

The Board has convened 21 plenary board meetings for the year ended 31 December 2009. The attendance of directors at the meetings was as follows:

THE ATTENDANCE OF DIRECTORS AT THE MEETINGS

Name	Number of the board meetings	Attend in person	Attend by communication means	Attend by delegation
Chairman of the Board *(chairman, president)*				
Chen Jinghe *(Chairman, President (from 1 January 2009 to 4 November 2009))*	21	7	14	
Luo Yingnan *(President (from 5 November 2009))*	21	7	14	
Executive directors				
Liu Xiaochu *(Vice chairman)*	21	7	14	
Lan Fusheng *(Vice chairman)*	21	7	14	
Zou Laichang	21	7	14	
Huang Xiaodong	21	4	14	3
Non-executive director				
Peng Jiaqing	21	6	14	1
Independent non-executive directors				
Chen Yuchuan	21	6	14	1
Lin Yongjing	21	7	14	
Su Congfu	21	7	14	
Wang Xiaojun *(Appointed on 5 November 2009)*	8	1	6	1
Loong Ping Kwan *(Resigned on 4 November 2009)*	13	3	8	2

Mr. Loong Ping Kwan was unable to attend the third term seventeenth board meeting due to a business trip, independent non-executive director Mr. Lin Yongjing attended the board meeting and was authorised to vote for Mr. Loong Ping Kwan; Mr. Loong Ping Kwan was unable to attend the third term eighteenth board meeting due to an injury, independent non-executive director Mr. Lin Yongjing attended the board meeting and was entrusted to vote for Mr. Loong Ping Kwan.

The Practice Code stipulates that "a notice shall be given at least 14 days before a regular board meeting to enable all directors to reserve time for attending the meeting. For other board meetings, a reasonable notice shall be given." The Company has adopted the provisions of the Practice Code and issues meeting notices 14 days before convening a board meeting so that all directors can have sufficient time and opportunity to attend the meeting. All meeting papers will be sent to all directors no less than three days before a meeting is convened. Matters discussed and resolved in the board meetings will be recorded in detail and a summary of minutes will be made or resolutions will be filed.

NOMINATION AND REMUNERATION OF DIRECTORS

The new Board established the nomination and remuneration committee. It comprises independent non-executive directors, Mr. Su Congfu (chief commissioner), Mr. Chen Yuchuan, Mr. Lin Yongjing, Mr. Wang Xiaojun, non-executive director, Mr. Peng Jiaqing, and Chairman of the Board, Mr. Chen Jinghe. The nomination and remuneration committee also comprises various working group members. Detailed regulations for the nomination and remuneration committee are amended pursuant to the Practice Code and the regulations and the terms of reference of the Committee are published on the website of the Company.

The major responsibilities of the nomination and remuneration committee are:

- To review structure, number of members, and constitution (including skills, knowledge and experiences) of the Board, and propose any possible changes to the Board at regular intervals;
- To look for qualified person to take the position of director, and propose and provide suggestions to the Board;
- To assess the independence of independent non-executive directors;
- To provide suggestions on appointment, reappointment and renewal of directors (especially chairman and president) to the Board;
- To formulate the remuneration plan, and reward and penalty plan for directors and senior management;
- To appraise and evaluate the performance of duties of directors and senior management;
- To ensure that no director or his associate can determine his own remuneration.

PROCEDURE AND BASIS FOR DETERMINATION OF REMUNERATION

Pursuant to the articles of association of the Company, the remuneration plan and reward and penalty plan for directors, supervisors and senior management shall be proposed by the nomination and remuneration committee. Remuneration of directors and supervisors shall be considered for approval in the general meeting. Remuneration of senior management shall be considered and approved by the Board. Confirmation of the remuneration of the Directors, supervisors and senior management shall be based on the annual results of the Company and resolution of the general meeting/Board meeting.

During 2009, one meeting of the nomination and remuneration committee was held and all the members attended the meeting.

Pursuant to the requirements of the articles of association and the practice of the nomination and remuneration committee, in the meeting, the committee members have evaluated and gave proposal on the remuneration plan and the reward and penalty plan. The proposal was made by reference to the performance of the directors, the overall performance of the Group, the average salary of the local employees, etc.

ANNUAL REMUNERATION

Details are as set out in note 8 to the financial statements.

AUDITOR'S REMUNERATION

For the year ended 31 December 2009, the audit fees charged by the auditors of the Company was approximately RMB4.40 million, and the auditors did not charge any fees other than the audit fees.

AUDIT COMMITTEE

The audit committee comprises independent non-executive directors, Mr. Lin Yongjing, Mr. Su Congfu, Mr. Chen Yuchuan, Mr. Wang Xiaojun, non-executive director, Mr. Peng Jiaqing, and executive director Mr. Liu Xiaochu. The chairman of the audit committee is Mr. Lin Yongjing. During 2009, four meetings of the audit committee were held and all members attended the meetings.

The Board considers that members of the audit committee have sufficient professional knowledge and experience in accounting and financial management to enable them to perform their duties.

The terms of reference of the audit committee are published on the website of the Company.

The major responsibilities of the audit committee are:

- To propose hiring or changing the external audit institution;
- To oversee the Company's internal audit system and its implementation;
- To audit the Company's financial information and its disclosure (including the annual report, the interim report, quarterly report and any feasible financial review);
- To audit the Company's financial reporting and internal control system and to audit major connected transactions;
- The audit committee has held meetings on a regular basis since its establishment and convened four meetings during the reporting period with 100% attendance.

In the meeting held in March 2009, the committee reviewed the working report by the compliance and audit office and reviewed the audited report and connected transactions of the Group for year 2008, and also submitted its concluding opinions on relevant connected transactions and the audit to the Board.

In the meeting held in April 2009, the committee reviewed the first quarterly report of the Group for year 2009 and submitted its concluding opinions on the audit to the Board.

In the meeting held in August 2009, the committee reviewed the interim report and connected transactions of the Group for year 2009, and reviewed the effectiveness of the Group's internal control system and also submitted its concluding opinions on the audit to the Board.

At the meeting held in October 2009, the committee reviewed the third quarterly report of the Group for year 2009 and submitted its concluding opinions on the audit to the Board.

The annual report for the year ended 31 December 2009 of the Group has been reviewed by the audit committee.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS

All directors of the Group have acknowledged their responsibilities for preparing financial reports of the Group. Directors ensure that the preparation of financial reports of the Group is in compliance with relevant regulations and applicable accounting standards and that financial reports of the Group are issued in a timely manner.

The responsibility statement made by the auditors of the Company in respect of financial reports of the Group is set out in the auditors' report on page 65 to 66.

SHAREHOLDING INTERESTS OF SENIOR MANAGEMENT

The shareholding interests of senior management of the Group are detailed in "Interests and Short Positions of Directors, Supervisors and Chief Executive in the issued shares of the Company" on page 39.

SHAREHOLDERS' RIGHTS

The articles of association of the Company have stipulated the rights and obligations of all shareholders.

Shareholders holding more than 10% (including 10%) of the outstanding shares with voting right of the Company can demand in writing to convene an extraordinary general meeting.

The Company shall issue a written notice by 45 days before the holding of a general meeting and inform all registered shareholders about the matters to be considered in the meeting and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall return the written reply for attending the meeting to the Company by 20 days before the meeting.

In the annual general meeting convened by the Company, shareholders holding more than 3% of the shares with voting right of the Company are entitled to make new proposals in writing. The Company shall include the matters in the proposals that are within the scope of the terms of reference of the general meeting in the agenda of the meeting.

The Board shall give explanations and reasons in the general meeting if it decides not to include the general meeting proposals in the agenda of the meeting. It shall also publish the content of the proposals and the Board's explanations together with resolutions of the general meeting following the conclusion of the general meeting.

Voting in a general meeting is by poll.

The Group communicates with shareholders through the issuance of annual reports, interim reports, quarterly reports, press and electronic announcements. All communications with shareholders are also published on the website of the Group, www.zjky.cn.

INVESTOR RELATIONS

The Board fully recognises that effective communication with investors is a key to build investors' confidence and attract new investors.

The Group holds press conferences and/or briefings to investment analysts immediately following the announcement of its annual and interim results. Senior management such as the chairman of the Board and the financial controller of the Group will be presented to analyse the performance of the Group during the relevant period, expound the business development of the Group and answer questions raised by investors. After the issue of A-shares, the Group also issued results announcements dated 20 April 2009 for the first quarter of year 2009 and 28 Otcobter 2009 for the third quarter of year 2009.

Results announcements of the Group will also be published timely on the website of the Group.

The Group will also arrange for professional investors to visit its subsidiaries so that they can understand the Group's existing production status, investment status and business development, thereby enhancing their confidence over the Group.

During the year, the articles of association of the Company was amended in the Company's general meetings convened on 15 May 2009 and 5 November 2009. For details, please refer to the Company's notices issued on 27 March 2009 and 19 September 2009.

The Group's first extraordinary general meeting in year 2009 was held on 9 March 2009 at its headquarters in Shanghang County, Fujian Province and considered the following matters: 1. the JV Agreement entered into between the Company and Minxi Xinghang State-owned Assets Investment Co., Ltd. (閩西興杭國有資產投資經營有限公司) on 8 January 2009 to form a joint venture temporarily named Zijin Copper Company Limited (紫金銅業有限公司) to invest and build a copper refinery project with capacity of 200,000 tonnes/year; 2. the provision of the financial guarantee by the Company to Zijin Copper Company Limited proportionally according to the above-mentioned JV Agreement and the respective interest in the joint venture with the yearly maximum amount proposed (the "Proposed Annual Cap") for 3 years (2009-2011) being RMB 900 millions; and 3. the Company's board of directors be and is hereby authorised with full power to take all necessary, appropriate and discretionary actions in connection with and for the implementation and/or for giving the effect to the abovementioned resolutions 1 and 2, including but not limited to take all necessary further actions, to deal with further registration procedures and to deal with all relevant procedures. All the above matters have been approved by voting in the extraordinary general meeting.

The Group's annual general meeting for year 2008 was held on 15 May 2009 in its headquarters in Shanghang County, Fujian Province and considered the following matters: 1. the directors' report for year 2008; 2. Report of the Independent Directors for year 2008; 3. Report of Supervisory Committee for year 2008; 4. Consolidated audited financial statements for year 2008; 5. Company's 2008 annual report and its summary of annual report; 6. the profit distribution proposal for year 2008; 7. the remunerations of the directors, supervisors and senior management for 2008; 8. the reappointment of Ernst & Young Hua Ming and Ernst & Young as the Company's domestic and international auditors respectively for year 2009 was approved, and the Board of Directors was authorised to determine their remuneration; 9. the amendments of the rules for independent directors; and 10. the amendments of the articles of association of the Company. All the above matters have been approved by voting in the annual general meeting.

The Group's second extraordinary general meeting in year 2009 was held on 5 November 2009 in its headquarters in Shanghang County, Fujian Province and considered the following matters: 1. the issue of medium-term bills and short-term margins and authorize the board of directors a general and unconditional mandate for the issue arrangement of medium-term bills and short-term margins, to issue medium-term bills and short-term margins with a total aggregate principal amount not exceeding RMB7.5 billion (RMB7.5 billion included) within the validity period of the mandate; 2. the amendments of the articles of association of the

Company; 3. the election of directors of the fourth board of directors: Mr. Chen Jinghe, Mr. Luo Yingnan, Mr. Liu Xiaochu, Mr. Lan Fusheng, Mr. Huang Xiaodong, Mr. Zou Laichang, Mr. Peng Jiaqing, Mr. Su Congfu, Mr. Chen Yuchuan, Mr. Lin Yongjing, and Mr. Wang Xiaojun; 4. the election of supervisors of the fourth supervisory committee: Mr. Lin Shuiqing, Mr. Xu Qiang, and Mr. Lin Xinxi; and 5. remunerations proposal of directors and supervisors of the fourth board of directors and supervisory committee; to authorise the board of directors to enter into service contracts and/or appointment letters with each of the newly elected directors and supervisors respectively subject to such terms and conditions as the board of directors shall think fit and to do all such acts and things and handle all other related matters as necessary; and 6. the proposal of participation in the bid of 50% shares transfer of Zijin Copper and authorize the board of directors to sign the subsequent related documents and handle all the matters as necessary (including but not limited to, all applications, filings and registrations with the relevant authorities). All the above matters have been approved by voting in the general meeting.

As at 31 December 2009, the total market capitalisation of the Group was approximately RMB127.7 billion. The market capitalisation of H shares was approximately RMB26.2 billion. As at 30 March 2010, the Company totally issued 14,541,309,100 shares ordinary share (face value: RMB0.10 per share), in which, 4,005,440,000 shares (H-shares) listed in the Hong Kong Stock Exchange, representing about 27.55% of the total issued shares, and 6,324,966,980 shares (A-shares) listed in the Shanghai Stock Exchange, representing about 43.50% of the total issued shares. The total listed shares in these two stock exchanges represented about 71.05% of the total issued shares of the Company.

INTERNAL CONTROL

The Board is solely responsible for the internal control system of the Group, including defining the management structure and relevant terms of delegation, determining the adoption of appropriate accounting policies, providing reliable financial information for internal use and public announcement, and ensuring compliance with relevant laws and regulations. The above internal control system aims to reasonably (but not absolutely) ensure that there are no significant misrepresentations or losses and manage (but not completely eliminate) the risks of faults in the operating system and the Group's failure in reaching standards.

The executive directors and senior management of the Group are given corresponding authority to manage and monitor all operating systems of enterprises and deal with relevant affairs.

The Group has established an internal accounting system. The draft budget has to be approved by the Board before implementation. There are relevant procedures in the Group's budget management system and investment management system for assessing and reviewing major operating expenditures and capital expenditures. Operating results will be reported to executive directors through regular financial analyses.

The Group has established a dedicated internal audit institution and appropriate internal control procedures to ensure that accounting and management information are recorded in a comprehensive, accurate and timely manner. Besides, regular reviews are conducted to ensure that the preparation of financial statements is in compliance with the accounting standards, accounting policies and applicable laws and regulations, which is also extended to all subsidiaries controlled by the Group. The annual working plan of the audit department is subject to approval by the supervisory committee of the Group and the audit committee of the Board.

The Group has established an information disclosure management system which stipulates the relevant procedures for processing price-sensitive information. The Board conducts at least four reviews each year on internal control through the annual report, the interim report and the quarterly reports so as to assess the effectiveness of the internal control system.

The Board considers that the existing internal control system of the enterprise basically covers the current operating conditions of the enterprise. However, with the sustained development of the enterprise and a continued improvement in the management standard of the Group, the internal control system of the enterprise shall also be subject to continuing revision and improvement.

To the shareholders of Zijin Mining Group Co. Ltd.
(A joint stock limited company established in the People's Republic of China with limited liability)

We have audited the financial statements of Zijin Mining Group Co., Ltd. set out on pages 67 to 192, which comprise the consolidated and company statements of finance position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
30 March 2010

Consolidated Income Statement

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
REVENUE	5	**20,215,111**	16,322,275
Cost of sales		**(13,642,427)**	(10,329,182)
Gross profit		**6,572,684**	5,993,093
Other income and gains	5	**608,982**	522,199
Selling and distribution costs		**(376,971)**	(316,948)
Administrative expenses		**(717,709)**	(826,891)
Other expenses		**(968,942)**	(630,942)
Finance costs	6	**(168,425)**	(247,326)
Share of profits of:			
Associates		**79,050**	11,370
Jointly-controlled entities		**16,654**	28,502
PROFIT BEFORE TAX	7	**5,045,323**	4,533,057
Income tax expense	10	**(968,254)**	(639,031)
PROFIT FOR THE YEAR		**4,077,069**	3,894,026
Attributable to:			
Owners of the parent		**3,552,347**	3,066,201
Minority interests		**524,722**	827,825
		4,077,069	3,894,026
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year	13	**RMB 0.24**	RMB 0.22

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Notes	2009 *RMB'000*	2008 *RMB'000*
PROFIT FOR THE YEAR		**4,077,069**	3,894,026
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value	24	**342,367**	(233,215)
Reclassification adjustments for losses/(gains) included in the consolidated income statement:			
– Gains on disposal	24	**(114,765)**	—
– Impairment losses	24	**—**	42,243
Income tax effect		**—**	24,517
		227,602	(166,455)
Share of other comprehensive income of associates		**(38,796)**	(29,012)
Exchange differences on translation of foreign operations		**9,887**	(75,471)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**198,693**	(270,938)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,275,762**	3,623,088
Attributable to:			
Owners of the parent	11	**3,747,646**	2,807,824
Minority interests		**528,116**	815,264
		4,275,762	3,623,088

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**10,051,014**	8,259,305
Investment properties	15	**55,145**	57,211
Prepaid land lease payments	16	**361,939**	525,302
Long-term deferred assets	17	**580,381**	584,570
Other assets	18	**2,224,008**	2,963,102
Other intangible assets	19	**4,815,060**	3,586,823
Goodwill	20	**437,397**	327,982
Interests in associates	22	**1,423,935**	1,091,590
Interests in jointly-controlled entities	23	**76,210**	276,195
Available-for-sale investments	24	**571,777**	422,238
Deferred tax assets	35	**88,101**	71,195
Total non-current assets		**20,684,967**	18,165,513
CURRENT ASSETS			
Inventories	25	**2,590,404**	1,593,508
Prepayments, deposits and other receivables	26	**848,848**	801,029
Trade receivables	27	**418,147**	322,131
Bills receivable	27	**111,641**	266,534
Equity and debt investments at fair value through profit or loss	28	**141,799**	23,677
Derivative financial instruments	29	**2,402**	5,665
Pledged deposits	30	**543,677**	74,833
Cash and cash equivalents	30	**3,594,292**	4,964,659
		8,251,210	8,052,036
Assets of a disposal group classified as held for sale	37	**709,960**	—
Total current assets		**8,961,170**	8,052,036
CURRENT LIABILITIES			
Accrued liabilities and other payables	31	**2,085,439**	1,997,203
Trade and bills payables	32	**957,287**	727,713
Interest-bearing bank borrowings	33	**3,457,655**	2,516,295
Tax payable		**301,701**	418,004
		6,802,082	5,659,215
Liabilities directly associated with the assets classified as held for sale	37	**366,131**	—
Total current liabilities		**7,168,213**	5,659,215
NET CURRENT ASSETS		**1,792,957**	2,392,821
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,477,924**	20,558,334

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 *RMB'000*	2008 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,477,924**	20,558,334
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	**407,410**	969,368
Provision for land restoration and environmental costs	34	**79,097**	59,589
Deferred tax liabilities	35	**143,890**	131,328
Government grants		**40,678**	13,990
Long-term other payables	36	**193,383**	204,934
Total non-current liabilities		**864,458**	1,379,209
Net assets		**21,613,466**	19,179,125
EQUITY			
Equity attributable to owners of the parent			
Issued capital	38	**1,454,130**	1,454,130
Reserves	39	**16,716,051**	14,680,258
		18,170,181	16,134,388
Minority interests		**3,443,285**	3,044,737
Total equity		**21,613,466**	19,179,125

Director *Director*

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

		Attributable to owers of the parent										
	Notes	Issued capital *RMB'000*	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* note 39(a)	Capital and other reserves *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Exchange fluctuation reserve *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2008		1,314,130	31,661	754,831	5,332	115,586	3,155,622	—	(40,136)	5,337,026	1,781,587	7,118,613
Total comprehensive income for the year		—	—	—	(29,012)	(166,455)	3,066,201	—	(62,910)	2,807,824	815,264	3,623,088
Dividends paid		—	—	—	—	—	(1,308,718)	—	—	(1,308,718)	—	(1,308,718)
Dividends paid to minority shareholders		—	—	—	—	—	—	—	—	—	(649,032)	(649,032)
Transfer to reserves		—	—	244,969	—	—	(244,969)	—	—	—	—	—
Provision for special reserve	39(c)	—	—	157,031	—	—	(157,031)	—	—	—	—	—
Utilisation of special reserve		—	—	(96,178)	—	—	96,178	—	—	—	—	—
Acquisition of subsidiaries	40(a)	—	—	—	188,401**	—	—	—	—	188,401	618,822	807,223
Investments in subsidiaries		—	—	—	—	—	—	—	—	—	683,869	683,869
Disposal of subsidiaries	40(b)	—	—	—	—	—	—	—	—	—	(55,927)	(55,927)
Disposal of equity interests in subsidiaries		—	—	—	—	—	—	—	—	—	70,400	70,400
Share of capital reserve arising from share premium of a subsidiary		—	—	—	72,700	—	—	—	—	72,700	—	72,700
Acquisition of equity interests in subsidiaries from minority shareholders		—	—	—	(769,805)	—	—	—	—	(769,805)	(220,246)	(990,051)
Issue of shares	38	140,000	—	—	—	—	—	—	—	140,000	—	140,000
Share premium on issue of shares		—	9,666,960	—	—	—	—	—	—	9,666,960	—	9,666,960
Proposed final dividend	12	—	—	—	—	—	(1,454,131)	1,454,131	—	—	—	—
At 31 December 2008		1,454,130	9,698,621*	1,060,653*	(532,384)*	(50,869)*	3,153,152*	1,454,131*	(103,046)*	16,134,388	3,044,737	19,179,125

	Notes	Attributable to owers of the parent										
	Notes	Issued capital *RMB'000*	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* note 39(a)	Capital and other reserves *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Exchange fluctuation reserve *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2009		1,454,130	9,698,621	1,060,653	(532,384)	(50,869)	3,153,152	1,454,131	(103,046)	16,134,388	3,044,737	19,179,125
Total comprehensive income for the year		—	—	—	(38,796)	227,602	3,552,347	—	6,493	3,747,646	528,116	4,275,762
Dividends paid		—	—	—	—	—	—	(1,454,131)	—	(1,454,131)	—	(1,454,131)
Dividends paid to minority shareholders		—	—	—	—	—	—	—	—	—	(294,096)	(294,096)
Provision for special reserve	39(c)	—	—	146,729	—	—	(146,729)	—	—	—	—	—
Utilisation of special reserve		—	—	(135,829)	—	—	135,829	—		—	—	—
Acquisition of subsidiaries	40(a)	—	—	—	13,166**	—	—	—	—	13,166	182,202	195,368
Investments in subsidiaries		—	—	—	—	—	—	—	—	—	144,844	144,844
Disposal of subsidiaries	40(b)	—	—	—	—	—	—	—	—	—	(14,639)	(14,639)
Disposal of equity interests in subsidiaries		—	—	—	—	—	—	—	—	—	4,116	4,116
Acquisition of equity interests in subsidiaries from minority shareholders		—	—	—	(270,888)	—	—	—	—	(270,888)	(151,995)	(422,883)
Proposed final dividend	12	—	—	—	—	—	(1,454,131)	1,454,131	—	—	—	—
At 31 December 2009		1,454,130	9,698,621*	1,071,553*	(828,902)*	176,733*	5,240,468*	1,454,131*	(96,553)*	18,170,181	3,443,285	21,613,466

* These reserve accounts comprise the consolidated reserves of RMB16,716,051,000 (2008: RMB14,680,258,000) in the consolidated statement of financial position.

** Being the asset revaluation reserve arising from step acquisition of subsidiaries.

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,045,323	4,533,057
Adjustments for:			
Finance costs	6	168,425	247,326
Share of profits of associates and jointly-controlled entities		(95,704)	(39,872)
Interest income	5	(123,171)	(141,837)
Dividend income	5	(3,830)	(44,934)
Gains on disposal of available-for-sale investments	5	(37,793)	—
Fair value gains on available-for-sale investments (transfer from equity on disposal)	5	(114,765)	—
Fair value (gains)/losses equity and debt investments at fair value through profit or loss	5,7	(26,100)	50,329
(Gains)/losses on disposal of subsidiaries	5,7	(4,820)	54,168
(Gains)/losses on disposal of certain equity interests in subsidiaries	5	(2,275)	—
Fair value gains on derivative financial instruments	5	(2,402)	(1,357)
Depreciation	7	719,517	535,671
Depreciation of investment properties	7	2,066	1,994
Amortisation of prepaid land lease payments	7	15,447	13,069
Amortisation of long-term deferred assets	7	89,953	91,305
Amortisation of other intangible assets	7	166,346	59,180
(Write back)/write-down of inventories to net realisable value	7	(13,791)	114,755
Impairment provision for trade and other receivables	7	1,657	8,498
Impairment provision for property, plant and equipment	7	126,754	38,920
Impairment provision for other intangible assets	7	202,912	113,315
Impairment provision for goodwill	7	14,290	8,658
Impairment provision for interest in an associate*	7	1,750	—
Impairment provision for other assets	7	10,007	—
Impairment provision for available-for-sale investments	7	—	42,243
Impairment provision for interest in a jointly-controlled entity	7	20,571	—
Government grants	5	(44,131)	(36,354)
Loss on disposal of property, plant and equipment	7	12,894	8,945
Gains on disposal of a mining right	5	(111,306)	—
Losses on disposal of other assets	7	1,028	—
Provision for land restoration and rehabilitation costs	7	19,508	12,745
Excess of consideration over the cost on acquiring further equity interest in an associate	5	(15,560)	—
		6,022,800	5,669,824
Increase in inventories		(722,801)	(692,818)
(Increase)/decrease in financial assets at fair value through profit or loss		(91,607)	8,777
Decrease/(increase) in prepayments, deposits and other receivables		53,445	(13,803)
Increase in trade receivables		(53,436)	(28,630)
Decrease/(increase) in bills receivable		121,870	(213,693)
Decrease/(increase) in accrued liabilities and other payables		253,997	(184,189)
Decrease in trade and bills payables		205,504	119,860
(Increase)/decrease in long-term other payables		(203,661)	42,233

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 *RMB'000*	2008 *RMB'000*
Cash generated from operations		**5,586,111**	4,707,561
Income tax paid		**(1,095,394)**	(791,777)
Net cash flows from operating activities		**4,490,717**	3,915,784
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**123,171**	141,837
Dividends received from available-for-sale investments		**3,830**	44,934
Dividends received from associates and jointly - controlled entities		**6,299**	39,874
Purchases of available-for-sale investments		**(85,878)**	(49,775)
Purchases of property, plant and equipment		**(2,626,883)**	(2,553,476)
Proceeds from disposal of available-for-sale investments		**420,435**	—
Proceeds from disposal of property, plant and equipment		**39,670**	34,369
Additions to prepaid land lease payments		**(155,512)**	(384,763)
Additions to long-term deferred assets		**(249,001)**	(153,901)
Additions to other intangible assets		**(161,128)**	(457,077)
Additions to other assets, other than exploration and evaluation costs		**(733,532)**	(1,360,606)
Additions to exploration and evaluation costs		**(178,055)**	(306,798)
Proceeds from disposal of other intangible assets		**123,716**	9,734
Proceeds from disposal of long term deferred assets		**31,651**	14,513
Proceeds from disposal of other assets		**21,600**	58,056
Acquisition of associates		**(420,127)**	—
Proceeds from disposal of equity interest in an associate		**—**	738
Acquisition of subsidiaries	40(a)	**(217,065)**	(513,362)
Proceeds from disposal of subsidiaries	40(b)	**70,141**	18,788
Proceeds from disposal of certain equity interests in subsidiaries		**2,275**	—
Capital injection in an associate		**—**	(83,900)
Acquisition of equity interest in subsidiaries from minority shareholders		**(379,863)**	(799,493)
Increase/(decrease) in non-pledged time deposits with original maturity of over three months when acquired		**1,287,734**	(2,218,758)
Increase in pledged deposit		**(106,552)**	(22,745)
Net cash flows used in investing activities		**(3,183,074)**	(8,541,811)

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 *RMB'000*	2008 *RMB'000*
Net cash flows used in investing activities		**(3,183,074)**	(8,541,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**4,625,691**	4,537,318
Repayment of bank loans		**(4,025,273)**	(7,507,867)
Interest paid		**(211,893)**	(281,308)
Dividends paid		**(1,454,131)**	(1,308,718)
Dividends paid to minority shareholders		**(332,066)**	(586,913)
Cash received from government grants		**70,821**	34,000
New long-term other payables		**270,828**	—
Repayment to Social Security Fund		**(130,860)**	—
Cash received from A shares issued		**—**	9,806,960
Cash received from minority shareholders upon investments in subsidiaries		**144,844**	513,758
Net cash flows (used in)/from financing activities		**(1,042,039)**	5,207,230
NET INCREASE IN CASH AND CASH EQUIVALENTS		**265,604**	581,203
Cash and cash equivalents at beginning of year		**2,719,868**	2,158,477
Effect of foreign exchange rate changes, net		**13,582**	(19,812)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**2,999,054**	2,719,868

Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,625,871**	1,124,423
Prepaid land lease payments	16	**71,840**	56,007
Long-term deferred assets	17	**93,066**	107,252
Other assets	18	**884,018**	1,131,216
Other intangible assets	19	**333,207**	149,991
Interests in subsidiaries	21	**8,390,888**	8,177,208
Interests in associates	22	**918,502**	918,502
Available-for-sale investments	24	**76,350**	76,350
Deferred tax assets	35	**9,784**	5,961
Total non-current assets		**12,403,526**	11,746,910
CURRENT ASSETS			
Inventories	25	**320,581**	291,220
Prepayments, deposits and other receivables	26	**3,269,196**	1,028,631
Trade receivables	27	**107,390**	72,047
Bills receivables	27	**41,827**	80,932
Equity and debt investments at fair value through profit or loss	28	**5,961**	—
Derivative financial instruments	29	**2,402**	1,288
Pledged deposits	30	**439,966**	64,566
Cash and cash equivalents	30	**2,204,043**	3,339,948
Total current assets		**6,391,366**	4,878,632
CURRENT LIABILITIES			
Accrued liabilities and other payables	31	**854,601**	1,025,270
Trade and bills payables	32	**210,201**	150,741
Interest-bearing bank borrowings	33	**1,098,854**	—
Tax payable		**86,450**	97,029
Total current liabilities		**2,250,106**	1,273,040
NET CURRENT ASSETS		**4,141,260**	3,605,592
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,544,786**	15,352,502

Statement of Financial Position

31 December 2009

	Notes	2009 *RMB'000*	2008 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	**341,410**	341,730
Provision for land restoration and environmental costs	34	**68,320**	59,589
Government grants		**9,438**	470
Long-term other payables	36	**164,274**	130,693
Total non-current liabilities		**583,442**	532,482
Net assets		**15,961,344**	14,820,020
EQUITY			
Issued capital	38	**1,454,130**	1,454,130
Reserves	39	**14,507,214**	13,365,890
Total equity		**15,961,344**	14,820,020

Director *Director*

1. CORPORATE INFORMATION

Zijin Mining Group Co., Ltd. (the "Company") was established as a joint stock limited liability company under the Company Law of the People's Republic of China (the "PRC") on 6 September 2000. The Company and its subsidiaries (the "Group") are mainly engaged in the gold, copper and zinc mining business and geological studies.

The registered office and principal place of business of the Company is located at 1 Zijin Road, Shanghang County, Fujian Province, the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and equity and debt investments at fair value through profit of loss, which have been measured at fair value. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expense and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity and debt investments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the hybrid entity concept/parent entity method whereby the difference between the cost of additional interests in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the minority interest is reflected partly as goodwill and partly as a reduction in equity.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Amendments Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
IFRS 8	*Operating Segments*
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 18 Amendment*	Amendment to Appendix to IAS 18 *Revenue - Determining whether an entity is acting as a principal or as an agent*
IAS 23 (Revised)	*Borrowing Costs*
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC-Int 9 and IAS 39 Amendments	Amendments to IFRIC-Int 9 *Reassessment of Embedded* Derivatives and IAS 39 *Financial Instruments: Recognition and Measurement - Embedded Derivatives*
IFRIC-Int 13	*Customer Loyalty Programmes*
IFRIC-Int 15	*Agreements for the Construction of Real Estate*
IFRIC-Int 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to IFRSs (May 2008) **	Amendments to a number of IFRSs

* Included in *Improvements to IFRSs 2009* (as issued in April 2009).

** The Group adopted all the improvements to IFRSs issued in May 2008 except for the amendments to IFRS 5 *Non-current assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary,* which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of IFRS 7 Amendments, IFRS 8 and IAS 1 (Revised), the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

(a) Amendments to IFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

The IFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 47 to the financial statements while the liquidity risk disclosures are presented in note 48 to the financial statements.

(b) IFRS 8 *Operating Segments*

IFRS 8, which replaces IAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

(c) IAS 1 (Revised) *Presentation of Financial Statements*

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*[1]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters*[2]
IFRS 1 Amendment	*Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters* [4]
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*[2]
IFRS 3 (Revised)	*Business Combinations*[1]
IFRS 9	*Financial Instruments*[6]
IAS 24 (Revised)	*Related Party Disclosures*[5]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*[3]
IAS 39 Amendment	Amendment to IAS 39 Financial Instruments: *Recognition and Measurement - Eligible Hedged Items*[1]
IFRIC-Int 14 Amendments	Amendments to IFRIC-Int 14 Prepayments of a Minimum Funding Requirement[5]
IFRIC-Int 17	*Distributions of Non-cash Assets to Owners*[1]
IFRIC-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to IFRS 5 included In Improvements to IFRSs issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to Sell the Controlling Interest in a Subsidiary*[1]

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC-Int 9 and IFRIC-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers except for the adoption of IFRS 3 (Revised) and IAS 27 (Revised) as further explained below, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The Group expects to adopt IFRS 3 (Revised) and IAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transactions with minority interests.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures *(continued)*

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with IAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in jointly-controlled entities. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When an investment in a jointly-controlled entity is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, associates and jointly-controlled entities (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for associates and jointly-controlled entities is included in the Group's share of the associates' and jointly-controlled entities' profits or losses in the period in which the investments are acquired.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of each item of property, plant and equipment are as follows:

Buildings	8 - 35 years
Electricity generation plant	8 - 45 years
Leasehold improvements	5 years
Plant, machinery and equipment	5 -15 years
Furniture and fixtures	4 -10 years
Motor vehicles	6 years

Also included in property, plant and equipment are mining assets which comprise the open-pit platform, leaching piles, mine shafts and buildings located at the mining sites. Depreciation is provided to write off the cost of the open-pit platform, leaching piles and mine shafts using the units of production method based on the estimated proven and probable mineral reserves. The buildings located at the mining sites are depreciated on the straight-line basis between 7 and 10 years.

Residual values, useful lives and the depreciation method are reviewed, and adjusted on a prospective basis if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, mining structures, various plant and equipment and other fixed assets under construction and pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year of the retirement or disposal. Such properties are depreciated on the straight-line basis between 30 and 35 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Non-current assets and disposal groups (other than investment properties, deferred tax assets, and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Long-term deferred assets

Long-term deferred assets are stated at cost less accumulated amortisation and any impairment losses. Long-term deferred assets mainly include land compensation costs, bi-polar plates, and costs incurred to construct underground auxiliary lanes.

Land compensation costs represent the compensation paid to inhabitants for relocating them from the areas nearby the mining sites so that the Group can use the land as leaching piles and dumping areas for waste ores. Such costs are written off on the straight-line basis over their estimated useful life of 5 - 50 years. Bi-polar plates are used in the zinc refinery process and are amortised based on the unit-of-production method. Underground auxiliary lanes are constructed to reach the ore body after the main shaft is constructed. Such costs are amortised based on the unit-of-production method. Other long-term deferred assets are written off on the straight-line basis over their estimated useful lives of 5 - 15 years.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised based on the accounting policy as stated in "Mining rights" below. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mining rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the straight-line basis over their estimated useful lives of 2 to 30 years. The useful lives of the mining rights are reviewed annually in accordance with the production plans of the Group and the proven and probable reserves of the mines. Mining rights are written off to the income statement if the mining property is abandoned.

Prepaid land lease payments

Prepaid land lease payments are stated at cost less accumulated amortisation and any impairment losses. The prepaid land lease payments are amortised on the straight-line basis over the period of validity of the rights.

Research and development costs

All research costs are charged to the income statement as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment revaluation reserve. Interest and dividends earned are reported as interest income and dividend income respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because, (a) the variability in the range of reasonable fair value estimates is significant for that investment, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired;

(b) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) . The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include some accrued liabilities and other payables, trade and bills payables, interest-bearing bank borrowings and long term other payables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Derivative financial instruments

The Group enters into derivative financial instruments, such as forward commodity contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	—	purchase cost on the weighted average basis;
Finished goods and work in progress	—	cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.
Property under development	—	land cost, construction costs, borrowing costs, professional fees and other costs directly attributed to such properties incurred during the development period

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including time deposits, and assets similar in nature to cash which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for the Group's obligations for land rehabilitation are based on estimates of required expenditure at the mines in accordance with the PRC rules and regulations. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(a) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) processing income, when the relevant service is rendered;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(d) rental income, on a time proportion basis over the lease terms; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefits

The Group is mainly composed of companies established in the PRC and these companies participate in a defined retirement contribution plan managed by the local municipal governments of the areas in Mainland China in which they operate. The relevant authorities of the local municipal government in Mainland China undertake the retirement obligations of the Group's employees. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contribution payable is charged as an expense to the income statement as and when it is incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Renminbi at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The carrying amount of investment properties at 31 December 2009 was RMB55,145,000 (2008: RMB57,211,000).

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset's impairment no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event previously affecting the asset's value is no longer in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or its disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Income tax

The Group is subject to income taxes in various regions within Mainland China. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences are realised. The amount of income tax expense for the year ended 31 December 2009 was RMB968,254,000 (2008: RMB639,031,000).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of exploration and evaluation costs

The carrying value of exploration and evaluation costs is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is calculated as the higher of its fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2009, exploration and evaluation costs of RMB47,928,000 (2008: Nil) was written off. The aggregate carrying value of exploration and evaluation costs was RMB586,323,000 (2008: RMB472,632,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and, for mining related property, plant and equipment, on estimated mine lives (see further discussion below on mine reserves). Management will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

The impairment loss for property, plant and equipment is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount of the assets, or, where appropriate, the cash-generating unit to which they belong, is the higher of its fair value less costs to sell and value in use. The recoverable amounts are determined based on fair value less costs to sell which are based on the best information available to reflect the amount obtainable at the end of reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting the costs of disposal. For the estimation of value in use, the Group's management estimates future cash flows from the cash-generating units and chooses a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2009, impairment losses of RMB126,754,000 (2008:RMB38,920,000) have been recognised for property, plant and equipment. The carrying amount of property, plant and equipment at 31 December 2009 was RMB10,051,014,000 (2008: RMB8,259,305,000).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2009, impairment losses of RMB14,290,000 (2008: RMB8,658,000) have been recognised for goodwill. The carrying amount of goodwill at 31 December 2009 was RMB437,397,000 (2008: RMB327,982,000). More details are given in note 20.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. At 31 December 2009, no impairment has been recognised for available-for-sale assets (2008: RMB42,243,000). The carrying amount of available-for-sale assets at 31 December 2009 was RMB571,777,000 (2008: RMB422,238,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of receivables

The provision for impairment of receivables of the Group is based on the evaluation of collectibility and the aging analysis of trade receivables and on the judgement of management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the customers. Management reassesses the estimation on each reporting date. At 31 December 2009, no impairment loss has been recognised for receivables. The carrying amount of trade receivables at 31 December 2009 was RMB418,147,000 (2008: RMB322,131,000).

Impairment of mining rights

The carrying value of mining rights is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of mining rights, or, where appropriate, the cash-generating unit to which they belong, is calculated as the higher of its fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash- generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2009, impairment losses of RMB202,912,000 have been recognised for mining rights (2008: RMB113,315,000). The aggregate carrying value of mining rights was RMB4,800,562,000 (2008: RMB3,580,045,000).

Provision for land restoration and environmental costs

The provision for land restoration and environmental costs are based on estimates of future payments made by management. Estimates used are subjective in nature and involve uncertainties and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The aggregate carrying value of provision was RMB79,097,000 (2008: RMB59,589,000).

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated on regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Mine reserves (continued)

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment losses. The capitalised cost of mining rights and land compensation costs are depreciated over the estimated useful lives of the related mine reserves. The useful lives are reviewed annually in accordance with the production plans of the Group and the proven and probable reserves of the mines. The carrying amounts of mining rights and land compensation costs at 31 December 2009 were RMB4,800,562,000 (2008: 3,580,045,000) and RMB211,425,000 (2008: 240,524,000), respectively.

Provision for obsolete inventories

Management reviews the condition of the inventories of the Group and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of reporting period and makes provision for obsolete items. Management reassesses the estimation on each reporting date. At 31 December 2009, no impairment loss has been recognised for inventories (2008: RMB114,755,000).

4. OPERTATING SEGMENT INFORMATION

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

(a) the mine-produced gold segment is the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining.

(b) the processed gold segment is the production of gold bullion by refining gold ore;

(c) the copper cathodes segment is the production of copper cathodes;

(d) the zinc bullion segment is the production of zinc bullion;

(e) the ore concentrates segment comprises, principally, the production of gold concentrates, copper concentrates, zinc concentrates and iron concentrates; and

(f) the corporate and others segment comprises, principally, the production of vitriol, copperplate, silver, iron, etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments, effects of differences between IFRS and China Accounting Standards ("CAS") as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, equity and debt investments at fair value through profit or loss, derivative financial instruments, available-for-sales instrument and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

4. OPERTATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2009	Mine-produced gold *RMB'000*	Processed gold *RMB'000*	Copper cathodes *RMB'000*	Zinc bullion *RMB'000*	Ore concentrates *RMB'000*	Corporate and others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue:								
Sales to external customers	4,812,441	9,513,513	401,364	1,191,220	3,944,226	1,093,061	—	20,955,825
Intersegment sales	218,431	127,479	233,890	—	336,090	291,042	(1,206,932)	—
	5,030,872	9,640,992	635,254	1,191,220	4,280,316	1,384,103	(1,206,932)	20,955,825
Segment results:	2,866,889	189,976	191,898	201,060	1,797,406	188,213	—	5,435,442
Reconciliation:								
Interest and dividend income								127,001
Unallocated expenses								(375,110)
Finance costs								(168,425)
Segment profit								5,018,908
Assets and liabilities								
Segment assets:	4,005,200	1,025,227	2,110,446	2,591,089	9,869,546	3,709,889	—	23,311,397
Reconciliation:								
Unallocated assets								5,624,780
Assets classified as held for sale								709,960
Total assets								29,646,137
Segment liabilities:	1,210,684	577,134	189,577	1,271,761	1,520,490	373,481	—	5,143,127
Reconciliation:								
Unallocated liabilities								2,523,413
Liabilities directly associated with the assets classified as held for sale								366,131
Total liabilities								8,032,671

4. OPERTATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2009	Mine-produced gold RMB'000	Processed gold RMB'000	Copper cathodes RMB'000	Zinc bullion RMB'000	Ore concentrates RMB'000	Corporate and others RMB'000	Eliminations RMB'000	Consolidated RMB'000
Other segment information:								
Share of profits and losses of:								
Associates	(3,642)	—	—	—	53,299	29,393	—	79,050
Jointly-controlled entities	—	—	—	—	—	16,654	—	16,654
Impairment losses recognised in the income statement	347,197	—	—	10,000	18,086	2,658	—	377,941
Impairment losses reversed in the income statement	—	(6,594)	—	—	—	(7,197)	—	(13,791)
Exploration and evaluation cost written off	10,136	—	2,704	3,609	22,234	9,245	—	47,928
Non-cash gains/(losses)	(109,124)	—	(299,840)	1,952	—	73	—	(406,939)
Unallocated non-cash gains/(losses)								227,602
								(179,337)
Depreciation and amortisation	306,815	57,976	10,755	77,769	417,407	122,607	—	993,329
Interest in associates	—	—	107,733	—	903,573	412,629	—	1,423,935
Interest in jointly-controlled entities	—	—	—	—	76,210	—	—	76,210
Capital expenditure	974,025	45,238	20,643	472,758	2,826,354	443,895	—	4,782,913
Unallocated capital expenditure								39,608
								4,822,521

4. OPERTATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2008	Mine-produced gold *RMB'000*	Processed gold *RMB'000*	Copper cathodes *RMB'000*	Zinc bullion *RMB'000*	Ore concentrates *RMB'000*	Corporate and others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue:								
Sales to external customers	4,533,402	5,717,452	383,659	1,361,947	3,711,129	1,276,175	—	16,983,764
Intersegment sales	129,705	3,130	78,315	4,320	283,193	319,218	(817,881)	—
Total	4,663,107	5,720,582	461,974	1,366,267	3,994,322	1,595,393	(817,881)	16,983,764
Segment results:	2,601,409	9,864	265,097	101,279	2,008,459	153,432	—	5,139,540
Reconciliation:								
Interest and dividend income								186,771
Unallocated expenses								(606,782)
Finance costs								(247,326)
Segment profit								4,472,203
Assets and liabilities								
Segment assets:	4,040,548	783,402	1,640,722	1,810,336	8,682,227	2,098,179	—	19,055,414
Reconciliation:								
Unallocated assets								7,162,135
Total assets								26,217,549
Segment liabilities:	499,167	369,322	65,393	112,564	1,246,361	59,119	—	2,351,926
Reconciliation:								
Unallocated liabilities								4,686,498
Total liabilities								7,038,424

4. OPERTATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2008	Mine-produced gold *RMB'000*	Processed gold *RMB'000*	Copper cathodes *RMB'000*	Zinc bullion *RMB'000*	Ore concentrates *RMB'000*	Corporate and others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Other segment information:								
Share of profits and losses of:								
Associates	—	—	(5,826)	—	23,986	(6,790)	—	11,370
Jointly-controlled entities	29,012	—	—	—	(510)	—	—	28,502
Impairment losses recognised in the income statement	107,233	9,427	658	12,300	62,401	134,369	—	326,388
Non-cash gains/(losses)	65,905	—	50,110	12,362	—	—	—	128,377
Unallocated non-cash gains/(losses)								(51,556)
								76,821
Depreciation and amortization	253,126	14,642	24,256	67,195	250,960	88,466	—	698,645
Unallocated depreciation and amortization								2,576
								701,221
Interest in associates	—	—	113,858	—	646,645	331,087	—	1,091,590
Interest in jointly-controlled entities	199,093	—	—	—	77,102	—	—	276,195
Capital expenditure	987,527	248,736	250,460	419,370	3,201,552	752,137	—	5,859,782*
Unallocated capital expenditure								207,847*
								6,067,629

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, investment properties, long-term deferred assets and other assets.

4. OPERTATING SEGMENT INFORMATION *(continued)*

The following tables present the reconciliations of reportable segment revenue and profit before tax to the Group's consolidated amounts:

	2009 *RMB'000*	2008 *RMB'000*
Revenue		
Revenue for reportable segments	**20,955,825**	16,983,764
Sales taxes and levies not included in segment revenue	**(251,578)**	(285,803)
Other income included in segment revenue	**(489,136)**	(375,686)
Revenue for the period	**20,215,111**	16,322,275
Profit before tax		
Segment results	**5,435,442**	5,139,540
Interest and dividend income	**127,001**	186,771
Unallocated expenses	**(375,110)**	(606,782)
Finance costs	**(168,425)**	(247,326)
Effects of differences between IFRS and CAS	**26,415**	60,854
Profit before tax	**5,045,323**	4,533,057

Geographical information

Over 99% of the Group's revenue is derived from customers based in Mainland China, and over 92% of the Group's assets are located in Mainland China.

Information about a major customer

Revenue of approximately RMB14,114,170,000 (2008: RMB10,250,853,000) was derived from sales by mine-produced gold segment and processed gold segment to Shanghai Gold Exchange.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of trade discounts and returns.

An analysis of revenue, other income and gains is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Revenue		
Sale of gold bullion	**14,114,171**	10,250,853
Sale of gold concentrates	**1,019,895**	500,818
Sale of copper concentrates	**2,076,180**	2,111,774
Sale of copper cathodes	**401,365**	383,659
Sale of zinc bullion	**1,191,220**	1,361,947
Sale of zinc concentrates	**60,085**	34,419
Sale of iron concentrates	**591,912**	966,161
Others	**1,011,861**	951,742
Less: Sales taxes and levies*	**(251,578)**	(239,098)
	20,215,111	16,322,275
Other income		
Bank interest income	**123,171**	141,837
Rental income	**7,680**	5,063
Processing income	**6,738**	1,174
Dividend income	**3,830**	44,934
Hotel operating income	**23,630**	22,873
Gain on sales of scrap materials	**19,161**	65,408
Government grants	**44,131**	36,354
Others	**64,891**	68,822
	293,232	386,465

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

An analysis of revenue, other income and gains is as follows: *(continued)*

	2009 *RMB'000*	2008 *RMB'000*
Gains		
Exchange gains	729	7,357
Gains on derivative financial instruments (note 29)	—	127,020
Fair value gains on derivative financial instruments at fair value through profit or loss (note 29)	2,402	1,357
Fair value gains on equity and debt investments at fair value through profit or loss	26,100	—
Gain on disposal of a mining right	111,306	—
Gain on disposal of subsidiaries (note 40(b))	4,820	—
Gain on disposal of certain equity interests in subsidiaries	2,275	—
Gain on disposal of available-for-sale investments	37,793	—
Fair value gains on available-for-sale investments (transfer from equity on disposal) (note 24)	114,765	—
Excess of consideration over the cost on acquiring further equity interest in an associate	15,560	—
	315,750	135,734
	608,982	522,199

* The sales taxes and levies consisted of resources tax, business tax, education surcharge and city construction tax.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2009 *RMB'000*	2008 *RMB'000*
Interest on bank loans wholly repayable within five years	211,892	287,428
Less: Interest capitalised as construction in progress (note 41)	(43,467)	(40,102)
	168,425	247,326

The interest capitalised represents the cost of capital from raising the related borrowings and the interest capitalisation rate ranges from 5.13% to 5.41% (2008: 4.52% to 7.47%) per annum.

7. PROFIT BEFORE TAX

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

	Notes	2009 RMB'000	2008 RMB'000
Cost of inventories sold		13,364,964	10,038,128
Amortisation of prepaid land lease payments	16	15,447	13,069
Amortisation of long-term deferred assets	17	89,953	91,305
Amortisation of other intangible assets	19	166,346	59,180
Provision for land restoration and rehabilitation costs	34	19,508	12,745
(Write back)/write-down of inventories to net realisable value		(13,791)	114,755
		13,642,427	10,329,182
Depreciation of property, plant and equipment (note (a))	14	719,517	535,671
Depreciation of investment properties	15	2,066	1,994
Research and development expenditures		38,973	44,488
Minimum lease payments under operating leases on land and buildings		2,138	3,902
Auditors' remuneration		4,400	4,280
Staff costs (including directors' remuneration (note 8)):			
Salaries and other staff costs (note (b))		837,131	826,261
Retirement benefits - defined contribution fund (note (c))		48,422	45,741
		885,553	872,002
Provision for impairment of trade and other receivables*	26,27	1,657	8,498
Impairment provision for property, plant and equipment*^	14	126,754	38,920
Impairment provision for other intangible assets*^	19	202,912	113,315
Impairment provision for available-for-sale investments*	24	—	42,243
Impairment provision for goodwill*	20	14,290	8,658
Impairment provision for interest in a jointly-controlled entity*		20,571	—
Impairment provision for other assets*		10,007	—
Impairment provision for interest in an associate*		1,750	—
Donations*		140,210	270,812
Losses on disposal of property, plant and equipment*		12,894	8,945
Losses on disposal of other assets*		1,028	—
Losses on disposal of subsidiaries*	40(b)	—	54,168
Losses on derivative financial instruments*	29	409,341	—
Fair value losses on equity investments at fair value through profit or loss*		—	50,329
Exploration and evaluation costs written off	18	47,928	—

* Items classified under "Other expenses" in the consolidated income statement.

^ Impairment provision was recognised because the actual ore reserve turned out to be lower than the expectation.

7. PROFIT BEFORE TAX *(continued)*

Notes:

(a) Depreciation of approximately RMB412,226,000 was included in the cost of sales for the year ended 31 December 2009 (2008: RMB352,907,000).

(b) Staff costs of approximately RMB538,925,000 were included in the cost of sales for the year ended 31 December 2009 (2008: RMB463,406,000). Retirement benefits of approximately RMB30,366,000 were included in the cost of sales for the year ended 31 December 2009 (2008:RMB25,356,000).

(c) According to the relevant rules and regulations of the PRC, the Company and its subsidiaries estabilished in the PRC participate in defined contribution retirement plans. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area. The Company and its subsidiaries are required to make contributions to the local social security bureau at rates ranging from 11% to 25% of the prior year's average basic salaries within the geographical area where the employees are under employment with the Company and its subsidiaries. The Company and its subsidiaries have no obligation for the payment of pension benefits beyond the annual contributions to the local social security bureau as set out above.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009 *RMB'000*	2008 *RMB'000*
Fees	**600**	600
Other emoluments:		
Salaries, allowances and benefits in kind	**15,591**	16,141
Discretionary bonuses	**4,562**	14,804
Pension scheme contributions	**26**	56
	20,179	31,001
	20,779	31,601

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

There was no emolument paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2008: Nil).

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees payable to the independent non-executive directors during the year are as follows:

	2009 *RMB'000*	2008 *RMB'000*
Mr. Chen Yuchuan	150	150
Mr. Lin Yongjing	150	150
Mr. Su Congfu	150	150
Mr. Loong Ping Kwan*	125	150
Mr. Wang Xiaojun**	25	—
	600	600

*	Independent non-executive director resigned on 4 November 2009.

**	Independent non-executive director appointed on 5 November 2009.

(b) Executive directors and a non-executive director

2009	Salaries allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
Executive directors:				
Mr. Chen Jinghe	4,218	1,462	—	5,680
Mr. Liu Xiaochu	2,199	581	—	2,780
Mr. Lan Fusheng	2,199	628	13	2,840
Mr. Zou Laichang	2,199	579	13	2,791
Mr. Luo Yingnan	2,427	630	—	3,057
Mr. Huang Xiaodong	2,199	682	—	2,881
Non-executive director:				
Mr. Peng Jiaqing	150	—	—	150
	15,591	4,562	26	20,179

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and a non-executive director *(continued)*

2008	Salaries allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
Executive directors:				
Mr. Chen Jinghe	4,440	4,596	6	9,042
Mr. Liu Xiaochu	2,310	1,593	6	3,909
Mr. Lan Fusheng	2,310	2,147	17	4,474
Mr. Zou Laichang	2,310	3,100	15	5,425
Mr. Luo Yingnan	2,310	1,765	6	4,081
Mr. Huang Xiaodong	2,310	1,603	6	3,919
Non-executive directors:				
Mr. Ke Xiping*	38	—	—	38
Mr. Peng Jiaqing**	113	—	—	113
	16,141	14,804	56	31,001

* Non-executive director resigned on 20 June 2008.

** Non-executive director was appointed on 20 June 2008.

Directors' remuneration of RMB5,003,000 (2008: RMB14,328,000) accrued in 2008 was paid during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Group during the year included five (2008: five) directors, details of whose remuneration are set out in note 8 above.

10. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
Group:		
Current - Hong Kong	—	2,561
- Mainland China	**893,897**	694,894
Underprovision/(overprovision) in prior years	**94,661**	(8,884)
Deferred (note 35)	**(20,304)**	(49,540)
	968,254	639,031

Provision for Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. INCOME TAX EXPENSE *(continued)*

Provision for the PRC corporate income tax has been provided at the rate of 25% (2008: 25%) based on the taxable profits except for those related to the following operations in the Group:

Notes:

Pursuant to Min Gao Ke [2009] No.6 jointly issued by the Fujian Science and Technology Bureau, Fujian General Finance Bureau, Fujian State Tax Bureau, and Fujian Local Tax Bureau of Fujian dated 25 November 2008, the Company was granted the status of High-New Technology Enterprise from 2008 to 2010. Therefore, the Company was granted a preferential tax rate of 15% from 1 January 2008 to 31 December 2010 pursuant to Guo Shui Fa [2008] No.111 issued by the State Administration of Taxation and Hang Di Shui [2009] No.8001 issued by Shanghang local Tax Bureau.

Pursuant to A Di Guo Shui Ban [2008] No.421 issued by Fuyun tax bureau, Fuyun Jinshan Mining Company Limited ("Fuyun Jinshan") was exempted from corporate income tax from 1 January 2008 to 31 December 2010.

Pursuant to Cai Shui [2001] No.202 and Yun Di Shui Er Zi [2002] No.65 issued by State Tax Bureau and Yunnan Tax Bureau, Yuanyang Huaxi Mining Company Limited ("Yuanyang Huaxi") was granted a preferential tax rate of 15% from 1 January 2003 to 31 December 2010.

Pursuant to Ha Di Shui Han [2005] No.80 issued by the local tax bureau of Habahe County, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele") is exempted from corporate income tax for a five-year period from 1 January 2005 to 31 December 2009. The tax concession was terminated since 1 January 2009 pursuant to Xin Zheng Fa [2008] No.29. Pursuant to Xin Zheng Fa [2001] No.202, Xinjiang Ashele is granted a preferential tax rate of 15% from 1 January 2009 to 31 December 2010.

Pursuant to Guo Fa [2007] No.39 issued by the State Council, Zijin Mining Group (Xiamen) Investment Company Limited and Xiamen Zijin Mining Technology Company Limited are granted a tax concession at a preferential tax rate of 20% for the year ended 31 December 2009, 22% for 2010, 24% for 2011, and 25% for 2012.

Pursuant to Cai Shui [2001] No.202 jointly issued by the General office of Finance, the State Administration of Taxation, Maritime Customs Administration and Guo Fa [2007] No.29 issued by the State Council, Qinghai West Copper Company Limited ("Qinghai West") was granted a tax concession at a preferential rate of 15% from 1 January 2007 to 31 December 2010.

Pursuant to Cai Shui [2001] No.202 jointly issued by the General office of Finance, the State Administration of Taxation, Maritime Customs Administration, Guo Shui Han [2002] No.47 and Ba Guo Shui Han [2008] No.50 issued by State Council, Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin") was granted a tax concession at a preferential rate of 15% for the year ended 31 December 2009.

Pursuant to Ji Guo Shui Fa [2006] No.80 issued by the State Tax Bureau dated 11 April 2006, Hunchun Zijin Mining Company Limited enjoys a tax concession at a preferential rate of 15% from 1 January 2006 to 31 December 2010.

10. INCOME TAX EXPENSE *(continued)*

Notes: *(continued)*

Pursuant to Fu Di Shui Zi [2009] No.003 issued by Xinjiang tax bureau dated 4 August 2009, the tax concession at a preferential rate of 15% of Xinjiang Jinbao Mining Limited ("Xinjiang Jinbao") was terminated since 1 January 2008 and the concession of tax expenses of RMB47,976,000 for 2008 was levied in 2009.

Pursuant to Xin Di Shui Han [2008] No.464 issued by Xinjiang tax bureau dated 24 November 2008, the tax exemption of Xinjiang Jinbao is terminated since 1 January 2007 and the exemption of tax expenses of RMB24,198,000 for the year 2007 was levied in 2009.

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2009		2008	
	RMB'000	%	*RMB'000*	%
Profit before tax	5,045,323		4,533,057	
At the PRC applicable tax rate	756,798	15.00	679,959	15.00
Expenses not deductible for tax	25,969	0.51	8,028	0.18
Income not subject to tax	(7,902)	(0.16)	(26,850)	(0.59)
Profits and losses attributable to associates and jointly-controlled entities	(14,356)	(0.28)	(5,981)	(0.13)
Different tax rates on the profit of the Company and certain subsidiaries	58,286	1.15	(55,482)	(1.22)
Underprovision/(overprovision) in prior years	94,661	1.88	(8,884)	(0.20)
Tax losses not recognised	15,591	0.31	19,069	0.42
Deductible temporary differences not recognise	39,207	0.78	29,172	0.64
Tax charge at the Group's effective rate	968,254	19.19	639,031	14.10

The share of tax attributable to associates and jointly-controlled entities amounting to RMB31,909,000 (2008: RMB22,844,000) is included in ''Share of profits and losses of associates and jointly-controlled entities" in the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2009 includes a profit of RMB2,595,455,000 (2008: RMB2,464,094,000) which has been dealt with in the financial statements of the Company (note 39).

12. DIVIDENDS

	2009 *RMB'000*	2008 *RMB'000*
Proposed final dividend - RMB0.10 (2008: RMB0.10) per ordinary share	**1,454,131**	1,454,131

The proposed final dividend of RMB1,454,131,000 for the year ended 31 December 2009 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

At the shareholders' meeting on 20 March 2009, the directors declared a final dividend of RMB1,454,131,000 in respect of the year ended 31 December 2008.

In accordance with the articles of association of the Company, the net profit after tax of the Company for the purpose of profit distribution is based on the lower of the net profit determined under the China Accounting Standards and regulations and that under IFRSs.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the parent of RMB3,552,347,000 (2008: RMB3,066,201,000) and the weighted average number of 14,541,309,100 ordinary shares (2008: 14,074,642,433 ordinary shares) in issue during the year.

There were no potentially diluting events for the year ended 31 December 2009 and 2008.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000 (note (a))	Electricity generation plant RMB'000	Mining assets RMB'000 (note (b))	Leasehold improvements RMB'000	Plant, machinery and equipment RMB'000	Furniture and fixtures RMB'000	Motor Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:									
At 1 January 2009	1,448,113	322,246	2,769,602	18,425	2,407,999	98,703	392,907	2,677,708	10,135,703
Additions	—	40,581	65,745	7,585	322,683	12,751	46,094	2,174,228	2,669,667
Additions through acquisition of subsidiaries (note 40(a))	88,237	99,065	225,658	1,205	150,366	3,876	18,505	123,760	710,672
Transfer from/(to)	532,699	96,196	824,622	41	586,947	429	12,398	(2,053,332)	—
Disposals	(40,798)	(1,080)	(39,781)	(2,382)	(27,752)	(1,969)	(11,937)	(28,761)	(154,460)
Disposal of subsidiaries (note 40(b))	(14,433)	(5,650)	(42,421)	(10)	(6,172)	(1,520)	(7,732)	(19,743)	(97,681)
Assets classified as held for sale (note 37)	—	(23,584)	(225,231)	—	(129,732)	(745)	(1,134)	(22,245)	(402,671)
At 31 December 2009	2,013,818	527,774	3,578,194	24,864	3,304,339	111,525	449,101	2,851,615	12,861,230
Accumulated depreciation and impairment:									
At 1 January 2009	138,090	53,700	857,676	8,795	572,663	47,120	168,806	29,548	1,876,398
Depreciation for the year	92,335	31,206	256,071	5,977	243,485	14,208	76,235	—	719,517
Impairment provided for the year	437	—	14,908	—	35	—	—	111,374	126,754
Additions through acquisition of subsidiaries (note 40(a))	20,489	44,239	109,708	96	48,265	1,239	1,824	—	225,860
Disposal of subsidiaries (note 40(b))	(2,601)	(599)	(9,604)	(8)	(4,121)	(444)	(2,114)	—	(19,491)
Disposals	(10,953)	(771)	(37,784)	(2,312)	(14,011)	(1,441)	(5,865)	—	(73,137)
Assets classified as held for sale (note 37)	—	(3,726)	(15,893)	—	(25,230)	(373)	(463)	—	(45,685)
At 31 December 2009	237,797	124,049	1,175,082	12,548	821,086	60,309	238,423	140,922	2,810,216
Net book value:									
At 31 December 2009	1,776,021	403,725	2,403,112	12,316	2,483,253	51,216	210,678	2,710,693	10,051,014

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group *(continued)*

	Buildings *RMB'000* (note (a))	Electricity generation plant *RMB'000*	Mining assets *RMB'000* (note (b))	Leasehold improvements *RMB'000*	Plant, machinery and equipment *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:									
At 1 January 2008	1,005,037	229,245	2,384,861	17,169	1,463,391	77,089	266,545	1,900,712	7,344,049
Additions	109,068	23,285	11,560	1,061	233,048	19,756	135,081	2,274,508	2,807,367
Additions through acquisition of subsidiaries (note 40(a))	16,412	2,756	38,044	173	14,579	4,252	5,558	28,986	110,760
Transfer from/(to)	325,330	75,000	384,367	800	726,548	1,909	2,685	(1,516,639)	—
Disposals	(7,734)	(3,637)	(20,240)	(778)	(21,310)	(3,518)	(11,137)	(4,353)	(72,707)
Disposal of subsidiaries (note 40(b))	—	(4,403)	(28,990)	—	(8,257)	(785)	(5,825)	(5,506)	(53,766)
At 31 December 2008	1,448,113	322,246	2,769,602	18,425	2,407,999	98,703	392,907	2,677,708	10,135,703
Accumulated depreciation and impairment:									
At 1 January 2008	83,616	34,274	644,348	7,818	394,873	33,681	141,721	—	1,340,331
Depreciation charge for the year	56,109	20,563	220,329	931	188,019	16,065	33,655	—	535,671
Impairment provided for the year	—	—	9,372	—	—	—	—	29,548	38,920
Additions through acquisition of subsidiaries (note 40(a))	26	2	26	159	382	458	605	—	1,658
Disposal of subsidiaries (note 40(b))	—	(281)	(10,276)	—	(2,499)	(228)	(1,086)	—	(14,370)
Disposals	(1,661)	(858)	(6,123)	(113)	(8,112)	(2,856)	(6,089)	—	(25,812)
At 31 December 2008	138,090	53,700	857,676	8,795	572,663	47,120	168,806	29,548	1,876,398
Net book value:									
At 31 December 2008	1,310,023	268,546	1,911,926	9,630	1,835,336	51,583	224,101	2,648,160	8,259,305

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Buildings *RMB'000*	Electricity generation plant *RMB'000*	Mining assets *RMB'000* (note (b))	Leasehold improvements *RMB'000*	Plant, machinery and equipment *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:									
At 1 January 2009	89,030	29,974	844,027	8,903	417,496	22,998	90,130	382,251	1,884,809
Additions	1,819	373	2,049	12	90,175	5,194	24,729	556,855	681,206
Transfer from/(to)	—	—	97,010	—	1,526	—	—	(98,536)	—
Disposals	(5,437)	(284)	(28,336)	—	(13,031)	(716)	(2,091)	—	(49,895)
At 31 December 2009	85,412	30,063	914,750	8,915	496,166	27,476	112,768	840,570	2,516,120
Accumulated depreciation and impairment:									
At 1 January 2009	21,612	11,901	536,919	7,492	154,850	12,494	15,118	—	760,386
Depreciation charged for the year	4,306	2,233	78,139	279	59,278	4,373	16,879	—	165,487
Disposals	(1,411)	(134)	(24,029)	—	(7,926)	(554)	(1,570)	—	(35,624)
At 31 December 2009	24,507	14,000	591,029	7,771	206,202	16,313	30,427	—	890,249
Net book value:									
At 31 December 2009	60,905	16,063	323,721	1,144	289,964	11,163	82,341	840,570	1,625,871

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company *(continued)*

	Buildings *RMB'000*	Electricity generation plant *RMB'000*	Mining assets *RMB'000* (note (b))	Leasehold improvements *RMB'000*	Plant, machinery and equipment *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:									
At 1 January 2008	83,353	26,718	779,029	8,443	324,402	19,387	27,951	167,075	1,436,358
Additions	737	2,587	1,965	627	77,333	4,532	66,161	314,201	468,143
Transfer from/(to)	5,002	669	67,032	611	25,711	—	—	(99,025)	—
Disposals	(62)	—	(3,999)	(778)	(9,950)	(921)	(3,982)	—	(19,692)
At 31 December 2008	89,030	29,974	844,027	8,903	417,496	22,998	90,130	382,251	1,884,809
Accumulated depreciation and impairment:									
At 1 January 2008	15,379	10,135	437,922	7,393	115,377	9,418	10,883	—	606,507
Depreciation charged for the year	6,256	1,766	101,108	211	44,208	3,866	7,192	—	164,607
Disposals	(23)	—	(2,111)	(112)	(4,735)	(790)	(2,957)	—	(10,728)
At 31 December 2008	21,612	11,901	536,919	7,492	154,850	12,494	15,118	—	760,386
Net book value:									
At 31 December 2008	67,418	18,073	307,108	1,411	262,646	10,504	75,012	382,251	1,124,423

As at 31 December 2009, equipments with a net book value of RMB42,740,000 (2008: Nil) of the Group was pledged to a bank for a bank loan of RMB30,000,000 (note 33).

Notes:

(a) Included in the balance of the Group are building structures with a net book value of RMB920,295,107 (2008: RMB385,055,000) in respect of which the Group was in the process of applying for the relevant real estate certificates as at 31 December 2009.

(b) Included in the balance of the Group are building structures located in the mines with a net book value of RMB74,506,000 (2008: RMB49,017,000) in respect of which the Group was in the process of applying for the relevant land use rights certificates as at 31 December 2009.

15. INVESTMENT PROPERTIES

	2009 *RMB'000*	2008 *RMB'000*
Cost:		
At 1 January	**62,627**	61,751
Additions	**—**	876
At 31 December 2009	**62,627**	62,627
Accumulated depreciation:		
At 1 January	**5,416**	3,422
Depreciation charge for the year	**2,066**	1,994
At 31 December 2009	**7,482**	5,416
Net book value:		
At 31 December 2009	**55,145**	57,211

The Group's investment properties are situated in Mainland China and are held under medium term leases.

16. PREPAID LAND LEASE PAYMENTS

	Group RMB'000	Company RMB'000
Cost:		
At 1 January 2009	554,179	62,262
Additions	133,105	17,056
Additions through acquisition of subsidiaries (note 40(a))	22,408	—
Transfer to property under development (note 25)	(301,657)	—
Assets classified as held for sale (note 37)	(1,896)	—
At 31 December 2009	406,139	79,318
Accumulated amortization and impairment:		
At 1 January 2009	28,877	6,255
Provided during the year	15,447	1,223
Additions through acquisition of subsidiaries (note 40(a))	45	—
Assets classified as held for sale (note 37)	(169)	—
At 31 December 2009	44,200	7,478
Net book value:		
At 31 December 2009	361,939	71,840

	Group RMB'000	Company RMB'000
Cost:		
At 1 January 2008	173,167	57,039
Additions	384,763	5,223
Disposal of subsidiaries (note 40(b))	(3,751)	—
At 31 December 2008	554,179	62,262
Accumulated amortisation:		
At 1 January 2008	16,427	4,964
Provided during the year	13,069	1,291
Disposal of subsidiaries (note 40(b))	(619)	—
At 31 December 2008	28,877	6,255
Net book value:		
At 31 December 2008	525,302	56,007

The land use rights are situated in Mainland China and are held under medium term leases.

17. LONG-TERM DEFERRED ASSETS

Group

	Land compensation costs RMB'000	Bi-polar plates RMB'000	Under-ground auxiliary lanes RMB'000	Others RMB'000	Total RMB'000
Cost:					
At 1 January 2009	295,527	100,214	160,121	214,613	770,475
Additions	10,370	5,788	39,751	59,137	115,046
Additions through acquisition of subsidiaries (note 40(a))	645	—	—	1,879	2,524
Disposal of subsidiaries (note 40(b))	(1,917)	—	(10,860)	(4,759)	(17,536)
Disposals	(8,735)	—	—	—	(8,735)
Assets classified as held for sale (note 37)	—	—	—	(8,169)	(8,169)
At 31 December 2009	295,890	106,002	189,012	262,701	853,605
Accumulated amortisation:					
At 1 January 2009	55,003	41,773	31,582	57,547	185,905
Provided during the year	30,300	27,302	18,593	13,758	89,953
Additions through acquisition of subsidiaries (note 40(a))	—	—	—	155	155
Disposal of subsidiaries (note 40(b))	(356)	—	(1,951)	—	(2,307)
Disposals	(482)	—	—	—	(482)
At 31 December 2009	84,465	69,075	48,224	71,460	273,224
Net book value:					
At 31 December 2009	211,425	36,927	140,788	191,241	580,381

17. LONG-TERM DEFERRED ASSETS *(continued)*

Group *(continued)*

	Land compensation costs *RMB'000*	Bi-polar plates *RMB'000*	Under-ground auxiliary lanes *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2008	244,373	63,385	144,669	132,347	584,774
Additions	46,061	36,829	15,452	54,467	152,809
Additions through acquisition of subsidiaries (note 40(a))	21,463	—	—	39,004	60,467
Disposal of subsidiaries (note 40(b))	(14,834)	—	—	—	(14,834)
Disposals	(1,536)	—	—	(11,205)	(12,741)
At 31 December 2008	295,527	100,214	160,121	214,613	770,475
Accumulated amortisation:					
At 1 January 2008	44,135	14,860	15,464	26,519	100,978
Provided during the year	15,674	26,913	16,118	32,600	91,305
Disposal of subsidiaries (note 40(b))	(4,756)	—	—	—	(4,756)
Disposals	(50)	—	—	(1,572)	(1,622)
At 31 December 2008	55,003	41,773	31,582	57,547	185,905
Net book value:					
At 31 December 2008	240,524	58,441	128,539	157,066	584,570

17. LONG-TERM DEFERRED ASSETS *(continued)*

Company

	Land compensation costs *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2009	159,429	6,639	166,068
Additions	864	1,393	2,257
Disposal	—	(61)	(61)
At 31 December 2009	160,293	7,971	168,264
Accumulated amortisation:			
At 1 January 2009	55,431	3,385	58,816
Provided during the year	14,971	1,411	16,382
At 31 December 2009	70,402	4,796	75,198
Net book value:			
At 31 December 2009	89,891	3,175	93,066
Cost:			
At 1 January 2008	153,760	5,364	159,124
Additions	5,669	1,275	6,944
At 31 December 2008	159,429	6,639	166,068
Accumulated amortisation:			
At 1 January 2008	40,507	2,139	42,646
Provided during the year	14,924	1,246	16,170
At 31 December 2008	55,431	3,385	58,816
Net book value:			
At 31 December 2008	103,998	3,254	107,252

18. OTHER ASSETS

Group

	2009 *RMB'000*	2008 *RMB'000*
Prepayment for construction works	**970,740**	646,753
Prepayment for mining and exploration rights	**215,047**	1,395,240
Prepayment for land use rights	**143,869**	116,184
Exploration and evaluation assets	**586,323**	472,632
Loan to ex-minority shareholders (note a)	**38,900**	78,900
Loan to a shareholder (note b)	**32,020**	—
Prepaid investment costs (note c)	**150,029**	171,497
Others	**87,080**	81,896
Total	**2,224,008**	2,963,102

Company

	2009 *RMB'000*	2008 *RMB'000*
Prepayment for construction works	**76,100**	63,495
Prepayment for mining and exploration rights	**—**	183,240
Prepayment for land use rights	**15,250**	41,190
Loan to ex-minority shareholders (note a)	**38,900**	78,900
Prepaid investment costs (note c)	**732,000**	740,028
Exploration and evaluation assets	**21,768**	24,363
Total	**884,018**	1,131,216

Note a: The loan to ex-minority shareholders is interest-free, repayable by four instalments by 2011 and is secured by property, plant and equipment and prepaid land lease payments.

Note b: The loan to a shareholder is unsecured, repayable by three instalments by 2012 and bears interest at a rate of 5.4% per annum.

Note c: Included in the balance of prepaid investment costs of the Group is a prepaid investment cost in an associate of RMB132,000,000 (2008: RMB132,000,000).

Included in the balance of prepaid investment costs of the Company is a prepaid investment cost in an associate of RMB132,000,000 (2008: RMB132,000,000) and prepaid investment costs in the subsidiaries for capital increment.

18. OTHER ASSETS *(continued)*

The movements in exploration and evaluation costs during the years ended 31 December 2009 and 2008 were as follows:

	2009 *RMB'000*	2008 *RMB'000*
Group		
At 1 January	**472,632**	196,551
Additions	**252,847**	373,026
Transferred to other intangible assets (note 19)	**(80,133)**	(91,192)
Amount written off	**(47,928)**	—
Assets classified as held for sale	**(11,095)**	—
Disposal of subsidiaries (note 40(b))	**—**	(5,753)
At 31 December	**586,323**	472,632

	2009 *RMB'000*	2008 *RMB'000*
Company		
At 1 January	**24,363**	15,734
Additions	**4,089**	8,629
Amount written off	**(2,704)**	—
Transferred to other intangible assets (note 19)	**(3,980)**	—
At 31 December	**21,768**	24,363

19. OTHER INTANGIBLE ASSETS

Group

	Mining rights *RMB'000*	Trading rights Trading rights in Shanghai Gold Exchange *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2009	3,878,235	2,552	6,576	3,887,363
Additions	1,559,943	41	11,740	1,571,724
Transferred from exploration and evaluation assets (note 18)	80,133	—	—	80,133
Additions through acquisition of subsidiaries (note 40(a))	3,336	—	—	3,336
Disposal of subsidiaries (note 40(b))	(14,503)	—	—	(14,503)
Disposals	(12,431)	—	(757)	(13,188)
Assets classified as held for sale (note 37)	(36,179)	—	(104)	(36,283)
At 31 December 2009	5,458,534	2,593	17,455	5,478,582
Accumulated amortisation and impairment:				
At 1 January 2009	298,190	938	1,412	300,540
Provided for the year	162,342	245	3,759	166,346
Impairment provided for the year	202,912	—	—	202,912
Disposal of subsidiaries (note 40(b))	(1,642)	—	—	(1,642)
Disposals	—	—	(757)	(757)
Assets classified as held for sale (note 37)	(3,830)	—	(47)	(3,877)
At 31 December 2009	657,972	1,183	4,367	663,522
Net book value:				
31 December 2009	4,800,562	1,410	13,088	4,815,060

19. OTHER INTANGIBLE ASSETS *(continued)*

Group *(continued)*

	Mining rights *RMB'000*	Trading rights in Shanghai Gold Exchange *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2008	1,739,837	2,500	3,513	1,745,850
Additions	619,613	52	3,313	622,978
Transferred from exploration and evaluation assets (note 18)	91,192	—	—	91,192
Additions through acquisition of subsidiaries (note 40(a))	1,467,929	—	—	1,467,929
Disposal of subsidiaries (note 40(b))	(40,336)	—	(250)	(40,586)
At 31 December 2008	3,878,235	2,552	6,576	3,887,363
Accumulated amortisation and impairment:				
At 1 January 2008	128,803	683	894	130,380
Provided for the year	58,383	255	542	59,180
Additions through acquisition of subsidiaries (note 40(a))	971	—	—	971
Disposal of subsidiaries (note 40(b))	(3,282)	—	(24)	(3,306)
Impairment provided for the year	113,315	—	—	113,315
At 31 December 2008	298,190	938	1,412	300,540
Net book value:				
31 December 2008	3,580,045	1,614	5,164	3,586,823

19. OTHER INTANGIBLE ASSETS *(continued)*

Company

	Mining rights *RMB'000*	Trading rights in Shanghai Gold Exchange *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2009	197,985	552	997	199,534
Additions	200,840	41	248	201,129
Transferred from exploration and evaluation assets (note 18)	3,980	—	—	3,980
At 31 December 2009	402,805	593	1,245	404,643
Accumulated amortisation:				
At 1 January 2009	49,232	305	6	49,543
Provided for the year	21,812	61	20	21,893
At 31 December 2009	71,044	366	26	71,436
Net book value:				
31 December 2009	331,761	227	1,219	333,207
Cost:				
At 1 January 2008	185,717	500	765	186,982
Additions	12,268	52	232	12,552
At 31 December 2008	197,985	552	997	199,534
Accumulated amortisation:				
At 1 January 2008	39,493	250	6	39,749
Provided for the year	9,739	55	—	9,794
At 31 December 2008	49,232	305	6	49,543
Net book value:				
31 December 2008	148,753	247	991	149,991

20. GOODWILL

Group

	2009 *RMB'000*	2008 *RMB'000*
Net carrying amount at 1 January	327,982	339,132
Acquisition of subsidiaries (note 40(a))	125,794	—
Disposal of a subsidiary (note 40(b))	(2,089)	—
Disposal of an equity interest in a subsidiary	—	(2,492)
Impairment provided for the year	(14,290)	(8,658)
Net carrying amount at 31 December	437,397	327,982

	2009 *RMB'000*	2008 *RMB'000*
Cost		
At 1 January	336,640	339,132
Acquisition of subsidiaries (note 40(a))	125,794	—
Disposal of a subsidiary (note 40(b))	(2,089)	—
Disposal of an equity interest in a subsidiary	—	(2,492)
At 31 December	460,345	336,640

	2009 *RMB'000*	2008 *RMB'000*
Impairment:		
At 1 January	8,658	—
Impairment provision for the year	14,290	8,658
At 31 December	22,948	8,658

20. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units for impairment testing:

- Mine-produced gold cash-generating unit
- Processed gold cash-generating unit
- Zinc bullion cash-generating unit
- Ore concentrates cash-generating unit
- Others

The recoverable amounts of the above cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a three-year period approved by senior management. The discount rate applied to cash flow projections are 11% to 13% (2008: 12% to 14%) and cash flows beyond the three-year period are extrapolated using a growth rate of 3% (2008: 3%) which is the estimated inflation rate in the PRC.

The carrying amount of goodwill allocated to each of the cash-generating units after impairment provision is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Mine-produced gold cash-generating unit	**24,579**	38,870
Processed gold cash-generating unit	**1,241**	1,241
Zinc bullion cash-generating unit	**14,532**	14,532
Ore concentrates cash-generating unit	**275,591**	273,339
Others	**121,454**	—
	437,397	327,982

Key assumptions used in the value in use calculation of the subsidiaries for 31 December 2009 and 31 December 2008 are as follows:

Gross margins

The basis used to determine the value assigned to the future gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Raw materials price inflation

The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

20. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

Commodity price inflation

The basis used to determine the value assigned to commodity price inflation is the expectations of future changes in the market.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

21. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	RMB'000	*RMB'000*
Unlisted shares, at cost	**7,883,999**	6,774,459
Advance to a subsidiary	**223,799**	223,799
Loans to subsidiaries	**493,000**	1,243,270
	8,600,798	8,241,528
Impairment provision	**(209,910)**	(64,320)
	8,390,888	8,177,208

An impairment provision was recognised for certain unlisted investments with a carrying amount of RMB209,910,000 (2008: RMB64,320,000)(before deducting the impairment loss) because the actual ore reserve of the subsidiaries turned out to be lower than the expectation. An impairment loss of RMB160,891,000 was recognised during the current year (2008: RMB43,020,000). An impairment provision of RMB15,300,000 was written off during the current year (2008: Nil).

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB2,854,893,000 (2008: RMB766,529,000) and RMB170,924,000 (2008: RMB412,087,000), respectively, are unsecured, interest-free and are repayable on demand or within one year.

The amount advanced to a subsidiary included in the interests in subsidiaries above is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Company's directors, the advance is considered as quasi-equity loan to the subsidiary.

The loans to subsidiaries are unsecured, bear interest at rates ranging from nil to 7.47% (2008: Nil to 7.47%) per annum and have no fixed terms of repayment.

21. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Particulars of the Company's principal subsidiaries are as follows:

Name	Type of legal entity	Place of incorporation/ registration and operations	Nominal value of paid-up capital/ registered capital '000	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guizhou Zijin Mining Company Limited ("Guizhou Zijin")	Limited company	PRC	RMB100,000	51%	5%	Gold mining and geological studies
Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Investment")	Limited company	PRC	RMB 400,000	100%	—	Geological studies and provision of mining technical consultancy services
Hunchun Zijin Mining Company Limited ("Hunchun Zijin")	Limited company	PRC	RMB200,000	96.63%	3.37%	Gold mining and geological studies
Fujian Zijin Copper Company Limited ("Fujian Copper")	Limited company	PRC	RMB300,000	—	100%	Manufacture and sale of copper alloys
Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao")	Limited company	PRC	RMB50,000	—	56%	Iron mining and geological studies
Fujian Zijin Investment Company Limited ("Zijin Investment")	Limited company	PRC	RMB550,000	99.09%	0.91%	Investment holding
Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin")	Limited company	PRC	RMB375,000	67.2%	—	Refinery of zinc concentrates
Wulate Houqi Zijin Mining Company Limited ("Wulate Zijin")	Limited company	PRC	RMB50,000	—	95%	Zinc mining
Zijin (International) Mining Company Limited ("Zijin International")	Limited company	PRC	RMB100,000	95%	5%	Geological studies

21. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name	Type of legal entity	Place of incorporation/ registration and operations	Nominal value of paid-up capital/ registered capital '000	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Luoyang Yinhui Gold Refinery Company Limited ("Luoyang Yinhui")	Limited company	PRC	RMB150,000	70%	—	Gold and silver processing and geological studies
Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele")	Limited company	PRC	RMB250,000	51%	—	Copper mining and geological studies
Yunnan Huaxi Mining Company Limited ("Yunnan Huaxi")	Limited company	PRC	RMB100,000	53%	—	Geological studies
JV Zeravshan LLC ("ZGC")	—	Tajikistan	US$24,249	—	75%	Gold mining
Yuanyang Huaxi Mining Company Limited ("Yuanyang Huaxi")	Limited company	PRC	RMB90,000	—	100%	Mining of gold, silver, copper, etc. and geological studies
Qinghai West Copper Company Limited ("Qinghai West")	Limited company	PRC	RMB120,000	100%	—	Copper mining
Huanmin Mining Company Limited ("Huanmin Mining")	Limited company	PRC	RMB156,410	51%	—	Mining of copper, molybdenum and geological studies
Luoning Huatai Mining Development Company Limited ("Luoning Huatai")	Limited company	PRC	RMB20,000	—	100%	Gold mining and geological studies
Zijin Copper Company Limited ("Zijin Copper")	Limited company	PRC	RMB400,000/ 1,000,000	100%	—	Refinery activities
Sino Trend Hydro Power Investment Limited ("Sino Trend")	—	BVI	US$3,500/ US$50,000	—	100%	Hydraulic electric generation

21. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The statutory audited financial statements of the subsidiaries were not audited by Ernst & Young Hong Kong or any other member firm of the Ernst & Young global network.

22. INTERESTS IN ASSOCIATES

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares, at cost	—	—	**918,502**	918,502
Share of net assets	**1,423,935**	1,091,590	—	—
	1,423,935	1,091,590	**918,502**	918,502

Particulars of the principal associates are as follows:

Name	Place of incorporation/ registration and operation	Registered/ issued share capital *RMB'000*	Percentage of ownership interest attributable to the Group	Principal activities
Fujian Makeng Mining Company Limited	PRC	200,000	31.5%	Iron mining and geological studies
Tibet Yulong Copper Joint Stock Company Limited ("Tibet Yulong")	PRC	625,000	22%	Copper mining and geological studies
Fujian Haixia Kehua Company Limited	PRC	230,000	28%	Dynamite production
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan")	PRC	1,350,000	45%	Investment holding of mining companies
Xiamen Modern Terminal Company Limited	PRC	335,580	25%	Logistics services
Wancheng Commercial Mining Company Limited ("Wancheng Commercial")	PRC	12,000	37.5%	Zinc and lead mining and geological studies

22. INTERESTS IN ASSOCIATES *(CONTINUED)*

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantive portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The financial statements of the associates are coterminous with those of the Group.

The Group's prepayment and other receivable, trade receivable and trade payable balances with the associates are disclosed in notes 26, 27 and 32 to the financial statements, respectively.

The following table set out the summarised financial information of the Group's associates extracted from their management accounts:

	Group	
	2009	2008
	RMB'000	*RMB'000*
Share of net assets of associates:		
Current assets	**639,745**	312,130
Non-current assets	**1,940,862**	1,683,959
Current liabilities	**(337,027)**	(308,758)
Non-current liabilities	**(819,645)**	(595,741)
Net assets	**1,423,935**	1,091,590
Share of the associates' revenue and profit:		
Revenue	**414,714**	317,868
Profit	**79,050**	11,370

The statutory audited financial statements of the associates were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

23. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2009 *RMB'000*	2008 *RMB'000*
Share of net assets	**76,210**	276,195

Particulars of the jointly-controlled entities are as follows:

Name	Place of incorporation/ registration and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Russia Lankatasikaya Closed Mining Company Limited ("Lankatasikaya")	Russia	50%	50%	50%	Metal mining, exploitation and processing
Shandong Guoda Gold Company Limited ("Shandong Guoda")	PRC	50.05%	50.05%	50.05%	Gold and copper cathode mining, exploitation and processing

The Group's other receivable and other payable balances with the jointly-controlled entities are disclosed in notes 26 and 31 to the financial statements.

23. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(CONTINUED)*

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	Group	
	2009	2008
	RMB'000	*RMB'000*
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**2,780**	112,524
Non-current assets	**76,708**	303,101
Current liabilities	**(3,278)**	(133,802)
Non-current liabilities	**—**	(5,628)
Net assets	**76,210**	276,195
Share of the jointly-controlled entities' revenue and profit:		
Revenue	**578,836**	763,128
Total expenses	**(559,243)**	(729,596)
Tax	**(2,939)**	(5,030)
Profit	**16,654**	28,502

The statutory audited financial statements of the above companies were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

24. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2009 *RMB'000*	2008 *RMB'000*	2009 *RMB'000*	2008 *RMB'000*
Listed equity investments, at fair value	413,855	93,491	30,000	30,000
Unlisted equity investments, at cost	157,922	328,747	46,350	46,350
	571,777	422,238	76,350	76,350

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB342,367,000 (2008: gross loss of RMB233,215,000), of which RMB114,765,000 (2008: RMB42,243,000) was reclassified from other comprehensive income to the income statement.

Available-for-sale investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The unlisted equity investments are stated at cost less any accumulated impairment losses because there are no quoted market prices for such equity investments. In addition, the variability in the range of reasonable fair value estimates is significant and the probabilities of the value estimates cannot be reasonably assessed. Accordingly, a reasonable estimate of the fair value cannot be made.

25. INVENTORIES

	Group		Company	
	2009 *RMB'000*	2008 *RMB'000*	2009 *RMB'000*	2008 *RMB'000*
Raw materials and consumable supplies	955,363	789,578	27,260	27,740
Work in progress	738,035	494,281	200,392	197,223
Finished goods	465,861	309,649	92,929	66,257
Property under development *	431,145	—	—	—
	2,590,404	1,593,508	320,581	291,220

* Out of the balance of property under development, RMB301,657,000 (2008: Nil) was transferred from "Prepaid land lease payments" during the year (note 16).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**347,363**	323,706	**61,496**	52,468
Deposits and other receivables	**510,148**	494,321	**3,213,122**	981,811
	857,511	818,027	**3,274,618**	1,034,279
Impairment	**(8,663)**	(16,998)	**(5,422)**	(5,648)
	848,848	801,029	**3,269,196**	1,028,631

The movements in the provision for impairment of other receivables are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**16,998**	8,477	**5,648**	6,000
Impairment losses recognised	**1,657**	8,521	**—**	—
Amount written off as uncollectible	**(9,992)**	—	**(226)**	(352)
At 31 December	**8,663**	16,998	**5,422**	5,648

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of RMB8,663,000 (2008: RMB16,998,000) with a carrying amount before provision of RMB8,663,000 (2008: RMB16,998,000) that relate to counterparties that were in financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

All the Group's financial assets included in the deposits and other receivables above were neither past due nor impaired, except for RMB38,310,000 (2008: RMB28,629,000) and RMB21,311,000 (2008: RMB23,925,000)that were past due for less than six months and more than six months, respectively, at the end of the reporting period, but not impaired.

All the Company's financial assets included in the deposits and other receivables above were neither past due nor impaired, except for RMB13,989,000 (2008: RMB16,128,000) and RMB11,075,000 (2008: RMB13,319,000)that were past due for less than six months and more than six months, respectively, at the end of the reporting period, but not impaired.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Financial assets included in the deposits and other receivables above that were neither past due nor impaired relate to a large number of diversified counterparties for whom there was no recent history of default.

Financial assets included in the deposits and other receivables above that were past due but not impaired related to a number of independent counterparties that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Included in other receivables of the Group as at 31 December 2009 are receivables from an associate, a jointly-controlled entity and a minority shareholder of RMB18,750,000 (2008: Nil), RMB27,272,000 (2008: RMB26,921,000) and RMB3,540,000 (2008: Nil), respectively, which are unsecured, interest-free and have no fixed terms of repayment.

Included in the prepayments of the Group as at 31 December 2009 is a prepayments to an associate for the purchase of raw materials of RMB12,997,000 (2008: Nil).

27. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**418,236**	322,276	**107,478**	72,139
Impairment	**(89)**	(145)	**(88)**	(92)
	418,147	322,131	**107,390**	72,047

The sales of gold bullion are settled on the transaction dates. The credit period on the sales of other products such as copper cathodes, zinc bullion and ore concentrates ranges from 30 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

27. TRADE AND BILLS RECEIVABLES *(continued)*

An aged analysis of the trade receivables as at the end of the reporting period, based on the respective invoice dates of the sales of goods, is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 4 months	**393,301**	277,590	**45,725**	71,563
Over 4 months but within 12 months	**23,704**	44,233	**34,501**	525
Over 1 year but within 2 years	**940**	319	**27,201**	43
Over 2 years	**291**	134	**51**	8
	418,236	322,276	**107,478**	72,139

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

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**145**	168	**92**	85
Impairment losses recognised/ (reversal of impairment provision) (note 7)	**—**	(23)	**—**	7
Impairment written off as uncollectible	**(56)**	—	**(4)**	—
	89	145	**88**	92

27. TRADE AND BILLS RECEIVABLES *(continued)*

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**393,301**	273,787	**92,953**	71,563
Less than 1 month past due	**—**	23,248	**—**	—
1 to 6 months past due	**19,634**	20,910	**14,203**	433
More than 6 months past due	**5,212**	4,186	**234**	51
	418,147	322,131	**107,390**	72,047

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Trade receivables of the Group include trading balances due from an associate and an ex-associate of RMB11,174,000 (2008: RMB6,120,000) and nil (2008: RMB20,048,000), respectively, as at 31 December 2009. The balances are unsecured, interest-free and repayable in accordance with normal credit terms similar to those offered to the major customers of the Group.

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bills receivable	**111,641**	266,534	**41,827**	80,932

Bills receivables are non-interest bearing.

The age of bills receivables is within four months and they are neither past due nor impaired.

Included in the bills receivable of the Group as at 31 December 2009 are bank acceptance bills with a net book value of RMB96,641,000 (2008: RMB235,786,000) and commercial acceptance bills with a net book value of RMB15,000,000 (2008: RMB30,748,000), respectively.

Included in the bills receivable of the Company as at 31 December 2009 are bank acceptance bills with a net book value of RMB41,827,000 (2008: RMB80,932,000).

28. EQUITY AND DEBT INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Listed bond investments	**23,512**	—	**—**	—
Listed equity investments	**118,287**	23,677	**5,961**	—
	141,799	23,677	**5,961**	—

The equity and debt investments were carried at quoted market prices at 31 December 2009 and 2008.

29. DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company

The Group and the Company entered into forward contracts for the sale of copper, gold, zinc and silver. The Group recorded realised losses of RMB409,341,000 (2008: realised gains of RMB127,020,000) and unrealised gains of RMB2,402,000 (2008: unrealised gains of RMB1,357,000), for the year.

The following is a summary of open forward contracts as at 31 December 2009 and 2008:

	2009	2008
Gold		
- gram	**367,000**	471,000
- average price (RMB/g)	**252**	192
- maturity	**June 2010**	June 2009 - September 2009

	2009	2008
Zinc		
- tonne	**—**	500
- average price (RMB/tonne)	**—**	10,091
- maturity	**—**	March 2009 - April 2009

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**2,549,935**	2,069,971	**1,452,580**	1,144,421
Time deposits	**1,588,034**	2,969,521	**1,191,429**	2,260,093
	4,137,969	5,039,492	**2,644,009**	3,404,514
Less: Quality guarantee deposit pledged to a bank for gold bullion sold	**(58,152)**	(23,805)	**(26,646)**	(13,538)
Time deposit restricted for land restoration and environmental costs upon the closure of mines (Note)	**(52,720)**	(51,028)	**(52,720)**	(51,028)
Deposit pledged to a bank for donation	**(72,205)**	—	**—**	—
Deposit pledged to a bank for interest-bearing bank borrowings (note 33)	**(360,600)**	—	**(360,600)**	—
	(543,677)	(74,833)	**(439,966)**	(64,566)
Cash and cash equivalents in the consolidated statement of financial position	**3,594,292**	4,964,659	**2,204,043**	3,339,948
Less:Non-pledged time deposits with original maturity of three months or more when acquired	**(595,238)**	(2,244,791)	**(456,503)**	(1,986,462)
Cash and cash equivalents in the consolidated statement of cash flows	**2,999,054**	2,719,868	**1,747,540**	1,353,486

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB3,288,010,000 (2008: RMB4,932,453,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days to one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

Note: As required by the Shanghang Municipal Government, the Company is required to pledge certain deposit to a bank which is reserved for land restoration and environmental costs upon the closure of mines. As at 31 December 2009, the Company has pledged bank deposits of RMB52,720,000 (2008: RMB51,028,000). The use of these bank deposits is subject to approval by the Shanghang Municipal Government.

31. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other payables	**1,935,141**	1,815,251	**776,017**	967,411
Accrued liabilities	**150,298**	181,952	**78,584**	57,859
	2,085,439	1,997,203	**854,601**	1,025,270

Included in the balance of the other payables of the Group and the Company is an amount payable to the Social Security Fund of RMB130,860,000 as at 31 December 2008.

Included in the balance of the other payables of the Group is an amount payable to minority shareholders, a shareholder and a jointly-controlled entity of RMB35,364,000 (2008: RMB12,449,000), RMB6,037,000 (2008: Nil) and RMB12,636,000 (2008: RMB11,994,000).

Included in the balance of other payables of the Group is the current portion of long-term other payables to minority shareholders of RMB8,428,000 (2008: RMB8,428,000) (note 36).

Other payables are non-interest-bearing and have an average term of three months.

32. TRADE AND BILLS PAYABLES

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

	Group		Company	
	2009 *RMB'000*	2008 *RMB'000*	2009 *RMB'000*	2008 *RMB'000*
Within 1 year	**922,075**	706,361	**203,298**	143,794
Over 1 year but within 2 years	**19,209**	16,212	**1,202**	2,903
Over 2 years but within 3 years	**11,740**	2,492	**2,020**	1,807
Over 3 years	**4,263**	2,648	**3,681**	2,237
	957,287	727,713	**210,201**	150,741

Trade payables of the Group and the Company included trading balances due to a company controlled by a shareholder of RMB4,986,000 (2008: RMB31,550,000) and nil (2008: RMB27,662,000), respectively, as at 31 December 2009. The balances are unsecured, interest-free and are repayable in accordance with normal commercial terms.

Trade payables of the Group included a trading balance due to an associate of RMB5,068,000 (2008: Nil) as at 31 December 2009. The balance is unsecured, interest-free and is repayable in accordance with normal commercial terms.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

33. INTEREST-BEARING BANK BORROWINGS

			Group		Company	
	Effective interest rate (%)	Maturity	**2009** **RMB'000**	2008 RMB'000	**2009** **RMB'000**	2008 RMB'000
Bank loans:						
Unsecured	1.52%-7.2%	2010-2014	**3,466,877**	3,470,663	**1,079,110**	341,730
Secured	1.03%-5.4%	2010-2012	**398,188**	15,000	**361,154**	—
Total bank loans			**3,865,065**	3,485,663	**1,440,264**	341,730
Total bank loans:			**3,865,065**	3,485,663	**1,440,264**	341,730
Less: Amounts due within one year included under current liabilities	1.03%-7.2%	2010	**(3,457,655)**	(2,516,295)	**(1,098,854)**	—
Amounts due after one year			**407,410**	969,368	**341,410**	341,730
Bank loans repayable:						
Within one year	1.03%-7.2%	2010	**3,457,655**	2,516,295	**1,098,854**	—
In the second year	3.60%-6.8%	2011	**377,410**	15,608	**341,410**	—
In the third to fifth years, inclusive	5.40%	2012-2014	**30,000**	297,392	**—**	341,730
Beyond five years			**—**	656,368	**—**	—
			3,865,065	3,485,663	**1,440,264**	341,730

As at 31 December 2009, a bank loan of RMB30,000,000 was secured by equipment with a net book value of RMB42,740,000 (note 14) (2008: Nil).

As at 31 December 2009, a bank loan of RMB360,188,000 was secured by a time deposit of RMB360,600,000 (note 30) (2008: Nil).

As at 31 December 2009, a bank loan of RMB8,000,000 was supported by a guarantee provided by a minority shareholder (note 42(c)(i)) (2008: Nil).

As at 31 December 2008, a bank loan of RMB15,000,000 was supported by a guarantee provided by an ex-shareholder of a subsidiary.

The carrying amounts of the Group's and the Company's interest-bearing bank borrowings approximate to their fair values.

34. PROVISION FOR LAND RESTORATION AND ENVIRONMENTAL COSTS

Group

	2009 RMB'000	2008 RMB'000
At beginning of year	59,589	50,856
Additional provision during the year (note 7)	19,508	12,745
Paid during the year	—	(4,012)
At end of year	79,097	59,589

Company

	2009 RMB'000	2008 RMB'000
At beginning of year	59,589	50,856
Additional provision during the year	8,731	8,733
Paid during the year	—	—
At end of year	68,320	59,589

As required by the Shanghang Municipal Government, with effect from 1 January 2003, the Company provided for land restoration and environmental costs at a rate of RMB1/ton of ore excavated provided that the grading of the gold content of the ore is above 0.5gram/ton. In addition, the Company is required to deposit the money in a bank which is reserved for land restoration and environmental costs upon the closure of the mines (note 30).

Pursuant to relevant notice jointly issued by the Department of Land and Resources of Fujian Province, the Finance Bureau of Fujian Province and the Fujian Environmental Protection Bureau with effect from 1 January 2007 and the regulation issued by the Government of Jilin Province, the provision for land restoration and environmental costs are provided based on the area of the mines and a coefficient set by relevant authority.

35. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

Group

	Elimination of unrealised profit *RMB'000*	Impairment provision *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2008	15,720	8,655	5,542	29,917
Deferred tax credited/(charged) to the income statement during the year (note 10)	(6,584)	25,290	22,572	41,278
At 31 December 2008 and 1 January 2009	9,136	33,945	28,114	71,195
Deferred tax credited/(charged) to the income statement during the year (note 10)	16,485	(27,110)	23,314	12,689
Additions through business combinations (note 40(a))	—	—	4,217	4,217
Gross deferred tax assets at 31 December 2009	25,621	6,835	55,645	88,101

35. DEFERRED TAX *(continued)*

Deferred tax liabilities

Group

	Changes in fair value of available-for-sale investments *RMB'000*	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2008	24,519	—	3,609	28,128
Additions through business combinations (note 40(a))	—	135,981	—	135,981
Deferred tax credited to the income statement during the year (note 10)	—	(5,547)	(2,715)	(8,262)
Deferred tax debited to equity during the year	(24,519)	—	—	(24,519)
At 31 December 2008 and 1 January 2009	—	130,434	894	131,328
Additions through business combinations (note 40(a))	—	20,177	—	20,177
Deferred tax credited to the income statement during the year (note 10)	—	(6,721)	(894)	(7,615)
Gross deferred tax liabilities at 31 December 2009	—	143,890	—	143,890

35. DEFERRED TAX *(continued)*

Deferred tax assets

Company

	Unpaid bonus *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2008	—	8,655	8,655
Deferred tax credited/(charged) to the income statement during the year	5,034	(7,728)	(2,694)
At 31 December 2008 and 1 January 2009	5,034	927	5,961
Deferred tax credited/(charged) to the income statement during the year	4,917	(1,094)	3,823
Gross deferred tax assets at 31 December 2009	9,951	(167)	9,784

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 *RMB'000*	2008 *RMB'000*
Tax losses	**181,688**	182,951
Deductible temporary differences	**515,333**	253,950
	697,021	436,901

The above tax losses will expire in one to five years for offsetting against future taxable profit of the companies in which the losses arose. The deductible temporary differences are available indefinitely for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

At 31 December 2009, there was no significant unrecognised deferred tax liability (2008: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates and jointly-controlled entities as the Group had no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

36. LONG-TERM OTHER PAYABLES

		Group		Company	
	Notes	2009 *RMB'000*	2008 *RMB'000*	2009 *RMB'000*	2008 *RMB'000*
Xinjiang Geological, Mining and Prospecting Development Bureau (新疆地質礦產勘察開發局)	(a)	—	6,484	—	—
Xinjiang Non-ferrous Metal Industry (Group) Company Limited ("Xinjiang Non-ferrous Metal") (新疆有色金屬工業（集團）有限公司)	(a)	—	1,944	—	—
Shanghang Finance Bureau (上杭縣財政局)	(b)	18,182	28,098	18,182	28,098
Jingmei villagers (逕美村村民)	(c)	106,145	22,145	106,145	22,145
Tongkang villagers (同康村村民)	(d)	18,746	18,746	18,746	18,746
Bonuses of directors and senior executives		—	27,054	—	27,054
Others		50,310	100,463	21,201	34,650
		193,383	204,934	164,274	130,693

Notes:

(a) The balances represent amounts payable to the promoters of Xinjiang Ashele upon the injection of assets for the establishment of Xinjiang Ashele on 13 August 1999, which is unsecured, interest-free and is repayable within five years with equal yearly instalments from 2006 onwards. The current portion of RMB8,428,000 (2008: RMB8,428,000) (note 31) has been included in accrued liabilities and other payables as at 31 December 2009.

(b) The balance represents an amount payable to the Shanghang Finance Bureau for the purchase of mining rights of the copper mine located in the northwest area of Zijinshan, which is unsecured, interest-free and is repayable within 10 years from July 2005 onwards. The current portion of RMB5,633,000 (2008: RMB5,600,000) has been included in accrued liabilities and other payables as at 31 December 2009.

36. LONG-TERM OTHER PAYABLES *(continued)*

Notes: *(continued)*

(c) The balance of RMB22,145,000 (2008: RMB22,145,000) represents the compensation fee payable to the Jingmei villagers for the acquisition of land use rights. Pursuant to the agreements entered into between the Company and the villagers, it bears interest at 10% per annum and has no fixed term of repayment. The directors consider that it will be repaid after 1 year. The balance of RMB84,000,000 (2008: Nil) bears interest at 5% per annum and repayable in 2011.

(d) The balance represents the compensation fee payable to the Tongkang villagers for the acquisition of land use rights. Pursuant to the agreements entered into between the Company and the villagers, it bears interest at 10% per annum and repayable in 2030.

The directors consider that the carrying amounts of long-term other payables approximate to their fair values.

An aged analysis of the long-term other payables, based on the payment date, is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within two to five years	**146,091**	116,346	**146,092**	42,105
Over five years	**47,292**	88,588	**18,182**	88,588
	193,383	204,934	**164,274**	130,693

37. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Pursuant to the agreement entered into between the Group, Xinxing Zhuguan (XinJiang) Resource Development Company Limited （「新興鑄管（新疆）資源發展有限公司」） and Aletai Qiaxiatiemierte Mining Company Limited （「阿勒泰市恰夏鐵米爾特礦業有限責任公司」）, dated 3 August 2009, the three parties have decided to set up a mining company with registered capital of RMB1,000,000,000. The Group will inject its 60% equity interest in Fuyun Jinshan as capital contribution and hold a 25.92% equity interest in the new company. Fuyun Jinshan is engaged in iron concentrate mining activities. It was estimated that the disposal of Fuyun Jinshan would be completed in April 2010.

Pursuant to the agreement entered into between the Group and Marigold Time International Limited ("Marigold Time"), an independent third party, dated 25 September 2009, the Group disposed of its 50.05% equity interests in Shandong Guoda at a consideration of RMB192,500,000. Shandong Guoda is engaged in gold refinery activities. It was estimated that the disposal of Shandong Guoda would be completed in April 2010.

The assets and liabilities classified as held for sale as at 31 December 2009 are as follows:

	2009 *RMB'000*
Assets	
Property, plant and equipment (note 14)	356,986
Prepaid land lease payments (note 16)	1,727
Long-term deferred assets (note 17)	8,169
Other assets	24,594
Intangible assets (note 19)	32,406
Interest in a jointly-controlled entity	192,500
Inventories	47,214
Prepayments, deposits and other receivables	1,668
Trade receivables	9,684
Bills receivable	33,025
Cash and cash equivalents	1,987
Assets classified as held for sale	709,960
Liabilities	
Accrued liabilities and other payables	30,191
Trade and bills payables	20,899
Interest-bearing bank borrowings	311,000
Tax payable	4,041
Liabilities directly associated with the assets classified as held for sale	366,131

38. SHARE CAPITAL

	2009 Number of shares '000	2009 Nominal value RMB'000	2008 Number of shares '000	2008 Nominal value RMB'000
Registered	**14,541,309**	**1,454,130**	14,541,309	1,454,130
Issued and fully paid:				
Domestic shares of RMB0.10 each (2008: RMB0.10 each)	**4,210,902**	**421,090**	9,135,869	913,586
A shares of RMB0.10 each	**6,324,967**	**632,496**	1,400,000	140,000
H shares of RMB0.10 each	**4,005,440**	**400,544**	4,005,440	400,544
	14,541,309	**1,454,130**	14,541,309	1,454,130

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

	2009 Number of shares RMB'000	2009 Nominal value RMB'000	2008 Number of shares RMB'000	2008 Nominal value RMB'000
At beginning of year	**14,541,309**	**1,454,130**	13,141,309	1,314,130
Issue A shares	**—**	**—**	1,400,000	140,000
At end of year	**14,541,309**	**1,454,130**	14,541,309	1,454,130

Note:

On 27 April 2009, 4,924,966,980 domestic shares were listed and tradable in Shanghai Stock Exchange.

On 25 April 2008, 1,400,000,000 A Shares were issued by the Company with a par value of RMB0.1 per share and listed on the Shanghai Stock Exchange with an initial public offering ("IPO") price of RMB7.13 per share, receiving proceeds of RMB9,982,000,000. After the deduction of IPO expenses of RMB175,040,000, the Company recorded an increase in issued capital and capital surplus of RMB140,000,000 and RMB9,666,960,000, respectively.

The ordinary H shares and A shares rank pari passu, in all material respects, with the domestic shares of the Company.

39. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 71 to 72 of the financial statements.

Company

	Notes	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* note (a)	Retained profits *RMB'000* note (b)	Proposed final dividend *RMB'000*	Total *RMB'000*
At 1 January 2008		31,661	526,243	1,985,650	—	2,543,554
Total comprehensive income for the year	11	—	—	2,464,094	—	2,464,094
Dividends paid		—	—	(1,308,718)	—	(1,308,718)
Issued A shares		9,666,960	—	—	—	9,666,960
Transfer to reserves		—	244,969	(244,969)	—	—
Provision for special reserve (note (c))		—	89,018	(89,018)	—	—
Utilisation of special reserve		—	(79,227)	79,227	—	—
Proposed final dividend	12	—	—	(1,454,131)	1,454,131	—
At 31 December 2008		9,698,621	781,003	1,432,135	1,454,131	13,365,890

39. RESERVES *(continued)*

Company *(continued)*

	Notes	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* note (a)	Retained profits *RMB'000* note (b)	Proposed final dividend *RMB'000*	Total *RMB'000*
At 1 January 2009		9,698,621	781,003	1,432,135	1,454,131	13,365,890
Total comprehensive income for the year	11	—	—	2,595,455	—	2,595,455
Dividends paid		—	—	—	(1,454,131)	(1,454,131)
Provision for special reserve (note (c))		—	61,240	(61,240)	—	—
Utilisation of special reserve		—	(70,360)	70,360	—	—
Proposed final dividend	12	—	—	(1,454,131)	1,454,131	—
At 31 December 2009		9,698,621	771,883	2,582,579	1,454,131	14,507,214

Notes:

(a) Statutory surplus reserve ("SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the Company and its subsidiaries established in the PRC, the Company and the subsidiaries are required to allocate 10% of their profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of the registered capital of the Company and its subsidiaries. Subject to certain restrictions set out in the relevant PRC regulations, the SSR may be converted to increase the share capital of the Company, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(b) Distributable reserves

According to the articles of association of the Company, the reserves available for distribution are based on the lower of the Company's profits determined under the PRC accounting standards and regulations and those under IFRSs.

In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the transfer to the SSR as set out above.

At 31 December 2009, the Company's reserves available for distribution amounted to approximately RMB4,036,710,000 (2008: RMB2,886,266,000).

(c) Provision for special reserve

Pursuant to the relevant regulation in the PRC, the Group is required to provide for safety fund based on volume of ore excavated.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During 2009, the Group acquired the following subsidiaries:

Pursuant to the agreement entered into between the Group, Sino Infrastructure Corporation ("Sino Infrastructure") and World Power Investment Limited ("World Power") dated 30 April 2009, the Group acquired a 100% equity interest in Sino Trend Hydro Power Investment Limited ("Sino Trend") (「華振投資水電有限公司」) at a consideration of US$25,175,000 (approximately RMB171,814,000). In addition, the Group took up the shareholder loan originally provided to Sino Trend by Sino Infrastructure and World Power at a consideration of US$15,440,000 (approximately RMB107,100,000). Sino Trend is a company incorporated in the British Virgins Islands and held a 100% interest in Sino Trend Hydro Power (Shanghang) Investment Limited, Sino Trend Hydro Power (Zhenghe) Investment Limited and Sino Trend Hydro Power (Zhouning) Investment Limited which held 55%, 70% and 100% equity interests in Fujian Shanghang Jinshan Hydro Power Station Company Limited ("Shanghang Hydro") (「福建上杭金山水電有限公司」), Zhenghe Xiawenyang Hydro Power Station Company Limited ("Zhenghe Hydro") (「政和下溫洋水電有限公司」) and Fujian Zhouning Longxi Hydraulic Electrogenerating Company Limited ("Zhouning Hydro") (「周寧龍溪水電有限公司」), respectively. As a result, the Group indirectly held 55%, 70% and 100% equity interests in Shanghang Hydro, Zhenghe Hydro and Zhouning Hydro, respectively. Shanghang Hydro, Zhenghe Hydro and Zhouning Hydro are engaged in hydraulic electric generation and provided electric power to Shanghang County, Zhenghe County and Zhouning County of Fujian Province, respectively. In addition, the registered capital of Shanghang Hydro, Zhenghe Hydro and Zhouning Hydro are RMB47,500,000, RMB130,000,000 and RMB20,000,000, respectively, as at 31 December 2009.

Pursuant to the agreement entered into between the Group and shareholders of Malipo Yiling Mining Company ("Malipo Yiling") (「麻栗坡縣溢岭礦業開發有限公司」) dated 13 December 2008, Malipo Yiling increased its capital from RMB3,000,000 to RMB6,122,000 and the Group injected RMB3,122,000 to acquire 51% equity interests in Malipo Yiling. The capital increment of Malipo Yiling was completed in 2009. As a result, the Group held a 51% equity interest in Malipo Yiling, which was accounted for as a subsidiary as at 31 December 2009. Malipo Yiling is engaged in tungsten mining activities and its registered capital is RMB6,122,000 as at 31 December 2009.

Malipo Jinyuan Mining Company Limited ("Malipo Jinyuan") (「麻栗坡金源礦業有限公司」) was accounted for as an available-for-sale investment as at 31 December 2008 when the Group held a 10% equity interest. Pursuant to the agreement entered into between the Group and other shareholders of Malipo Jinyuan dated 3 November 2009, Malipo Jinyuan increased its capital from RMB5,000,000 to RMB10,000,000 and the Group further injected RMB4,100,000 to acquire further a 41% equity interest in Malipo Jinyuan. As a result, the Group held a 51% equity interest in Malipo Jinyuan, which was accounted for as a subsidiary as at 31 December 2009. Malipo Jinyuan is engaged in tungsten mining activities and its registered capital was RMB10,000,000 as at 31 December 2009.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition of subsidiaries *(continued)*

Fujian Jinyi Copper Company Limited ("Jinyi Copper")（「福建金藝銅業有限公司」） was accounted for as an associate as at 31 December 2008 when the Group held a 49% equity interest. Pursuant to the agreement entered into between the Group and Master Achieve Enterprises Limited ("Master Achieve")（「高遠企業有限公司」） dated 3 April 2009, the Group acquired a 9% equity interest in Jinyi Copper from Master Achieve at a consideration of RMB17,100,000. Pursuant to the agreement entered into between the Group and Minxi Xinghang State-owned Assets Investments Company Limited ("Minxi Xinghang")（「閩西興杭國有資產投資經營有限公司」）, a shareholder of the Company afterwards, the Group disposed a 4.5% equity interest in Jinyi Copper to Minxi Xinghang at a consideration of RMB8,550,000. As a result, the Group held a 53.5% equity interest in Jinyi Copper, which was accounted for as a subsidiary as at 31 December 2009. Jinyi Copper was engaged in copperplate production and its registered capital was RMB200,000,000 as at 31 December 2009.

Zijin Copper was set up by the Company and Minxi Xinghang on 10 March 2009. The capital of Zijin Copper is RMB200,000,000 and the Company injected RMB100,000,000 and held a 50% equity interest in Zijin Copper which was accounted for as a jointly-controlled entity. Pursuant to the agreement entered into between the Company and Minxi Xinghang dated 8 November 2009, the Company acquired a further 50% equity interest in Zijin Copper from Minxi Xinghang at a consideration of RMB104,340,000. As a result, the Group holds a 100% equity interest in Zijin Copper, which was accounted for as a subsidiary as at 31 December 2009. Zijin Copper is engaged in refinery activities and its registered capital was RMB1,000,000,000 as at 31 December 2009.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition of subsidiaries *(continued)*

During 2008, the Group acquired the following subsidiaries:

Pursuant to the agreement entered into between the Company and Gansu Jinhui Wine Group Company Limited（甘肅金徽酒業集團有限責任公司）dated 2 May 2008, the Company acquired a 60% equity interest in Gansu Yate Mining Company Limited ("Gansu Yate")（「甘肅亞特礦業有限公司」）through an exchange of its 15% equity interest in Wancheng Commercial Company Limited ("Wancheng Commercial") and paying a cash consideration of RMB117,700,000. Gansu Yate is engaged in gold mining activities and its registered capital was RMB30,000,000 as at 31 December 2008.

Pursuant to the agreement entered into between the Company, Mr. Zhu Hongxing and Mr. Rao Huihui and Fujian Longyan Engineering Machinery (Group) Company Limited（福建龍岩工程機械（集團）有限公司）dated 18 July 2008, Huanmin Mining Company ("Huanmin Mining")（「環閩礦業有限公司」）increased its capital from RMB61,000,000 to RMB427,000,000 and the Company agreed to inject RMB306,000,000 into Huanmin Mining to acquire a 51% equity interest. Huanmin Mining completed the capital increment from RMB61,000,000 to RMB156,410,000 in 2008 and the Company had injected RMB244,800,000 into Huanmin Mining as at 31 December 2008. Huanmin Mining is engaged in copper and molybdenum mining activities and Huanmin Mining owns 55% and 95% equity interests in Jiangxi Jinhuan Mining Company Limited ("Jiangxi Jinhuan")（「江西金環礦業有限公司」）and Fujian Huanmin Geology and Mineral Testing Company Limited ("Huanmin Testing")（「福建環閩地質礦產測試有限公司」）, respectively. After the acquisition of Huanmin Mining, the Company indirectly controlled 55% and 95% equity interests in Jiangxi Jinhuan and Huanmin Testing, respectively. Jiangxi Jinhuan is engaged in mineral processing activities and its registered capital was RMB5,000,000 as at 31 December 2008. Huanmin Testing is engaged in mineral testing activities and its registered capital was RMB30,000,000 as at 31 December 2008.

Kingbao Mining Company Limited ("Kingbao Mining")（「香港金寶礦業有限公司」）was accounted for as a jointly-controlled entity as at 31 December 2007 when the Group held a 50% equity interest. Pursuant to the agreement entered into between the Group and Wanbao Mining Company Limited（「萬寶礦業有限公司」）, the joint venturer of Kingbao Mining dated 18 April 2008, the Group acquired a further 40% equity interest in Kingbao Mining at a consideration of US$20,000,000 (approximately RMB129,023,000). Therefore, the Group held a 90% equity interest in Kingbao Mining and Kingbao Mining was accounted for as a subsidiary as at 31 December 2008. Kingbao Mining is engaged in nickel mining activities and its registered capital was HK$4,000,000 as at 31 December 2008.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition of subsidiaries *(continued)*

Guizhou Xinhengji Mining Company Limited ("Xinhengji Mining") (「貴州新恒基礦產有限公司」) was accounted for as a jointly-controlled entity as at 31 December 2007 when the Group held a 20% equity interest. Pursuant to the agreement dated 3 December 2007 entered into between the Group, Guizhou Geology and Mineral Resource Development Company Limited ("GMRDC") (「貴州省地質礦產資源開發總公司」) and Xingren Gold Development Company Limited ("XGDC") (「興仁縣黃金開發有限責任公司」), the joint venturers of Xinhengji Mining, the Group acquired a further 23% equity interest in Xinhengji Mining at a total consideration of RMB12,377,000. Pursuant to the capital increment agreement entered into between the Group, XGDC, Hong Kong Xinhengji Company Limited (「香港新恒基有限公司」), Guiyang Qianjin Geology Mining Company Limited (「貴陽黔金地質礦業有限公司」) and Xingren Hongji Resource Development Company Limited (「興仁縣宏基資源開發有限公司」), the joint venturers of Xinhengji Mining dated 3 December 2007, Xinhengji Mining increased its capital from RMB10,000,000 to RMB40,000,000 and the Group injected RMB25,955,000 to acquire a further 8% equity interest. As a result, the Group held a 51% equity interest in Xinhengji Mining and Xinhengji Mining was accounted for as a subsidiary since 30 September 2008. Xinhengji Mining is engaged in gold mining activities and its registered capital was RMB40,000,000 as at 31 December 2008.

Pursuant to the agreement entered into between the Group, Yunnan Luowei Mining Development Company Limited ("YLMDC") (「雲南珞緯礦業開發有限公司」) and Malipo Zijin Tungsten Mining Company Limited (「麻栗坡縣鎢業有限責任公司」) dated 16 September 2007, Malipo Jinwei Mining Company ("Malipo Jinwei") (「麻栗坡金瑋礦業有限公司」) increased its capital from RMB38,000,000 to RMB160,000,000 and the Group injected RMB81,600,000 into Malipo Jinwei and paid a cash consideration of RMB43,820,000 to YLMDC to acquire a 51% equity interest in Malipo Jinwei. Malipo Jinwei is engaged in tungsten and stannum mining activities and its registered capital was RMB138,800,000 as at 31 December 2008.

Luoning Huatai Mining Development Company Limited ("Luoning Huatai") (「洛寧華泰礦業開發有限公司」) was accounted for as an associate as at 31 December 2007 when the Group held a 34% equity interest. Pursuant to the agreement entered into between the Group, Ms. Si Xuezhen, Mr.Yang Songfeng and Ms. Song Xiumiao dated 18 October 2007 and 28 December 2007, respectively, the Group further acquired a 66% equity interest in Luoning Huatai for a consideration of RMB185,249,000. As a result, the Group held a 100% equity interest in Luoning Huatai and Luoning Huatai was accounted for as a subsidiary since 30 November 2008.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition of subsidiaries *(continued)*

The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

		2009		2008	
	Notes	Fair value recognised on acquisition *RMB'000*	Previous carrying amount *RMB'000*	Fair value recognised on acquisition *RMB'000*	Previous carrying amount *RMB'000*
Property, plant and equipment	14	484,812	377,427	109,102	109,102
Long-term deferred assets	17	2,369	2,369	60,467	60,467
Other assets		—	—	86,951	86,951
Other intangible assets	19	3,336	2,611	1,466,958	263,571
Prepaid land lease payment	16	22,363	22,363	—	—
Available-for-sale investments		—	—	36,150	36,150
Cash and cash equivalents		70,761	70,761	327,162	327,162
Inventories		16,057	16,057	6,519	6,519
Trade receivables		57,227	57,227	—	—
Deferred tax assets	35	4,217	4,217	—	—
Equity and debt investments at fair value through profit or loss		6,610	6,610	—	—
Prepayments, deposits and other receivables		174,030	174,030	93,737	93,737
		841,782	733,672	2,187,046	983,659
Trade payables		(47,226)	(47,226)	(24,289)	(24,289)
Accrued liabilities and other payables		(56,647)	(56,647)	(104,349)	(104,349)
Interest-bearing bank borrowings		(68,163)	(68,163)	—	—
Long-term other payables		(107,135)	(107,135)	(24,990)	(24,990)
Deferred tax liabilities	35	(20,177)	(47)	(135,981)	—
Minority interests		(182,202)	(150,609)	(618,822)	(259,273)
		(481,550)	(429,827)	(908,431)	(412,901)
		360,232	303,845	1,278,615	570,758
Goodwill on acquisition	20	125,794		—	
Total consideration		486,026		1,278,615	

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition of subsidiaries *(continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Consideration:		
Satisfied by cash	**(291,926)**	(870,512)
Transferred from interest in an associate	**(79,934)**	(214,202)
Transferred from interests in jointly-controlled entities	**(100,000)**	(5,500)
Transferred from available-for-sale investments	**(1,000)**	—
Share of fair value adjustments of the identifiable assets and liabilities recognised on step acquisition of subsidiaries	**(13,166)**	(188,401)
	(486,026)	(1,278,615)
Cash consideration	**(291,926)**	(870,512)
Prepayment in last year	**4,100**	—
Unpaid balance	**—**	29,988
Net cash acquired	**70,761**	327,162
Net cash outflow	**(217,065)**	(513,362)

Since the acquisition, the aforementioned subsidiaries contributed RMB247,825,000 (2008: RMB53,206,000) to the Group's turnover and RMB17,976,000 (2008: loss of RMB1,576,000) to the consolidated profit for the year ended 31 December 2009.

Had the subsidiaries' acquisitions taken place at the beginning of the year, the revenue and the profit attributable to the equity holders of the parent of the Group for the year would have been RMB20,313,147,000 (2008: RMB16,511,646,000) and RMB3,559,594,000 (2008: RMB3,164,957,000), respectively.

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of subsidiaries

Net assets disposed of:	Notes	2009 *RMB'000*	2008 *RMB'000*
Property, plant and equipment	14	**78,190**	39,396
Prepaid land lease payments	16	**—**	3,132
Long-term deferred assets	17	**15,229**	10,078
Other assets	18	**—**	5,753
Other intangible assets	19	**12,861**	37,280
Cash and cash equivalents		**1,589**	27,026
Inventories		**10,192**	34,215
Trade receivables		**4,961**	392
Prepayments, deposits and other receivables		**11,973**	28,913
Available-for-sale investments		**—**	5,913
Trade payables		**(2,256)**	(7,681)
Accrued liabilities and other payables		**(46,656)**	(6,582)
Tax recoverable		**1**	131
Long-term other payables		**(624)**	(4,889)
Interest-bearing bank borrowings		**(6,000)**	—
Minority interests		**(14,639)**	(55,927)
		64,821	117,150
Goodwill on disposal	20	**2,089**	—
Gain/(loss) on disposal of subsidiaries, net	5, 7	**4,820**	(54,168)
		71,730	62,982
Satisfied by:			
Cash		**71,730**	45,814
Equity interest in a subsidiary		**—**	15,132
Bills receivable		**—**	2,036
		71,730	62,982
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:			
Cash consideration		**71,730**	45,814
Cash and bank balances disposed of		**(1,589)**	(27,026)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries		**70,141**	18,788

40. ACQUISITION OF AND DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of subsidiaries *(continued)*

During 2009, the Group disposed of the following subsidiaries:

Pursuant to the agreement entered into between the Company, Fujian Deyuan Investment Co.Ltd. ("Deyuan Investment") (「福建德遠投資有限公司」) and Mr. Liu Zhendong dated 7 May 2009, the Company disposed of its 100% equity interest in Hengyang Shangqing at a consideration of RMB60,000,000. The disposal resulted in a gain on disposal of RMB8,327,000 for the year.

Pursuant to the agreement entered into between the Group and Kunming Junda Trade Co.Ltd. ("Junda Trade") (「昆明君達貿易有限責任公司」) dated 23 September 2009, the Group disposed of its 51% equity interest in Yuanyang Xinjiezhen Zhengyuan Mining Company Limited (「元陽縣新街鎮正源礦業有限公司」) to Junda Trade at a consideration of RMB 11,730,000. The disposal resulted in a loss on disposal of RMB 3,507,000 for the year.

During 2008, the Group disposed of the following subsidiaries:

Pursuant to the agreement entered into between the Group, Mr. Chen Huanlong, Mr. Su Jingyu and Mr. Liu Zhengong dated 18 January 2008, the Group disposed of its 60% equity interest in Yunnan Zhongtao Economy and Trading Company Limited ("Yunnan Zhongtao") (雲南眾韜經貿有限公司) and in return, obtained a 24% equity interest in Guangnan Longxing Mining Company Limited ("Guangnan Longxing") (廣南隆興礦業有限公司) plus a cash consideration of RMB7,500,000. The disposal resulted in a gain on disposal of RMB6,643,000 for the year.

Pursuant to the agreement entered into between the Group and Mr. Chen Hong dated 18 October 2008, the Group disposed of its 75% equity interest in Guangnan Longxing at a consideration of RMB37,500,000. The disposal resulted in a loss on disposal of RMB43,031,000 for the year.

Pursuant to the agreement entered into between the Group and Shandong Humon Smelling Company Limited (「山東恒邦冶煉股權有限公司」) dated 10 June 2008, the Group disposed of its 70% equity interest in Rushan Zijin Mining Company Limited (乳山紫金礦業有限公司) at a consideration of RMB2,550,000. The disposal resulted in a loss on disposal of RMB17,780,000 for the year.

41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year, the Group capitalised interest expenses of RMB43,467,000 (2008: RMB40,102,000) in property, plant and equipment (note 6).

During the year, other assets of RMB1,468,298,000 (2008: RMB265,031,000) was transferred to prepaid land lease payments and other intangible assets.

42. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with the related parties during the year:

Name of related party	Relationship with the Company	Nature of Transaction	Notess	2009 RMB'000	2008 RMB'000
Fujian Xinhuadu Engineering Company Limited ("Xinhuadu Engineering") (福建省新華都工程有限責任公司)	A company controlled by a shareholder	Construction service fees	(i)	**168,734**	198,544
Shangdong Guoda Gold Company Limited	A jointly-controlled entity	Sales of gold concentrates	(i)	**281,442**	148,810
Tibet Yulong	An associate	Provision of construction service works	(i)	**13,390**	8,439
Xinjiang Non-ferrous Metal	A shareholder of Xinjiang Ashele	Transportation service	(i)	**2,809**	8,509
Wancheng Commercial	An associate	Purchase of zinc concentrates	(i)	**154,301**	—
Fujian Haixia Technology Company Limited	An associate	Purchase of raw material	(i)	**19,765**	—
Sichuan Bureau of Geological Exploration and Exploration of Mineral Resources	A shareholder of Sichuan Ganzi Mining Company Limited	Exploration service	(i)	**622**	—
Jinyi Copper	An associate	Sales of copper cathodes	(i)	**26,709**	10,630
Shanghang Jinshan Trade Company Limited (上杭縣金山貿易有限公司)	A shareholder	Commission on trading service	(i)	**517**	—

42. RELATED PARTY TRANSACTIONS *(continued)*

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with the related parties during the year: *(continued)*

Name of related party	Relationship with the Company	Nature of Transaction	Notess	2009 *RMB'000*	2008 *RMB'000*
Minxi Xinghang	A shareholder	Purchase of a 50% equity interest in Zijin Copper	Note 40(a)/(vii)	104,340	—
Minxi Xinghang	A shareholder	Disposal of a 4.5% equity interest in Jinyi Copper	Note 40(a)/(vii)	8,550	—
Yuanyang Yuanhong Mining Company Limited (元陽縣源鴻礦業開發有限公司)	A shareholder of Yuanyang Huaxi	Purchase of a 20% equity interest in Yuanyang Huaxi	(ii)	162,000	—
Mr.Huang Mao (黃毛)	A shareholder of Wulate Zijin	Purchase of a 22% equity interest in Wulate Zijin	(iii)	150,000	—
Mr.Huang Mao (黃毛)	A shareholder of Wulate Zijin	Purchase of a 4.8% equity interest in Bayannaoer Zijin	(iii)	43,200	—
Shanxi Runlong Gold Mining Company Limited ("Shanxi Runlong Gold Mining") (陝西潤龍礦業有限公司)	A shareholder of Qinghai West	Purchase of a 33.5% equity interest in Qinghai West	(iv)	—	723,600
Zijin Mining Group Company Limited Labor Committee ("Zijin Mining Labor Committee") (紫金礦業集團股份有限公司工會委員會)	Shareholders of Qinghai West	Purchase of a 6.5% equity interest in Qinghai west	(iv)	—	140,400
New High Profit Group Company Limited ("New High Profit") (新高潤集團有限公司)	A shareholder of Zijin Copper	Purchase of a 31.22% equity interest in Zijin Copper	(v)	—	56,350
Wanbao Mining Company Limited("Wanbao") (萬寶礦業有限公司)	A shareholder of Kingbao Mining	Purchase of a 40% equity interest in Kingbao Mining	(vi)	—	129,023
Shanghang Xinyuan	An associate	Capital injection	(viii)	114,000	—

42. RELATED PARTY TRANSACTIONS *(continued)*

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with the related parties during the year: *(continued)*

Notes:

(i) These transactions were made according to the prices and conditions similar to those offered to independent third parties.

(ii) Pursuant to an agreement entered into between the Group and Yuanyang Yuanhong Mining Company Limited dated 7 December 2009, the Group purchased a 20% equity interest of Yuanyang Huaxi at a consideration of RMB162,000,000 which was mutually agreed between the parties.

(iii) Pursuant to an agreement entered into between the Group and an individual shareholder Mr. Huang Mao dated 16 December 2009, the Group purchased a 22% equity interest of Wulate Zijin at a consideration of RMB150,000,000 which was mutually agreed between the parties.

Pursuant to an agreement entered into between the Group and an individual shareholder Mr. Huang Mao dated 16 December 2009, the Group purchased a 4.8% equity interest of Bayannaoer Zijin at a consideration of RMB43,200,000 which was mutually agreed between the parties.

(iv) Pursuant to an agreement entered into between the Company and Shanxi Runlong Gold Mining and Zijin Mining Labor Committee dated 12 August 2008, the Company purchased 33.5% and 6.5% equity interests of Qinghai West at a consideration of RMB723,600,000 and RMB140,400,000 which was mutually agreed between the parties.

(v) Pursuant to an agreement entered into between the Group and Xingaorun dated 6 November 2008, the Group purchased a 31.22% equity interest of Zijin Copper at a consideration of RMB56,350,000 which was mutually agreed between the parties.

(vi) Pursuant to an agreement entered into between the Group and Wanbao dated 18 April 2008, the Group purchased a 40% equity interest of Kingbao Mining at a consideration of RMB129,023,000 which was mutually agreed between the parties.

(vii) The consideration was mutually agreed between the parties.

(viii) Pursuant to the agreement entered into between the Group and Minxi Xinghang dated 22 June 2009, the two parties jointly injected capital to Shanghang Xinyuan. The Group hold 38% equity interests of Shanghang Xinyuan at a consideration of RMB114,000,000.

42. RELATED PARTY TRANSACTIONS *(continued)*

(b) Details of compensation of key management personnel of the Group are disclosed in note 8 and note 9 to the financial statements.

(c) (i) Guarantees in respect of bank loans provided by a minority shareholder to a subsidiary

Prior to the acquisition of Shanghang Hydro, a shareholder of Fujian Longxiang Electric Power Group (「福建龍翔電力集團」) provided a maximum corporate guarantee amounting to RMB8,000,000 (note 33) (2008:Nil) in respect of a long term bank loan granted to Shanghang Hydro. As at 31 December 2009, the guarantee was utilized to the extent of RMB8,000,000.

(ii) Guarantees in respect of bank loans granted by the Company to associates and a jointly-controlled entity are disclosed in note 43.

(d) Outstanding balances with related parties:

(i) Details of the Group's prepayment and other receivable balances from an associate, a jointly-controlled entity and a minority shareholder as at the end of the reporting period are disclosed in note 26 to the financial statements.

(ii) Details of the Group's trade receivable balances with the associates and an ex-associate as at the end of the reporting period are disclosed in note 27 to the financial statements.

(iii) Details of the Group's other payable balances to minority shareholders, a shareholder and a jointly-controlled entity as at the end of the reporting period are disclosed in note 31 to the financial statements.

(iv) Details of the Group's trade payable balances to a company controlled by a shareholder and an associate as at the end of the reporting period are disclosed in note 32 to the financial statements.

(v) Details of the loan to a shareholder as at the end of the reporting period are disclosed in note 18 to the financial statements.

43. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Corporate guarantees in respect of bank loans granted to:				
Subsidiaries	**—**	—	**1,044,000**	1,529,000
Associates	**315,500**	315,500	**265,500**	265,500
A jointly-controlled entity	**80,000**	100,000	**80,000**	100,000
	395,500	415,500	**1,389,500**	1,894,500

As at 31 December 2009, the banking facilities granted to the subsidiaries, associates and a jointly-controlled entity subject to guarantees given to the banks by the Company were utilised to the extent of approximately RMB727,000,000 (2008: RMB1,270,100,000), RMB265,500,000 (2008: RMB265,500,000) and RMB80,000,000 (2008: RMB100,000,000), respectively.

As at 31 December 2009, the banking facilities granted to the associates and a jointly-controlled entity subject to guarantees given to the banks by the Group were utilised to the extent of RMB315,500,000 (2008: RMB315,500,000) and RMB80,000,000 (2008: RMB100,000,000) respectively.

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements), land and buildings under operating lease arrangements, with leases negotiated for terms of one to ten years.

At 31 December 2009, the Group and the Company had total future minimum lease rental income under non-cancellable operating leases falling due as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**5,485**	5,509	**252**	276
In the second to fifth years, inclusive	**20,389**	26,262	**106**	97
Over five years	**10,466**	9,817	**—**	—
	36,340	41,588	**358**	373

(b) As lessee

The Group leases certain of its buildings under operating lease arrangements for terms ranging from five to nine years.

At 31 December 2009, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**1,740**	1,740	**1,200**	1,200
In the second to fifth years, inclusive	**5,250**	5,790	**4,800**	7,200
Over five years	**1,200**	—	**1,200**	—
	8,190	7,530	**7,200**	8,400

45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group and the Company had the following commitments at the end of the reporting period:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided:				
Acquisition of plant, machinery and mining assets	**1,612,503**	1,004,867	**227,723**	388,446
Acquisition of exploration and mining rights	**3,000**	3,000	**3,000**	3,000
	1,615,503	1,007,867	**230,723**	391,446
Authorised, but not contracted for:				
Acquisition of plant, machinery and mining assets	**1,206,708**	—	**—**	—
Acquisition of available-for-sale investments	**—**	12,500	**—**	—
Capital injection in subsidiaries	**—**	—	**—**	614,000
Acquisition of a jointly-controlled entity	**4,200**	500,000	**—**	500,000
Acquisition of convertible bonds	**1,365,640**	—	**1,365,640**	—
Acquisition of subsidiaries	**3,377,529**	—	**3,377,529**	—
	5,954,077	512,500	**4,743,169**	1,114,000
	7,569,580	1,520,367	**4,973,892**	1,505,446

46. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

2009

Financial assets

	Financial assets at fair value through profit or loss – held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in other assets	—	120,920	—	120,920
Available-for-sale investments	—	—	571,777	571,777
Financial assets included in prepayments, deposits and other receivables	—	452,682	—	452,682
Trade receivables	—	418,147	—	418,147
Bills receivable	—	111,641	—	111,641
Equity and debt investments at fair value through profit or loss	141,799	—	—	141,799
Derivative financial instruments	2,402	—	—	2,402
Pledged deposits	—	418,752	—	418,752
Cash and cash equivalents	—	3,594,292	—	3,594,292
	144,201	5,116,434	571,777	5,832,412

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in accrued liabilities and other payables	1,222,047
Trade and bills payables	957,287
Interest-bearing bank borrowings	3,865,065
Long-term other payables	193,383
	6,237,782

46. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Group

2008

Financial assets

	Financial assets at fair value through profit or loss – held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in other assets	—	78,900	—	78,900
Available-for-sale investments	—	—	422,238	422,238
Financial assets included in prepayments, deposits and other receivables	—	364,073	—	364,073
Trade receivables	—	322,131	—	322,131
Bills receivable	—	266,534	—	266,534
Equity investments at fair value through profit or loss	23,677	—	—	23,677
Derivative financial instruments	5,665	—	—	5,665
Pledged deposits	—	74,833	—	74,833
Cash and cash equivalents	—	4,964,659	—	4,964,659
	29,342	6,071,130	422,238	6,522,710

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in accrued liabilities and other payables	1,340,776
Trade and bills payables	727,713
Interest-bearing bank borrowings	3,485,663
Long-term other payables	121,550
	5,675,702

46. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Company

2009

Financial assets

	Financial assets at fair value through profit or loss – held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in other assets	—	38,900	—	38,900
Interests in subsidiaries	—	493,000	—	493,000
Available-for-sale investments	—	—	76,350	76,350
Financial assets included in prepayments, deposits and other receivables	—	3,203,484	—	3,203,484
Trade receivables	—	107,390	—	107,390
Bills receivable	—	41,827	—	41,827
Equity and debt investments at fair value through profit or loss	5,961	—	—	5,961
Derivative financial instruments	2,402	—	—	2,402
Pledged deposits	—	387,246	—	387,246
Cash and cash equivalents	—	2,204,043	—	2,204,043
	8,363	6,475,890	76,350	6,560,603

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in accrued liabilities and other payables	568,187
Trade and bills payables	210,201
Interest-bearing bank borrowings	1,440,264
Long-term other payables	164,274
	2,382,926

46. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Company

2008

Financial assets

	Financial assets at fair value through profit or loss - held for trading *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in other assets	—	78,900	—	78,900
Interests in subsidiaries	—	1,243,270	—	1,243,270
Available-for-sale investments	—	—	76,350	76,350
Financial assets included in prepayments, deposits and other receivables	—	963,319	—	963,319
Trade receivables	—	72,047	—	72,047
Bills receivable	—	80,932	—	80,932
Derivative financial instruments	1,288	—	—	1,288
Pledged deposits	—	64,566	—	64,566
Cash and cash equivalents	—	3,339,948	—	3,339,948
	1,288	5,842,982	76,350	5,920,620

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in accrued liabilities and other payables	959,258
Trade and bills payables	150,741
Interest-bearing bank borrowings	341,730
Long-term other payables	88,589
	1,540,318

47. FAIR VALUE HIERARCHY

As at December 2009, fair values of all the financial instruments of the Group and the Company were measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise interest-bearing bank borrowings, and cash and time deposits, available-for-sale investments and equity and debt investments at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign exchange risk and commodity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, equity and debt investments at fair value through profit or loss, other receivables and derivative financial instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 43 to the financial statements.

Other than the aforesaid, the Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

(b) Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed annual credit facilities from banks to meet its commitments over the next year in accordance with its strategic plan. In the opinion of the directors of the Company, most of the borrowings that mature within one year can be renewed and the Group expects to have adequate sources of funding to finance the Group and manage the liquidity position.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2009					
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	918,915	90,563	212,569	—	—	1,222,047
Trade and bills payables	822,024	106,945	28,318	—	—	957,287
Interest-bearing bank borrowings	558,324	1,977,249	993,087	421,998	—	3,950,658
Long-term other payables	—	—	11,456	205,245	46,863	263,564
Total	2,299,263	2,174,757	1,245,430	627,243	46,863	6,393,556

	2008					
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	911,646	281,645	147,485	—	—	1,340,776
Trade and bills payables	61,137	661,137	5,439	—	—	727,713
Interest-bearing bank borrowings	—	981,795	1,534,500	313,000	656,368	3,485,663
Long-term other payables	—	—	—	121,550	—	121,550
Total	972,783	1,924,577	1,687,424	434,550	656,368	5,675,702

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

The maturity profile of the Company's financial liabilities as at the end of the reporting date, based on the contractual undiscounted payments, was as follows:

Company

	2009					
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	315,897	14,621	237,669	—	—	568,187
Trade and bills payables	11,074	51,974	147,153	—	—	210,201
Interest-bearing bank borrowings	51,437	1,064,043	7,604	353,701	—	1,476,785
Long-term other Payables	—	—	11,456	172,416	50,583	234,455
	378,408	1,130,638	403,882	526,117	50,583	2,489,628

	2008					
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	654,811	274,483	29,964	—	—	959,258
Trade and bills payables	52,499	35,493	62,749	—	—	150,741
Interest-bearing bank borrowings	—	—	—	341,730	—	341,730
Long-term other payables	—	—	—	—	88,589	88,589
	707,310	309,976	92,713	341,730	88,589	1,540,318

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to its long-term interest-bearing bank borrowings. Borrowings at floating rates expose the Group to cash flow interest-rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

A reasonably possible change of 100 basis points in interest rates would have no material impact on the Group's and Company's profit and equity for the year.

(d) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 28) and available-for-sale investments (note 24) as at 31 December 2009. The Group's listed investments are listed on the Hong Kong, Shanghai and overseas stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2009	High/low 2009	31 December 2008	High/low 2008
Shanghai - A Share Index	3,277	3,478/1,821	1,912	5,771/1,793
Hong Kong - Hang Seng Index	21,873	22,944/11,345	14,387	27,616/11,016
London	1,521	1,521/797	797	2,886/685
Toronto TSX	5,413	5,438/3,512	4,434	6,479/3,781

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Equity price risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change of 10% in the levels of equity indices and the value of individual securities with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Carrying amount of equity investments *RMB'000*	Increase/ decrease in profit before tax *RMB'000*	Increase/ decrease in equity* *RMB'000*
2009			
Investments listed in:			
Shanghai - Held-for-trading	16,588	1,659	—
Hong Kong- Held-for-trading	38,839	3,884	—
London - Available-for-sale	89,874	—	8,987
- Held-for-trading	9,738	974	—
Toronto - Available-for-sale	293,981	—	29,398
- Held-for-trading	53,122	5,312	—
2008			
Investments listed in:			
Shanghai - Held-for-trading	2,234	223	—
Hong Kong - Held-for-trading	21,443	2,144	—
London - Available-for-sale	63,491	—	6,349

* Excluding retained profit.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Foreign exchange risk

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain prepayments for mining rights and other payables denominated in US dollars and HK dollars, respectively, the forward contracts for the sale of gold denominated in US dollars, investments denominated in Great Britain Pounds, Canadian dollars and HK dollars, other payables denominated in Ruble. Therefore, the fluctuations in the exchange rate of RMB against foreign currencies could affect the Group's results of operations.

To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks.

The following table demonstrates the sensitivity to a reasonably possible change in RMB exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity* *RMB'000*
2009			
If RMB weakens against United States dollar	10%	(74,748)	—
If RMB strengthens against United States dollar	10%	74,748	—
If RMB weakens against Great Britain Pound	10%	—	8,936
If RMB strengthens against Great Britain Pound	10%	—	(8,936)
If RMB weakens against Hong Kong dollar	10%	(17,109)	—
If RMB strengthens against Hong Kong dollar	10%	17,109	—
If RMB weakens against Canadian dollar	10%	—	24,343
If RMB strengthens against Canadian dollar	10%	—	(24,343)
If RMB weakens against Ruble	10%	(7,544)	—
If RMB strengthens against Ruble	10%	7,544	—
2008			
If RMB weakens against United States dollar	10%	(9,768)	—
If RMB strengthens against United States dollar	10%	9,768	—
If RMB weakens against Great Britain Pound	10%	—	5,106
If RMB strengthens against Great Britain Pound	10%	—	(5,106)
If RMB weakens against Hong Kong dollar	10%	1,506	—
If RMB strengthens against Hong Kong dollar	10%	(1,506)	—

* Excluding retained profit.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(f) Commodity price risk

The Group's exposure to commodity price risk relates principally to the market price fluctuation in gold, copper and zinc which can affect the Group's results of operations.

The Group entered into forward contracts for the sale of gold, copper, zinc and silver as set out in note 29. All forward commodity contracts can only be carried out at the approval of the Futures Exchange Team which is composed of top management of the Company. As approved by the board of directors of the Company, the holding position of gold, copper, zinc and silver underlying the open forward contracts should not exceed 25% of annual gold, copper, zinc and silver planned production of the Group, respectively. In addition, the price range of the forward commodity contracts is closely monitored by the Futures Exchange Team.

At 31 December 2009, most of the forward commodity contracts of the Group were settled and accordingly, a reasonably possible change of 10% in commodity price would have no material impact on the Group's and Company's profit and equity for the year.

(g) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total interest-bearing bank borrowings (as shown in the statement of finance position) less cash and cash equivalents. Capital comprises all components of equity. The Group aims to maintain the debt-to-capital ratios at a reasonable level. The debt-to-capital ratios at 31 December 2008 and 2009 were as follows:

	At 31 December	
	2009 *RMB'000*	2008 *RMB'000*
Interest-bearing bank borrowings (note 33)	**3,865,065**	3,485,663
Less: Cash and cash equivalents	**(3,594,292)**	(4,964,659)
Net debt	**270,773**	(1,478,996)
Equity	**21,613,466**	19,179,125
Debt-to-capital ratio	**0.013**	(0.08)

49. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the resolution passed at an extraordinary general meeting on 6 November 2009, the Company will issue medium-term notes and short-term notes with a total aggregate principal amount not exceeding RMB7,500,000,000. The board of directors was authorised for the issue arrangement. Pursuant to the resolutions passed at a board meeting on 11 January 2010, the Company will apply for the issue limit of medium term notes of RMB5,500,000,000 (or equivalent foreign currency) from National Association of Financial Market Institutional Investors and the issue date is subject to the capital demand of the Company.

On 30 March 2010, the board of directors proposed a final dividend of RMB 0.1 per ordinary share, totaling approximately RMB 1,454,131,000. The proposed final divided is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2010.

紫金礦業集團股份有限公司
ZIJIN MINING GROUP COMPANY LIMITED*