ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2012, the Group's revenue was approximately RMB7,602,960,000 (2011: RMB5,741,105,000), representing an increase of approximately 32.43% as compared to the previous year.

For the year ended 31 December 2012, the Group's net profit was approximately RMB2,046,818,000 (2011: RMB1,722,735,000), representing an increase of approximately 18.81% as compared to the previous year.

For the year ended 31 December 2012, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.66 (2011: RMB0.57), representing an increase of approximately 15.79% as compared to the previous year.

For the year ended 31 December 2012, the profit attributable to owners of the parent was approximately RMB1,923,521,000 (2011: RMB1,661,578,000), representing an increase of approximately 15.76% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.24 (tax included) per share (2011: RMB0.21 (tax included)).

The board of directors (the "Board") of Zhaojin Mining Industry Company Limited (the "Company", "Zhaojin") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 (the "Year").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	3	**7,602,960**	5,741,105
Cost of sales		**(3,907,984)**	(2,677,362)
Gross profit		**3,694,976**	3,063,743
Other income and gains	3	**124,759**	122,213
Selling and distribution expenses		**(74,261)**	(55,805)
Administrative expenses		**(777,177)**	(614,646)
Other expenses		**(95,035)**	(137,910)
Finance costs	4	**(218,847)**	(98,016)
Share of profit of an associate		**10,166**	6,940
PROFIT BEFORE TAX	5	**2,664,581**	2,286,519
Income tax expense	6	**(617,763)**	(563,784)
PROFIT FOR THE YEAR		**2,046,818**	1,722,735
Attributable to:			
Owners of the parent		**1,923,521**	1,661,578
Non-controlling interests		**123,297**	61,157
		2,046,818	1,722,735
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit for the year (RMB)		**0.66**	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,046,818**	1,722,735
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**6**	(1,640)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**6**	(1,640)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,046,824**	1,721,095
Attributable to:		
Owners of the parent	**1,923,527**	1,659,938
Non-controlling interests	**123,297**	61,157
	2,046,824	1,721,095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,373,428**	4,926,700
Prepaid land lease payments		**240,815**	236,604
Goodwill		**813,942**	586,674
Other intangible assets		**3,743,571**	2,591,403
Investment in an associate		**45,830**	42,220
Long-term deposits		**31,729**	24,856
Deferred tax assets		**203,994**	159,196
Other long-term assets		**1,134,539**	761,635
Total non-current assets		**13,587,848**	9,329,288
CURRENT ASSETS			
Inventories		**2,010,998**	2,131,257
Trade and notes receivables	9	**140,966**	45,620
Prepayments, deposits and other receivables		**844,775**	520,951
Equity investments at fair value through profit or loss		**32,409**	8,732
Derivative financial instruments		**–**	9,367
Cash and cash equivalents		**1,350,650**	1,245,872
Total current assets		**4,379,798**	3,961,799
CURRENT LIABILITIES			
Trade payables	10	**407,817**	1,537,825
Other payables and accruals		**1,014,090**	501,170
Interest-bearing bank and other borrowings		**3,167,645**	1,510,160
Tax payable		**325,296**	341,913
Current portion of other long-term liabilities		**19,421**	–
Provision		**20,095**	19,827
Total current liabilities		**4,954,364**	3,910,895
NET CURRENT (LIABILITIES)/ASSETS		**(574,566)**	50,904
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,013,282**	9,380,192

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**56,908**	158,109
Corporate bonds		**2,682,886**	1,491,047
Deferred tax liabilities		**621,277**	476,190
Deferred income		**248,635**	149,672
Provision		**70,631**	77,727
Other long-term liabilities		**85,320**	30,000
Total non-current liabilities		**3,765,657**	2,382,745
Net assets		**9,247,625**	6,997,447
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2,965,827**	2,914,860
Reserves		**4,726,390**	3,056,674
Proposed final dividend	*7*	**711,799**	612,121
		8,404,016	6,583,655
Non-controlling interests		**843,609**	413,792
Total equity		**9,247,625**	6,997,447

NOTES TO FINANCIAL INFORMATION

31 December 2012

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments and derivative financial instruments, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB"), with values 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 (collectively referred to as the "Group") for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Based on the preliminary analyses performed, HKFRS 11 is not expected to have material impact on the consolidated financial statements of the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2. OPERATING SEGMENT INFORMATION

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

(a) the gold operations segment consists of gold mining and smelting operations;

(b) the copper operations segment consists of copper mining and smelting operations; and

(c) the "others" segment comprises, principally, the Group's other investment activities.

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/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as corporate expenses are excluded from such measurement.

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

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

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

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

Year ended 31 December 2012

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	**6,818,659**	**784,301**	**–**	**7,602,960**
Segment results	**2,592,971**	**279,221**	**(4,814)**	**2,867,378**
Reconciliation:				
Interest income				**16,050**
Finance costs				**(218,847)**
Profit before tax				**2,664,581**
Segment assets	**13,870,756**	**2,483,094**	**59,153**	**16,413,003**
Reconciliation:				
Corporate and other unallocated assets				**1,554,643**
Total assets				**17,967,646**
Segment liabilities	**1,957,648**	**217,432**	**16,225**	**2,191,305**
Reconciliation:				
Corporate and other unallocated liabilities				**6,528,716**
Total liabilities				**8,720,021**
Other segment information				
Capital expenditure *	**2,776,109**	**1,518,934**	**2**	**4,295,045**
Interest in an associate	**45,830**	**–**	**–**	**45,830**
Impairment losses recognised in the income statement	**15,827**	**520**	**–**	**16,347**
Share of profit of an associate	**10,166**	**–**	**–**	**10,166**
Depreciation and amortisation	**395,044**	**43,665**	**18**	**438,727**

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of subsidiaries.

Year ended 31 December 2011

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	5,094,331	646,774	–	5,741,105
Segment results	2,105,022	287,899	(20,743)	2,372,178
Reconciliation:				
Interest income				12,357
Finance costs				(98,016)
Profit before tax				2,286,519
Segment assets	11,115,126	753,417	17,476	11,886,019
Reconciliation:				
Corporate and other unallocated assets				1,405,068
Total assets				13,291,087
Segment liabilities	2,436,695	209,875	11,564	2,658,134
Reconciliation:				
Corporate and other unallocated liabilities				3,635,506
Total liabilities				6,293,640
Other segment information				
Capital expenditure *	1,846,005	197,573	440	2,044,018
Interest in an associate	42,220	–	–	42,220
Impairment losses recognised in the income statement	1,851	736	–	2,587
Share of profit of an associate	6,940	–	–	6,940
Depreciation and amortisation	450,513	29,657	61	480,231
Exploration assets written off	7,444	–	–	7,444

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and prepaid land lease payments, including assets from the acquisition of a subsidiary and a jointly-controlled entity.

Geographical information

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

Information about a major customer

Revenue of approximately RMB5,985,000,000 (2011: RMB4,450,000,000) was derived from sales by the gold operations segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts and net of various types of government surcharges where applicable, and the value of services rendered.

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

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Sale of goods:		
Gold	**6,370,246**	4,825,511
Copper	**738,578**	587,953
Silver	**280,154**	105,531
Sulphur	**82,381**	36,747
Other by-products	**142,665**	199,896
Rendering of services:		
Processing of gold and silver	**32,325**	32,662
	7,646,349	5,788,300
Less:		
Government surcharges	**(43,389)**	(47,195)
Revenue	**7,602,960**	5,741,105
Other income and gains		
Government grants	**48,377**	27,612
Sale of auxiliary materials	**47,145**	43,158
Interest income	**16,050**	12,357
Fair value gain, net:		
Equity investments at fair value through profit or loss	**2,264**	–
Gain on disposal of items of property, plant and equipment	**968**	289
Gain on bargain purchase	**–**	13,840
Others	**9,955**	24,957
Other income and gains	**124,759**	122,213

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2012	2011
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
– wholly repayable within five years	**171,519**	42,416
– repayable over five years	**228**	171
Interest on a short-term bond	**39,494**	6,534
Interest on a corporate bond	**84,318**	76,543
Subtotal	**295,559**	125,664
Less: Interest capitalised	**(82,837)**	(33,194)
Incremental interest on provisions	**6,125**	5,546
Total	**218,847**	98,016

5. PROFIT BEFORE TAX

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

	2012	2011
	RMB'000	*RMB'000*
Cost of inventories sold and services provided	**3,907,984**	2,677,362
Staff costs:		
Wages and salaries (including directors' remuneration)	**548,277**	426,250
Early retirement benefits	**14,557**	16,416
Defined contribution fund:		
– Retirement costs	**80,317**	61,380
– Other staff benefits	**94,449**	61,863
Total staff costs	**737,600**	565,909
Auditors' remuneration	**2,400**	2,200
Amortisation of prepaid land lease payments*	**12,378**	8,443
Amortisation of mining rights and reserves*	**103,347**	83,113
Depreciation	**323,002**	388,675
Loss on disposal of items of property, plant and equipment	**8,245**	14,144
Operating land lease rentals	**9,648**	7,233
Impairment of receivables	**16,347**	2,587
Exploration assets written off	**–**	7,444
Fair value (gains)/losses, net:		
– Equity investments at fair value through profit or loss	**(2,264)**	43,814
– Derivative financial instruments	**–**	633

* The amortisation of prepaid land lease payments and mining rights and reserves for the year is included in "Cost of sales" in the consolidated income statement.

6. INCOME TAX EXPENSE

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

Provision for Mainland China current income tax is based on the statutory rate of 25% (2011: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2012	2011
	RMB'000	*RMB'000*
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China		
– Charged for the year	**673,393**	625,895
Deferred tax	**(55,630)**	(62,111)
Total tax charge for the year	**617,763**	563,784

7. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Ordinary:		
Proposed final – RMB0.24 per share (2011: RMB0.21 per share)	**711,799**	612,121

The board of directors recommends a cash dividend to all shareholders on the basis of RMB0.24 per share (tax included) (2011: RMB0.21 per share (tax included)).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,919,107,000 (2011: 2,914,860,000) in issue during the year.

The diluted earnings per share amounts are equal to the basic earnings per share amounts for the years ended 31 December 2012 and 2011, as no diluting events existed during these years.

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

	2012	2011
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**1,923,521**	1,661,578

	2012	2011
	'000	*'000*
Shares:	**2,965,827**	2,914,860
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**2,919,107**	2,914,860

9. TRADE AND NOTES RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**140,966**	29,174
Notes receivable	**–**	16,446
	140,966	45,620

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

	2012	2011
	RMB'000	*RMB'000*
Outstanding balances due within 90 days	**140,966**	45,620

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

	2012	2011
	RMB'000	*RMB'000*
Amounts due from related parties		
– Subsidiaries of Zhaojin Group	**82,925**	–

The amounts due from related parties are unsecured, interest-free and expected to be settled within 60 days.

Trade and notes receivables are non-interest-bearing 79% (2011: 78%) of the sales for the year ended 31 December 2012 were made through the Shanghai Gold Exchange (the "SGE"). The credit term given to other customers is from 30 to 60 days, there were no significant receivables that were overdue or impaired.

10. TRADE PAYABLES

At 31 December 2012, the balance of trade payables mainly represents the amount regarding to the unsettled procurement of gold concentrate. The trade payables are non-interest-bearing and are normally settled on 60-days terms.

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

	2012	2011
	RMB'000	*RMB'000*
Within one year	**391,582**	1,524,780
Over one year but within two years	**11,774**	9,009
Over two years but within three years	**2,275**	1,954
Over three years	**2,186**	2,082
	407,817	1,537,825

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

	2012	2011
	RMB'000	*RMB'000*
Amounts due to related parties		
– Subsidiaries of Zhaojin Group	**4,579**	–

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold Output

For the year ended 31 December 2012, the Group's total output of gold amounted to 27,677.5 kg (approximately 889,851.62 ozs), representing an increase of 17.39% as compared to the previous year. Among which, 18,086 kg (approximately 581,476.96 ozs) of gold was mine-produced gold, representing a rise of approximately 13.49% as compared to the previous year, and 9,591.5 kg (approximately 308,374.66 ozs) was smelted and processed gold, representing an increase of approximately 25.53% as compared to the previous year.

Revenue

For the year ended 31 December 2012, the Group's revenue was approximately RMB7,602,960,000 (2011: RMB5,741,105,000), representing an increase of approximately 32.43 % as compared to the previous year.

Net Profit

For the year ended 31 December 2012, the Group's net profit was approximately RMB2,046,818,000 (2011: RMB1,722,735,000), representing an increase of approximately 18.81% as compared to the previous year.

Earnings Per Share

For the year ended 31 December 2012, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.66 (2011: RMB0.57), representing an increase of approximately 15.79% as compared to the previous year.

Analysis of Results

The substantial growth in profit was primarily attributable to the significant increase in gold output of the Group and relatively high selling price of gold during the Year.

Distribution Proposal

The Board proposed the payment of a cash dividend of RMB0.24 (tax included) per share (2011: RMB0.21 (tax included)) to all shareholders.

Regarding the distribution of cash dividend, dividends for shareholders of domestic shares will be declared and paid in RMB, whereas dividends for shareholders of H shares will be declared in RMB and paid in Hong Kong dollars.

The proposed distribution proposal for the Year is subject to the approval by the shareholders of the Company at the annual general meeting for the year ended 31 December 2012 ("2012 AGM"), which will be held on Monday, 27 May 2013.

If the distribution proposal is approved at the 2012 AGM, it is expected that the final dividend for the year ended 31 December 2012 will be paid on or before Sunday, 30 June 2013 to the shareholders whose names appear on the register of members of the Company on Tuesday, 4 June 2013.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (which shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company on Tuesday, 4 June 2013.

In accordance with the PRC Tax Law, the Company is required to withhold and pay individual income tax when distributing the final dividend to individual shareholders whose names appear on the H shares register of members of the Company on Tuesday, 4 June 2013. The individual H shareholders are entitled to certain tax preferential treatments according to the bilateral tax treaties between those countries where the individual H shareholders are residents and China and the provisions in respect of bilateral tax treaties between the mainland China and Hong Kong or Macau. The Company would withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries which have bilateral tax treaties with China for personal income tax rate in respect of dividend of 10%. For individual H shareholders who are residents of those countries entered into the agreements with China for personal income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf for entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法（試行）〉的通知》(國稅發[2009]124號)). For individual H shareholders who are residents of those countries having bilateral tax treaties with China for personal income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the actual tax rate. For individual H shareholders who are residents of those countries without any bilateral tax treaties with China or having bilateral tax treaties with China for personal income tax in respect of dividend of 20% and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20%.

In accordance with the PRC Tax Law, the Company has an obligation to withhold and to pay the corporate income tax and individual income tax for payment of the final dividend to non-resident enterprises and individual shareholders whose names appear on the H shares register of members of the Company on Tuesday, 4 June 2013. If the resident enterprises (which shall have the meaning as defined under the PRC Tax Law) and overseas resident individual shareholders whose names appear on the H shares register of members of the Company on Tuesday, 4 June 2013 do not wish to have the corporate income tax and individual income tax withheld and paid by the Company, they should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that they are resident enterprises or individual shareholders, on or before 4:30 p.m. on Thursday, 30 May 2013. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company will withhold and pay the corporate income tax and individual income tax in strict compliance with the PRC Tax Law and the requirements of the relevant government authorities. The Company shall not be liable for any dispute relating to the withholding and payment of corporate income tax and individual income tax which arises from any failure of any non-resident enterprises and individual shareholders to lodge the relevant documents within the prescribed timeframe as mentioned above.

Market Overview

Under the backdrop of global quantitative easing, gold price still had satisfactory performance in 2012. However, under the influence of various factors, such as European debt crisis, the slow-down of global economic growth, the international gold price failed to re-gain the previous year's momentum during the year and did not make a new record high. The international gold price was not able to break the resistance of US$1,800 per ounce and showed an M-shaped trend throughout the year. Looking back at 2012, in the beginning gold price stayed at the lowest level since the down-run. Gold price opened the year at US$1,560 per ounce, then steadily rebounded and went up, reaching the first half year high of US$1,790 per ounce on 29 February 2012. After that it started to plunge and dropped below US$1,600 per ounce again during early and mid May, and dropped to US$1,527 per ounce on 16 May. Thereafter gold price was in a trading range between US$1,530 per ounce to US$1,640 per ounce for nearly three months. Benefited from QE3 of the US Federal Reserve in mid August, gold price began the second running-up in the year and rose to the year high of US$1,795 per ounce on 5 October. Afterwards the gold price replayed a downward trend similar to that of the first half year, and dropped to as low as US$1,625 per ounce, and ended the year at US$1,675 per ounce. The average gold price for the year was US$1,669 per ounce. The opening price of the "9995 gold" in the Shanghai Gold Exchange was RMB320.00 per gram and reached the highest at RMB362.50 per gram and the lowest at RMB228.88 per gram while the closing price was RMB334.30 per gram. The average gold price for the Year was approximately RMB339.81 per gram.

China's gold production continued to increase steadily in 2012 and made the nation remain the No. 1 gold production country in the world for six consecutive years. According to the statistics of the China Gold Association, gold production of China for 2012 reached 403.05 tonnes, representing an increase of approximately 11.66% as compared to the previous year.

The average price of gold sold by the Group in the Shanghai Gold Exchange during the year was approximately RMB344.48 per gram, representing an increase of approximately 3.523% as compared to RMB332.75 per gram in the previous year and was RMB4.67 per gram higher than the average price of gold of RMB339.81 per gram in the Shanghai Gold Exchange.

Business Review

Further Improvement on Safety and Environmental Protection and Constantly Stable Environment for Development

In 2012, in strong adherence to the safety production concept of "gold is precious but life is priceless" and the environmental protection concept of "building a harmonious relationship between gold/silver mining and the environment", the company initiated such activities as "Month of Implementation of Safety Responsibility", "Environmental Management Storm" and "Green Mines", the Company had a total investment of RMB112 million in safety and environmental protection, of which more than RMB80 million was used in safety and more than RMB32 million was used in environmental protection. Inside Zhaoyuan city, we built six systems on safety control and risk prevention for our mine, and the scope of mechanization and information technology applications have been expanding, which resulted in a further improvement of effective safety level. The Company successfully avoided significant industrial accidents and environmental pollution incidents throughout the year, for which the Company was recognized as an "Outstanding Safety Production Enterprise in Shandong Province".

Continuous Optimization of Production Organization and Steady Increase in Gold Output

In 2012, the gold output of the Company increased steadily as it successfully coped with the difficulties and challenges, i.e. production suspension, power and explosive supply restriction. The mines within Zhaoyuan, through strengthening production organization and continuously optimizing process system, achieved an output of mined gold of 13,646.7 kg (approximately 438,700 ozs), representing an increase of 9.54% compared to the corresponding period of last year. Pillar enterprises such as Xiadian Gold Mine, Dayingezhuang Gold Mine and Jinchiling Gold Mine were playing a more important role in inspiring and supporting their affiliates. Those mines located outside Zhaoyuan, which have stepped into a period of maturity and harvest, were continuously growing and expanding. They have been constantly accelerating the process of infrastructure construction and technology reform, and have aggressively implemented the project of management upgrading, which helped them achieve a total output of mined gold of 4,439.3 kg (approximately 142,700 ozs), representing an increase of 27.67% compared to the corresponding period of last year. The two mining industrial bases, i.e. Xinjiang and Gansu, have also been expanded, with Zaozigou Gold Mine and Zhaojin Beijiang becoming the main drivers for the development of the Company.

New Breakthroughs in Geological Exploration and New Driving Forces for the Company's Development

In 2012, under the principal of "Prioritizing Scientific Research", the Company implemented Results Projects and Hope Projects for overall geological explorations, made an investment of approximately RMB207 million in geological exploration, and completed 67,636 meters of tunnel explorations, 303,050 meters of drilling explorations, which led to a total of approximately 91.5 tonnes of newly explored gold resources. As a result, two resource bases with over 100 tonnes in reserves, namely Xiadian Gold Mine and Dayingezhuang Gold Mine in Zhaoyuan City, and three resource bases with over 30 tonnes in reserves, namely Zaozigou Gold Mine, Zhaojin Baiyun and Qinghe Mining outside Zhaoyuan City have been established.

As at 31 December 2012, when measured according to the Code of the Joint Ore Reserves Committee in Australia (the "JORC"), our gold ore resources reserve were approximately 690.18 tonnes (22,190 kozs), representing an increase of 23.69% compared to the corresponding period of last year, and our recoverable gold reserves were approximately 355.78 tonnes (11,439 kozs), representing an increase of 19.77% compared to the corresponding period of last year.

Steady Progress Made in Going-Out Strategy, Continuous Enhancement of Ability for Rapid Development

In 2012, Zhaojin Mining took initiative in competition. A breakthrough was made in integration of the peripheral resources of the mining cluster in Xinjiang and Gansu Province. The Company acquired the gold mine exploration rights in Hou Cang and Da Sha Gou by way of private placement of domestic shares, and acquired various projects in respect of Bojigou Gold Mine and Yingjushan Gold Mine in Gansu and Shanxi Liyuan Gold Mine (山西梨園金礦), Xinjiang Aokai Investing(新疆奧凱公司), Gansu Xinrui Mining and Shandong Qixia Wucailong (山東栖霞五彩龍公司) in cash, adding a new area of exploration rights of 159.55 km^2 and a new area of mining rights of 36.6988 km^2. The Company entered into 7 share transfer agreements and acquired 83.9 tonnes of gold resources and 268,000 tonnes of copper resources.

Swift Project Development and Further Expansion in Production Scale

2012 was a year of intensified infrastructure construction and technology reform for the Company. We fulfilled a total investment of RMB1.139 billion, completed mining infrastructure construction of 465,500 m^3 (with a gross floor area of 109,100 m^2), purchased 661 sets and installed 979 sets of equipments. 25 other projects, including Zaozigou Gold Mine, Zhaojin Baiyun and Xinhui Copper, were all well on schedule, expanding the scale of the Company, especially those production bases outside Zhaoyuan City, such as Xinjiang and Gansu, having demonstrated an even more remarkable momentum for rapid development.

Steady Advance on R&D and Innovation and Continuous Level-up in Technical Support

In 2012, the Company spent RMB96,040,000 on R&D, kicking off 60 scientific research projects, receiving 4 provincial or above-provincial awards for scientific research and innovation and 34 patents of utility model, among which, the "Development and Application of Technology of Multi-cycle Leaching with Slight Air Pressure Increase" by Jinchiling Gold Mine and the "Research and Application of Technology for Gold Extraction from Hard-to-process Complex Gold Concentrate with Circulated Fluidization" by Xinjiang Xingta Mining won the Prize of the Science and Technology Progress Award of Shandong Province and Xinjiang Uygur Autonomous Region, respectively. The "Comprehensive Utilization Technology of Tailings Cyanide Resources" by Zhaojin Guihe and the "Analysis on the Structure, Magma and Mineralization Network as well as Deposit Forecast" by Hedong Gold Mine were granted the First Prize of Science and Technology Progress Award by China Gold Association. The technology support for development was reinforced, laying a solid foundation for further advance of scientific innovation.

Continuously Optimized Internal Operation and Significantly Improved Corporate Performance

In 2012, while facing challenges of rigid rising of cost of raw materials and labour, etc., the Company strived for organic growth with well-planned and stringent management and control, meeting with remarkable achievements in economic operation quality and efficiency. For logistics management, we have innovated our management system for materials and equipment purchase, direct supply from factory as well as tendering and bidding management, established a modern logistic information management and control system, resulting in a saving on repairs and waste utilization of RMB26.85 million for the whole Company. For financial management, funds management was optimized, non-productive expenditure was reduced and greater efforts have been made in order to secure preferential policy and fund. During the year, we secured tax preference of RMB165 million and national supporting funds of RMB147 million. As for gold sales, we tightened risk control and made good use of sales opportunities, resulting in our sales price RMB4.67/gram higher than that on the Shanghai Gold Exchange. As for corporate governance, we achieved a full-range upgrade in comprehensive management and control and service ability, including risk control, legal affairs, human resources, relations between the Party and the people, equipment and energy management, administration and information technology construction. Highly efficient operation and management has secured the Company a core competitive advantage over the whole industry with low cost.

Enriched Corporate Culture and Significantly Strengthened Cohesive Force for Harmonious Development

In 2012, the Company advocated taking virtues from others, set free our thoughts for faster and further development. With a well-set target, the Company strived to build a modern mine with four distinctive features, namely "ecological and environmental protection, efficient development, safety and health, and satisfaction from staff, shareholders, the government and community". The guideline "Operate the Business the Same Way as a Star-Level Hotel; Manage Our Mine the Same Way as Eco-Landscape" was widely put into practice in our endeavour for safe, environmental friendly and scientific development. Through a series of activities, such as voting for exemplary employees, young people gatherings, art performances, staff trainings and team building of staff representatives union, the material, spiritual and cultural needs of our people were ensured and satisfied. Our brand promotion efforts were progressing smoothly, the fabulous debut at the Kashgar South and Central Asia Commodity Fair, China-Eurasia Expo and China Mining Conference further enhanced our reputation and influence among the resource-rich provinces and in the industry. In 2012, through co-operations between government and enterprise, village and enterprise, police and enterprise and programs to ally villages and households, our efforts to build a harmonious community resulted in substantial results. We made various fund donations totaling RMB12.36 million for the year. Our donations to Minxian mudslide-stricken area, donations and supports for Xinjiang and Gansu hope projects, and heroic undertaking of helping each other within the Company, have added great weight to the connotation of our motto "A responsible and moral Zhaojin".

Financial Analysis

Revenue

For the year ended 31 December 2012, the Group's revenue was approximately RMB7,602,960,000 (2011: RMB5,741,105,000), representing an increase of approximately 32.43% (2011: an increase of 40.10%) as compared to the previous year. Such increase was primarily attributable to a substantial increase in the output quantity and relatively high selling price of gold.

Cost of Sales

For the year ended 31 December 2012, the Group's cost of sales was approximately RMB3,907,984,000 (2011: RMB2,677,362,000), representing an increase of approximately 45.96% (2011: an increase of 49.83%) as compared to the previous year. Such increase was primarily attributable to the increase of sales quantity and unit cost of gold during the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit and gross profit margin were approximately RMB3,694,976,000 (2011: RMB3,063,743,000) and approximately 48.60% (2011: 53.37%), respectively, representing an increase in gross profit of approximately 20.60% (2011: an increase of approximately 32.58%) and a decrease in gross profit margin of approximately 4.77% (2011: a decrease of 3.03%), respectively, as compared to the previous year. The increase in gross profit was primarily attributable to the increases in the sales quantity and the selling price of gold, while the decrease in the gross profit margin was due to the slight increase in the unit production cost of gold.

Other Revenue and Gains

During the Year, the Group's other revenue and gains were approximately RMB124,759,000 (2011: RMB122,213,000), representing an increase of approximately 2.08% (2011: a decrease of 0.76%) from the previous year and remaining stable compared with the amount of last year.

Selling and Distribution Costs

For the year ended 31 December 2012, the Group's selling and distribution costs were approximately RMB74,261,000 (2011: RMB55,805,000), representing an increase of approximately 33.07% (2011: an increase of 46.01%) as compared to the previous year. Such increase was mainly due to the incremental transportation expense during the Year.

Administrative and Other Expenses

The Group's administrative and other operating expenses were approximately RMB872,212,000 during the Year (2011: RMB752,556,000), representing an increase of approximately 15.90% (2011: an increase of 14.81%) from 2011. Such increase was mainly attributable to the increase in staff cost due to the business expansion and adjustment of individual salary level of staff.

Finance Costs

For the year ended 31 December 2012, the Group's finance costs were approximately RMB218,847,000 (2011: RMB98,016,000), representing an increase of approximately 123.28% (2011: an increase of 6.15%) from 2011. Such increase was mainly attributable to the increase in the Group's borrowings during the Year.

Income Tax Expenses

For the year ended 31 December 2012, the Group's income tax expenses increased by approximately RMB53,979,000 when compared with the previous year. It is attributable to the increase in profit before taxation of the Group. During the Year, income tax of corporate inside PRC has been provided at a rate of 25% (2011: 25%) on the taxable income (except for certain subsidiaries of the Group in Xinjiang, which are taxed at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. The Group did not incur any Hong Kong profits tax during the Year. The effective tax rate of the Group is 23.18 % during the Year (2011: 24.66%).

Profit Attributable to Owners of the Parent

For the year ended 31 December 2012, the Group's profit attributable to the owners of the parent was approximately RMB1,923,521,000, representing an increase of approximately 15.76% (2011: an increase of 38.27%) from approximately RMB1,661,578,000 in 2011.

Liquidity and Capital Resources

The working capital funding of the Group mainly comes from its cash flows from operations and borrowings, while the Group's capital resources are mainly utilized to provide funding to the acquisition activities, capital expenditures, operations and repayment of borrowings of the Group.

Cash Flows and Working Capital

The Group's cash and cash equivalents have increased from approximately RMB1,245,872,000 as at 31 December 2011 to approximately RMB1,350,650,000 as at 31 December 2012. The increase was mainly attributable to the net cash inflows from operating activities, increase of borrowings and issuance of corporate bonds of the Group in 2012.

As at 31 December 2012, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB15,461,000 (2011: RMB16,495,000) and those denominated in United States dollars amounted to approximately RMB13,374,000 (2011: RMB50,026,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2012, the Group had outstanding bank and other borrowings of approximately RMB3,224,553,000 (2011: RMB1,668,269,000), of which approximately RMB3,167,645,000 (2011: RMB1,510,160,000) shall be repaid within one year, approximately RMB45,832,000 (2011: RMB151,735,000) shall be repaid within two to five years, inclusive and approximately RMB11,076,000 (2011: RMB6,374,000) shall be repaid after five years. As at 31 December 2012, the Group had outstanding corporate bond of approximately RMB2,682,886,000 (2011: RMB1,491,047,000). The bond should be repaid within two to five years, inclusive. The increase in the Group's borrowings during the Year was mainly attributable to the incremental demand of the resource acquisition activities, capital expenditure and working capital of the Group.

All bank borrowings and other borrowings held by the Group are denominated in RMB. As at 31 December 2012, approximately 77% of the interest bearing bank borrowings held by the Group were in fixed rates.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other borrowings and corporate bond, less cash and cash equivalents. As at 31 December 2012, the gearing ratio of the Group was 33.0%, which was 21.5% as at 31 December 2011. Following the business expansion of the Group, the gearing ratio recorded reasonable increase while the financing channels were continually broadened.

Market Risks

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

Gold Prices and Other Commodities Prices Risks

Commodity price risk

The Group's exposure to price risk relates principally to the market price fluctuations on gold, silver and copper which can affect the Group's results of operations.

During the Year, under certain circumstance, the Group entered into AU (T+D) arrangements, which substantially are forward commodity contracts on the SGE, to hedge potential price fluctuations of gold. Under those arrangements, the Group can forward buy or sell gold at the current day's price by depositing 10% of the total transaction amount. Subsequently, it can close the deal by either physically delivering the gold or entering into an offsetting arrangement. There is no restriction imposed on the settlement period. During the Year, the Group had not entered into any long term arrangement under the AU (T+D) framework.

The price range of the forward commodity contracts is closely monitored by management. At 31 December 2012 and for the year the ended, substantially the entire forward commodity contracts of the Group were settled through physical delivery of gold and accordingly, any change in commodity prices would not have any impact on the Group's profit and equity for the year.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest-bearing bank and other borrowings and corporate bond. The Group manages its interest rate risk exposure from its cash holdings through placing them into appropriate short term deposits with a mixture of fixed and floating rates and manages the exposure from all of its interest-bearing bank and other borrowings and corporate bond through the use of fixed or floating rates.

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

Foreign Exchange Risk

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local gold price, which may therefore affect the Group's operating results. Fluctuations of foreign exchange rate may have an adverse effect on net assets, earnings and any dividend declared of the Group, which shall be converted or translated into Hong Kong dollars. Furthermore, the Group had not entered into any hedge activities during the Year due to fluctuations of foreign exchange rate.

Business Outlook

Insist on External Development, Resources in Store for Development

In 2013, we will further optimize the ways of mergers and acquisitions to make a breakthrough in external development. Total planned investment for the year amounts to RMB1.0 billion, which will be used to acquire 20 tonnes of gold reserves, and acquire 50 km^2 of exploration rights for good potential areas and 5 km^2 of mining rights. First of all, acquisitions of large mining groups will be made while large resources and big projects are our interest. We will adhere to high-level cooperations and do serious research on investment attraction policies of various regions. Secondly, mergers and acquisitions on regional basis shall be carried out. Xinjiang and Gansu industrial bases will act as the core from which outward expansions will be made. We will step up resource integration in the periphery of the industry clusters. Lastly, internationally mergers and acquisitions will be made. We will follow up with key projects, strengthen the investment and management team for international mining business, and speed up the construction of an overseas mining base of Zhaojin.

Work for Major Progress in Exploration

In 2013, to achieve the strategic target of adding new mines with mineral reserve over a thousand tonnes, we will move on with scientific exploration, focus on key areas and increase exploration efforts. Our planned investment in exploration amounts to RMB0.25 billion and we aim at adding at least 80 tonnes of new gold reserves. Within Zhaoyuan, with Zhaoping fault zone as our key target, we will carry out large scale explorations at Xiadian Gold Mine, Dayingezhuang Gold Mine and Canzhuang Gold Mine. Outside Zhaoyuan, taking the exploration projects of Zaozigou Gold Mine, Liangdang Zhaojin, Zhaojin Beijiang, Tonghui Copper Mining, Zhaojin Baiyun, etc. as the breakthrough, we plan to build up new bases of mineral reserves.

Powered by Innovation, Enhance Development Quality and Efficiency

In 2013, we will form an enterprise-based technology innovation system by combining the efforts from the industry, education and research institutes. We plan to implement 63 scientific research projects for the whole year, and make investment of RMB152 million for the year. On the one hand, we will pursue technological process innovations by seeking break-throughs in a number of industrial key technologies in exploration, mining, processing and metallergy by making use of the model base for comprehensive utilization of gold resources. As regards mining, we will strengthen mechanization and automation by introducing advanced equipment, such as multi-functional mining machines and robots. As to the processing of ores, by introducing new equipment, new grinding technologies, new flotation reagents, etc. we will facilitate the upgrades of processing equipment and techniques and improve the processing and metallurgy recovery rate in all respects. For the cyanide metallurgy, we will speed up the research of chloridizing roasting to make sure that the project of comprehensive resources utilization of Zhaojin Guihe would be conducted as planned. On the other hand, we will adopt advanced information technology. The focus is to build a collaborative office platform for different processes including production management, safety management, equipment and energy management, logistics management, human resources management and contract management. We will make full use of digitalization to further optimize and improve the traditional way of management, promote mobile office, simplify approval process and increase work efficiency.

Continue to Optimize Value Chain System, Gear up Corporate Development

In 2013, we will strengthen the ability of the three value chain system of financing, investment and operation management. Firstly, for the financing, we will enhance the ways of multi-channel and low-cost financing, further broaden sources of funds and maintain sufficient cash flows. Secondly, we need to enhance the ability to identify and capture investment opportunities. We will proceed on the construction of various projects at full speed with a planned investment of RMB1,501 million for the whole year, covering 41 construction projects. Within Zhaoyuan, our key task will be to continue the construction of a model base for comprehensive utilization of gold resources in Shandong Province; outside Zhaoyuan, we will focus on the mining extension projects of Zaozigou Gold Mine, Fengning Jinlong and Zhaojin Baiyun. Thirdly, for the operation and management, we will improve the corporate governance regime, carry out professional management upgrades and cost saving and efficiency boosting activities, and keep refining the performance appraisal system for the management team, invigorate corporate development and increase the quality and efficiency of our development in all respects.

Raise the Level and State of Development, Build a Beautiful and Happy Zhaojin

In 2013, we will create a beautiful and happy New Zhaojin with receptive mind and wisdom. Firstly, we will build New Zhaojin as a safe and healthy workplace, so as to create a safe environment which favors long-term development. Secondly, we will pursue a green and ecological New Zhaojin. In accordance with the principal strategy for the construction of mines with four features, namely "ecological and environmental protection, efficient development, safety and health, and satisfaction from staff, shareholders, the government and community", we will procure green and low-carbon development relying on a strict environmental monitoring system. Thirdly, we will have a harmonious and stable New Zhaojin to create a good domestic and external environment for corporate development. Fourthly, we will promote a socially responsible New Zhaojin by strengthening the staff's sense of responsibility and their contribution to community construction, and by nourishing a good corporate culture which provides power for the rapid development of the company.

ACQUISITIONS

(1) On 2 May 2011, the Company entered into an equity transfer agreement with Yantai Jingtai Investment Consulting Co., Ltd. (煙台景泰投資諮詢有限公司), pursuant to which the Company acquired 15% equity interests in Hezheng Xinyuan Mining Co., Ltd. at a consideration of RMB9,000,000. Upon completion of the equity transfer, the Company held an aggregate of 95% equity interests in Hezheng Xinyuan Mining Co., Ltd..

As at 10 January 2012, all procedures for the equity transfer were completed.

Yantai Jingtai Investment Consulting Co., Ltd. is a connected person of the Company by virtue of being a substantial shareholder of Hezheng Xinyuan Mining Co., Ltd.. Accordingly, the acquisition constitutes a connected transaction for the Company. As each of the applicable percentage ratios in respect of the acquisition is below the de minimis threshold and is exempt from the announcement, reporting, and the independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(2) On 1 December 2011, the Company entered into a cooperation agreement with Zhaoyuan Zhangxing Town People's Government (招遠市張星鎮人民政府). Pursuant to the cooperation agreement, the parties agreed to establish the Jishan joint venture ("JV") which will be principally engaged in the exploration and exploitation of gold in Zhaoyuan, Shandong Province, the PRC. The registered capital of the Jishan JV will be owned as to 95% and 5% by the Company and Zhaoyuan Zhangxing Town People's Government respectively. It is estimated by the geological experts that the gold metal quantity of Jishan JV is approximately 1,510 kg, the ore quantity is approximately 368,867 tonnes and the average grade is approximately 4.09 gram per ton.

As at 26 October 2012, the registration of this joint venture was completed.

The acquisition did not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 7 December 2011 published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(3) On 21 December 2011, Zhaoyuan Jintingling Mining Industry Company Limited ("Jintingling", a wholly-owned subsidiary of the Company), entered into an asset transfer agreement with Zhaoyuan Gold Smelting Company Limited to acquire the Zaoyangshan Exploration Right and its ancillary assets at a consideration of RMB28,000,000 by bidding at Yantai Joint Property Right Exchange Center. The mine covered by the Zaoyangshan Exploration Right occupies an area of 16.20 km^2, and possesses good ore-forming conditions and development prospects as well as good fundamental infrastructure and facilities. Based on previous exploration works conducted in the mine, the indicated and inferred ore resources are approximately 379,881 tonnes, gold metal resources are approximately 1,267 kg and average grade is approximately 3.34 gram per ton.

As at 24 August 2012, the registration of change of exploration rights and assets of this project was completed.

The acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Relevant details were set out in the announcement of the Company dated 21 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(4) On 30 December 2011, the Company entered into an equity transfer agreement with five natural persons being Fu Xiaoliang, Shi Chengyong, Zhou Jian, Ni Peiai and Han Xiaosong. The Company acquired 79% equity interest in Baicheng Xian Di Shui Copper Mine Development Company (拜城縣滴水銅礦開發有限責任公司) at a cash consideration of RMB605,000,000. Dishui Gold-Copper Mine is a gold-copper mine project, where the gold grade is 0.41 gram per ton, with a gold content of 2,757 kg; the silver grade is 9.39 gram per ton, with a silver content of 235,312 kg; the copper grade is 1.06%, with a copper content of 265,600 tonnes.

As at 5 January 2012, all procedures for the equity transfer were completed.

The acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 30 December 2011 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(5) On 23 March 2012, the Company entered into a transfer agreement with Zhaojin Non-Ferrous Mining Company Limited ("Zhaojin Non-Ferrous"), a wholly-owned subsidiary of Zhaojin Group, pursuant to which Zhaojin Non-Ferrous conditionally agreed to sell and the Company conditionally agreed to purchase the Hou Cang Exploration Right and the entire equity interest in Xinjiang Jin Han Zun Mining Investment Company Limited ("Jin Han Zun Mining"). The aggregate consideration of RMB597,845,200 for acquisition of the gold resources (with total reserves of 26,199.82 kg) will be satisfied in full by the allotment and issue of 50,967,195 new domestic Shares at the issue price of HK$14.46 (equivalent to approximately RMB11.73) per share by the Company.

The acquisition has been approved by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government, the Company's annual general meeting, the H shareholders class meeting and the domestic shareholders class meeting, respectively. As at 6 July 2012, the relevant change of the registration procedures associated with the Jin Han Zun Mining with relevant local industry and commerce authority were completed. As at 31 December 2012, the change of registration of the Company at the relevant government authority of industry and commerce in the PRC in respect of the issue has been completed.

The acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Relevant details were set out in the announcement dated 23 March 2012 and the circular dated 13 April 2012 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn respectively.

(6) On 2 November 2011, Qinghe Jindu Mining Company Limited ("Qinghe Mining", a subsidiary of the Company) entered into a framework agreement on transfer of mining rights and acquisition of Assets ("Framework Agreement") with Xinjiang Hangjun Mining Company Limited ("Hangjun Mining"). On 15 April 2012, Qinghe Mining entered into a supplemental agreement to the Framework Agreement with Hangjun Mining, to acquire the 49% interest held by Hangjun Mining in the gold mine exploration right in North Kubusu, Qinghe County. The remaining 51% interest of such gold mine exploration right was held by the Eighth Gold Detachment of Chinese People's Armed Police Force. This exploration right covers an area of 74.5 km^2, with a reserve of 2.51 million tonnes of gold ores of 333 grade and the gold content is 11,679.48 kg. The consideration for the 49% interest in the exploration right and the underlying assets is RMB200,000,000. The completion of property right transfer will provide surrounding exploration and a certain level of resource assurance for the geological exploration of Qinghe Mining and its production capacity of 2,000 tonnes per day.

As at the date of this announcement, the procedures of change of exploration rights of this project are still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(7) On 17 May 2012, Ruoqiang County Changyun Sanfengshan Gold Mine Limited Liability Company, a jointly-controlled entity of the Company, entered into a contract on share transfer with the shareholders of Ruoqiang Xian Aokai Mine Development Company Limited for the acquisition of the 100% equity interest in Ruoqiang Xian Aokai Mine Development Company Limited, which owned the exploration rights of Daqingshan Gold Mine and Luotuofeng Gold Mine in Ruoqiang County, covering an area of 45.63 km^2 at an aggregate consideration of RMB60,000,000. There are 268,400 tonnes of copper ores above 333 grade under these exploration rights, with a copper content of 3,181 tonnes and the copper grade is 1.19%. This acquisition provides potential for Ruoqiang County Changyun Sanfengshan Gold Mine Limited Liability Company to develop its surrounding areas.

As at the date of this announcement, the procedures of the equity transfer of the project is still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(8) On 28 June 2012, the Company entered into an agreement of merger and reorganization and the supplemental agreement in connection with the Exploitation Right Project of Luerba Gold Mine Bojigou Section in Minxian, Gansu Province, which is adjacent to Minxian Tianhao Gold Company Limited ("Minxian Tianhao") with the Second Geological and Mineral Exploration Institute (the "Second Institute") under the Geology and Mineral Resources Reconnaissance and Development Bureau of Gansu Province. Pursuant to these agreements, Minxian Tianhao underwent a reorganization process by consolidating the Luerba Gold Mine Bojigou Section, which was owned by Minxian Shengyuan Mining Company Limited (a wholly-owned subsidiary of the Second Institute). Upon completion of the reorganization, Minxian Tianhao will be held as to 74% by the Company and 26% by the Second Institute. The exploitation right acquired upon this reorganization covers an area of 6.06 km^2. Based on the Report of General Survey, the estimated resource reserve of ores amounted to 1.92 million tonnes, with a gold content of 4,827 kg and the average gold grade is 2.51 gram per ton.

As at the date of this announcement, the procedures of the merger and reorganization of this project are still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(9) On 22 September 2012, the Company entered into an equity transfer agreement with Keshike Tengqi Shengye Mining Industry Company Limited, pursuant to which the Company agreed to acquire 51% equity interests in Liyuan Gold Mine Company Limited ("Liyuan Gold Mine") in Lingqiu County at a consideration of RMB142,800,000. It covers a mining area of 2.0021 km^2. The gold content is 6,276.45 kg, with an average grade of 5.20 gram per ton and the silver content is 73.18 tonnes, with an average grade of 60.61 gram per ton.

As at 19 December 2012, the procedures for the equity transfer were completed.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(10) As at 8 November 2012, the Company entered into an equity transfer agreement with Shenzhen Histan Investment Group Limited* (深圳市海仕通投資集團有限公司) ("Histan") and The Third Institute of Geological and Mineral Exploration of Gansu Provincial Bureau of Geology and Mineral Resources* (甘肅省地質礦產勘查開發局第三地質礦產勘查院) ("No.3 Exploration Institute"), pursuant to which the Company agreed to acquire 51% equity interests in Gansu Xinrui Mining Industry Company Limited (甘肅鑫瑞礦業有限公司) ("Xinrui Mining") at a consideration of RMB255,000,000. Xinrui Mining owns the Ge Lou Ang Exploration Right covering an explorable area of 19.13 km^2. There are 11,187,300 tonnes of ore reserve and 27,381.00 kg of gold in the explored area with an average gold grade of 2.45 gram per ton. Upon completion of the equity transfer, Xinrui Mining will become a non wholly-owned subsidiary of the Company.

As at the date of this announcement, the procedures of the equity transfer of the project are still in progress.

Histan is a shareholder of Zhaojin Precious Metal Smelting (Gansu) Co., Ltd* (甘肅招金貴金屬冶煉有限公司) and No.3 Exploration Institute is a shareholder of Zhaojin Precious Metal Smelting (Gansu) Co., Ltd and Gansu Hezuo Zaozigou Gold Mine Company Limited. Accordingly, they are connected persons of the Company. The transaction constitutes a connected transaction of the Company, but is exempt from the reporting, announcement and independent shareholders' approval requirements. Relevant details were set out in the announcement of the Company dated 13 December 2012 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

(11) On 17 December 2012, the Company entered into an equity transfer agreement with CITIC Mining Technology Development Co., Ltd. (中信礦業科技發展有限公司) ("CITIC Mining"), pursuant to which the Company agreed to acquire 51% equity interests in Jinying Gold Company Limited in Subei County held by CITIC Mining at a consideration of RMB91,800,000. The mining right and exploration right covers an area of 0.432 km^2 and 23.02 km^2 respectively. There are 1,084,200 tonnes of ore reserves, the gold content is 7,564.23 kg with the gold grade of 6.98 gram per ton and the associated silver content is 33,285 kg.

As at the date of this announcement, the procedures of the equity transfer of the project are still in progress.

CITIC Mining is a shareholder of Ruoqiang County Changyun Sanfengshan Gold Mine Limited Liability Company and therefore, it is a connected person of the Company. The transaction constitutes a connected transaction of the Company, but is exempt from reporting, announcement and independent shareholder's approval requirements.

(12) On 26 December 2012, the Company entered into an equity transfer agreement with two natural persons, Gao Yanlin and Li Jining through Sparky International Trade Company Limited (a wholly-owned subsidiary of the Company) and its subsidiary Starlet Creation Limited, pursuant to which the Company agreed to acquire 34.85% equity interests in Shandong Wucailong Investment Company Limited and 38.13% equity interests in Xinjiang Xinbaolai Mining Company Limited at a consideration of RMB223,341,800. The acquired interests involved 2,467,000 tonnes of ore reserves, with the gold content of 6,574.4 kg and the associated silver content of 10,748.15 kg. The exploration right covers an area of 29.33 km^2.

As at the date of this announcement, the procedures of the equity transfer of the project are still in progress.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(13) On 28 August 2012, the Company announced that it would subscribe for 100,000,000 shares at the price of AUD$0.04 per share from the 625 million shares placement announced and approved by the shareholders of Norseman Gold PLC in Australia, which accounted for approximately 8.95% equity interests in the share capital of Norseman Gold PLC, through its wholly-owned subsidiary Gold Vein International Investment Limited.

The Norseman gold mine owned by Norseman Gold PLC is an operating gold mine with the longest history of gold production in Australia. In accordance with the JORC Code, the Norseman gold mine has an ore reserve of 22,000,000 tonnes with a grade of 4.7 gram per ton, i.e. 3,400,000 ounces of gold resources.

As at 16 January 2013, the procedures of the transaction were completed.

The acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, nor does it constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. Relevant details were set out in the announcement of the Company dated 28 August 2012 published on the website of the Stock Exchange at www.hkexnews.com.hk and the website of the Company at www.zhaojin.com.cn.

SIGNIFICANT EVENTS

1. On 29 May 2012, the 2011 annual general meeting considered and passed, among other things, the following resolutions:

(1) the Company's profit distribution proposal for the year ended 31 December 2011 to distribute a cash dividend of RMB0.21 (tax included) per share to all shareholders. On 29 June 2012, the Company distributed the 2011 cash dividend of RMB0.21 (tax included) per share to all shareholders;

(2) electing Mr. Li Xiuchen as an executive Director of the Company, and Messrs. Ye Kai and Kong Fanhe as non-executive Directors of the Company, respectively;

(3) the proposed connected transaction in respect of the issue of the consideration shares, and approving the acquisition by the Company of 100% equity interest in Jin Han Zun Mining, a subsidiary of Zhaojin Non-Ferrous, and the exploration right in the gold mine in Hou Cang District, Zhaoyuan City, Shandong Province, which will be satisfied by the issue and allotment of 50,967,195 domestic shares at the price of RMB11.73 (equivalent to approximately HKD14.46) per share to Zhaojin Non-Ferrous. The gold reserve resulting from such acquisition totalled 26,199.82 kg;

(4) authorising the Board to allot, issue and deal with H shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares of the Company as at the date of passing such resolution.

(5) authorising the Board to repurchase up to a maximum of 10% of the aggregate nominal value of the issued H shares of the Company as at the date of passing such resolution.

(6) authorizing the Board to issue corporate bonds in the PRC with an aggregate principal amount of no more than RMB1.4 billion to replace the bank loans, replenish liquidity, adjust and optimize the financial structure of the Company. On 27 December 2012, the Company issued an announcement on the the results of its 2012 corporate bonds issuance. The final actual online issue amount is RMB1,780,000 and the actual offline issue amount is RMB1,198,220,000;

(7) amending Article 3.5 and Article 3.8 of the Articles of Association, such amendments were in relation to share capital structure and registered capital.

Relevant details were set out in the announcement of the Company dated 29 May 2012 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 29 May 2012, the following proposals were considered at the domestic shares class meeting and H shares class meeting respectively:

   (1) the proposed connected transaction in respect of the issue of the consideration shares, and approving the acquisition by the Company of 100% equity interest in Jin Han Zun Mining, a subsidiary of Zhaojin Non-Ferrous, and the exploration right in the gold mine in Hou Cang District, Zhaoyuan City, Shandong Province, which will be satisfied by the issue and allotment of 50,967,195 domestic shares at the price of RMB11.73 (equivalent to approximately HKD14.46) per share to Zhaojin Non-Ferrous. The gold reserve resulting from such acquisition totalled 26,199.82 kg;

   (2) authorising the Board to allot, issue and deal with H shares of up to a maximum of 20% of the aggregate nominal value of the issued H shares of the Company at the date of passing such resolution;

   (3) authorising the Board to repurchase up to a maximum of 10% of the aggregate nominal value of the issued H shares of the Company as at the date of passing such resolution.

   All the three proposals were approved at the domestic shares class meeting. The proposals set out in 2.(1) and 2.(3) above were approved at the H shares class meeting, yet the proposal set out in 2.(2) above was not approved at the H shares class meeting.

   Relevant details were set out in the announcement of the Company dated 29 May 2012 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. **Issue of short-term bonds**

   On 8 October 2012, the resolution regarding the issue of short-term bonds of no more than RMB2,000,000,000 was considered and passed by the first extraordinary general meeting in 2012.

   Relevant details were set out in the announcement of the Company dated 8 October 2012 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

   The company has completed the issue of the first tranche of short-term bonds on 26 February 2013, the principal amount of which is RMB700 million with a term of 365 days and the interest rate is 4.21%.

4. **Distribution of Interest of "09 Corporate Bonds" for the Year 2012**

   On 24 December 2012, the Company distributed the interest of "09 Corporate Bonds" in an aggregate sum of RMB75,000,000 for the third distributing year from 23 December 2011 to 22 December 2012.

   Relevant details were set out in the announcement of the Company dated 17 December 2012 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Changes in Senior Management

The Company held the sixteenth meeting of the third session of the Board on 5 March 2012, at which the Company agreed to release Mr. Shi Wenge from his position as the Vice President of the Company due to the changes in work allocation, with effect from 29 January 2012, and Mr. Cong Peizhang was approved at the meeting to be the vice president of the Company, for a term from 5 March 2012 to the expiry of the term of the current session of the Board.

The Company held the first meeting of the fourth session of the Board on 26 February 2013, at which, as nominated by the Chairman, the Board appointed Mr. Weng Zhanbin as the President of the Company, for a term commencing from 26 February 2013 to the expiry of the term of the current session of the Board. As nominated by the President, the Board appointed Mr. Li Xiuchen as the executive officer of the Company and Mr. Sun Xiduan, Mr. Cong Peizhang, Mr. Wang Ligang and Mr. Dong Xin as the Company's Vice Presidents, for a term commencing from 26 February 2013 to the expiry of the term of the current session of the Board.

6. Changes in Composition of the Board

The Company held the seventeenth meeting of the third session of the Board on 23 March 2012, at which the Company agreed Mr. Wu Zhongqing to resign from his position as a non-executive director, agreed Mr. Chen Guoping to resign from his position as a non-executive director and a member of the Audit Committee and agreed Mr. Wang Peifu to resign from his position as a non-executive director and a member of Safety and Environmental Protection Committee due to the changes in work allocation, all with effect from 23 March 2012. Mr. Wu, Mr. Chen and Mr. Wang confirmed that they had no disagreement with the Board and there was no matter relating to Mr. Wu's, Mr. Chen's and Mr. Wang's resignations that needed to be brought to the attention of the shareholders of the Company. In accordance with the requirements of the articles of association of the Company, the Board appointed Mr. Li Xiuchen as an executive director of the Company and a member of Safety and Environmental Protection Committee, appointed Mr. Ye Kai as a non-executive director of the Company and a member of the Audit Committee, and appointed Mr. Kong Fanhe as a non-executive director of the Company. Please refer to the announcement of the Company dated 23 March 2012 for details of the changes in the composition of the Board.

7. Election of the Board of Directors and the Supervisory Committee

The Company held the 2013 First Extraordinary General Meeting on 26 February 2013 and elected Mr. Lu Dongshang, Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai, Mr. Kong Fanhe, Mr. Ye Tianzhu, Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and Mr. Xie Jiyuan as the Directors of the fourth session of the Board. The independent non-executive Director Mr. Yan Hongbo has served as an independent non-executive Director for three successive terms, and his term of service reached nine years upon the expiry of the term of the third session of the Board. Pursuant to the requirements of Code Provision A.4.3 of the "Code on Corporate Governance Practices"as set out in Appendix 14 of the Listing Rules, Mr. Yan has ceased to be the Company's independent non-executive Director of the fourth session of the Board and resigned from his position as the chairman of the Nomination and Remuneration Committee and the Safety and Environmental Protection Committee and a member of the Geological and Resources Management Committee of the Company. Mr. Yan has confirmed that there was no disagreement between him and the Board, and there were no other matters that needed to be brought to the attention of the shareholders of the Company.

At the 2013 First Extraordinary General Meeting, Mr. Wang Xiaojie and Ms. Jin Ting were elected as Supervisors of the fourth session of the Supervisory Committee of the Company. Together with Mr. Chu Yushan, the Supervisor acting as the staff representative, who was elected on the Company's Staff Representative Meeting, they constitue the fourth session of the Supervisory Committee of the Company.

The Directors and Supervisors have a term of three years with effect from 26 February 2013.

Relevant details were set out in the announcement of the Company dated 26 February 2013 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www. zhaojin.com.cn.

PRE-EMPTIVE RIGHTS

There is no provision or regulation for pre-emptive rights under the Company's Articles of Association or the PRC Laws which requires the Company to issue new shares to the existing shareholders according to their respective proportions of shareholding.

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with the code provisions of the Code on Corporate Governance Practices (formerly, set out in Appendix 14 of the Listing Rules) for the period from 1 January 2012 to 31 March 2012 and the code provisions in the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices) as set out in Appendix 14 of the Listing Rules during the period from 1 April 2012 to 31 December 2012 (collectively the "Code"). No director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Code by the Company at any time during the Year.

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

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

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

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

AUDIT COMMITTEE

The Audit Committee of the third session of the Board of the Company comprises one non-executive director and two independent non-executive directors, namely Mr. Ye Kai, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. Ms. Chen Jinrong acts as chairman of the Audit Committee.

The Audit Committee has reviewed the Group's audited consolidated annual results for the year ended 31 December 2012, and is of the view that the Group's audited consolidated annual results for the year ended 31 December 2012 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

On 26 February 2013, at the first meeting of the fourth session of the Board of the Company, the Board members has been re-elected. The current members are independent non-executive Directors Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and the non-executive Director Mr. Ye Kai. Each member of the Audit Committee is appointed for a term of three years and its chairman is Ms. Chen Jinrong.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it has received the annual confirmation of independence from each of the independent non-executive directors in compliance with Rule 3.13 of the Listing Rules on 22 March 2013. The Company is of the view that the existing independent non-executive directors remain independent during the Year in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the H shares shareholders who are entitled to attend the 2012 AGM, the H shares registrar and transfer office will be closed from 27 April 2013 to 27 May 2013, both days inclusive, during which no transfer of shares will be registered. In order to determine the H shares shareholders who are entitled to receive the final dividend for the year ended 31 December 2012, the H shares registrar and transfer office will be closed from 31 May 2013 to 4 June 2013, both days inclusive, during which no transfer of shares will be registered.

For being qualified to attend and vote at the 2012 AGM, H shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H share shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Friday, 26 April 2013.

For being qualified to receive the final dividend for the year 2012, H shares shareholders whose transfer have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H shares registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H share shareholders, or the registered office of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for domestic share shareholders for registration at or before 4:30 p.m. on Thursday, 30 May 2013.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2012 AGM will be held on Monday, 27 May 2013. The notice of 2012 AGM will be posted to the shareholders as soon as possible. The Group's annual report for the year ended 31 December 2012 will be posted to the shareholders in due course.

Notes:

1. This annual results announcement will be published on the website of the Stock Exchange (http://www.hkexnews.com.hk) and the Company's website (http://www.zhaojin.com.cn).

2. As at the date of this announcement, the members of the Board are: Executive Directors: Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen, Non-executive Directors: Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Kong Fanhe, Independent Non-executive Directors: Mr. Ye Tianzhu, Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and Mr. Xie Jiyuan.

By the order of the Board
Zhaojin Mining Industry Company Limited*
Lu Dongshang
Chairman

Zhaoyuan, the PRC, 22 March 2013

* *For identification purpose only*