ZHAOJIN

ZHAOJIN MINING INDUSTRY COMPANY LIMITED*

招金礦業股份有限公司

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

(Stock Code: 1818)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014, the Group's revenue was approximately RMB5,606,182,000 (2013: RMB6,344,124,000), representing a decrease of approximately 11.63% as compared to the previous year.

For the year ended 31 December 2014, the Group's net profit was approximately RMB506,741,000 (2013: RMB767,400,000), representing a decrease of approximately 33.97% as compared to the previous year.

For the year ended 31 December 2014, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.15 (2013: RMB0.25), representing a decrease of approximately 40% as compared to the previous year.

For the year ended 31 December 2014, the profit attributable to owners of the parent was approximately RMB455,388,000 (2013: RMB734,085,000), representing a decrease of approximately 37.97% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.05 (tax included) per share (2013: RMB0.1 (tax included)) to all shareholders.

The board of directors (the "Board") of Zhaojin Mining Industry Company Limited (the "Company"or "Zhaojin") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014** **(RMB'000)**	2013 (RMB'000)
REVENUE	3	**5,606,182**	6,344,124
Cost of sales		**(3,433,775)**	(4,103,629)
Gross profit		**2,172,407**	2,240,495
Other income and gains	3	**260,140**	156,771
Selling and distribution costs		**(119,709)**	(97,273)
Administrative expenses		**(907,491)**	(820,636)
Other expenses		**(233,750)**	(164,190)
Finance costs	4	**(514,406)**	(342,123)
Share of profits and losses of:			
— Associates		**6,597**	12,977
— A joint venture		**19,236**	7,536
PROFIT BEFORE TAX	5	**683,024**	993,557
Income tax expense	6	**(176,283)**	(226,157)
PROFIT FOR THE YEAR		**506,741**	767,400
Attributable to:			
Owners of the parent		**455,388**	734,085
Non-controlling interests		**51,353**	33,315
		506,741	767,400
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
— For profit for the year *(RMB)*		**0.15**	0.25

CONSOLIDATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	(RMB'000)	*(RMB'000)*
PROFIT FOR THE YEAR	**506,741**	767,400
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(28)**	(379)
Available-for-sale investments:		
Change in fair value	**(2,382)**	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(2,410)**	(379)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**—**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(2,410)**	(379)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**504,331**	767,021
Attributable to:		
Owners of the parent	**452,978**	733,706
Non-controlling interests	**51,353**	33,315
	504,331	767,021

CONSOLIDATION STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**31 December 2014 (RMB'000)**	31 December 2013 (RMB'000)
NON-CURRENT ASSETS			
Property, plant and equipment		**11,145,368**	9,475,509
Prepaid land lease payments		**326,733**	321,194
Goodwill		**932,792**	932,792
Other intangible assets		**4,368,355**	3,941,692
Investment in a joint venture		**135,300**	116,064
Investments in associates		**268,251**	273,154
Available-for-sale investments		**46,041**	26,586
Deferred tax assets		**345,535**	311,123
Loans receivable		**37,000**	825,000
Long-term deposits		**111,909**	90,729
Other long-term assets		**2,839,531**	2,120,989
Total non-current assets		**20,556,815**	18,434,832
CURRENT ASSETS			
Inventories		**3,172,280**	2,503,942
Trade and notes receivables	9	**102,569**	190,106
Prepayments, deposits and other receivables		**809,719**	973,901
Equity investments at fair value through profit or loss		**23,412**	34,351
Derivative financial instruments	11	**57,211**	—
Pledged deposits		**388,388**	164,500
Loans receivable		**35,000**	35,000
Cash and cash equivalents		**1,254,916**	1,035,825
Total current assets		**5,843,495**	4,937,625

CONSOLIDATION STATEMENT OF FINANCIAL POSITION (continued)

31 December 2014

	Notes	**31 December 2014 (RMB'000)**	31 December 2013 (RMB'000)
CURRENT LIABILITIES			
Trade payables	10	**479,140**	648,338
Other payables and accruals		**1,541,203**	1,503,685
Financial liabilities at fair value through profit or loss	11	**3,827,336**	1,574,512
Interest-bearing bank and other borrowings		**4,716,034**	5,330,507
Tax payable		**146,988**	125,744
Provisions		**24,504**	20,431
Corporate bonds		**—**	1,494,375
Current portion of other long-term liabilities		**—**	25,000
Total current liabilities		**10,735,205**	10,722,592
NET CURRENT LIABILITIES		**(4,891,710)**	(5,784,967)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,665,105**	12,649,865
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,173,987**	1,116,563
Corporate bonds		**2,690,309**	1,191,671
Deferred tax liabilities		**566,492**	596,443
Deferred income		**415,745**	335,534
Provisions		**68,608**	66,986
Other long-term liabilities		**—**	19,870
Total non-current liabilities		**5,915,141**	3,327,067
Net assets		**9,749,964**	9,322,798

CONSOLIDATION STATEMENT OF FINANCIAL POSITION (continued)

31 December 2014

	Notes	**31 December 2014 *(RMB'000)***	31 December 2013 *(RMB'000)*
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value		**2,965,827**	2,965,827
Reserves		**5,552,941**	5,163,513
Proposed final dividend	7	**148,291**	296,583
		8,667,059	8,425,923
Non-controlling interests		**1,082,905**	896,875
Total equity		**9,749,964**	9,322,798

NOTES TO FINANCIAL INFORMATION

31 December 2014

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"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for certain equity investments and derivative financial instruments, which have been measured at fair value. 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 2014. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Other than explained below regarding the impact of amendments to HKAS 32, HK (IFRIC)-Int21, HKFRS 3 and HKFRS 13, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) 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 have had no impact on the Group as the Group does not have any offsetting arrangement.

(b) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.The amendment has had no impact on the Group.

(c) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(d) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

1.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKFRS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKFRS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 1.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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

Segment assets exclude cash and cash equivalents, deferred tax assets, derivative financial instruments for gold forward contracts, pledged deposits and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, financial liabilities at fair value through profit or loss — gold leasing business and gold forward contracts, 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 2014

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	**4,848,114**	**728,402**	**29,666**	**5,606,182**
Segment results	**952,815**	**245,813**	**(25,337)**	**1,173,291**
Reconciliation:				
Interest income				**24,139**
Finance costs				**(514,406)**
Profit before tax				**683,024**
Segment assets	**20,824,427**	**3,143,861**	**385,972**	**24,354,260**
Reconciliation:				
Corporate and other unallocated assets				**2,046,050**
Total assets				**26,400,310**
Segment liabilities	**2,432,534**	**239,365**	**15,734**	**2,687,633**
Reconciliation:				
Corporate and other unallocated liabilities				**13,962,713**
Total liabilities				**16,650,346**

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information				
Capital expenditure*	**2,492,367**	**422,704**	**104,611**	**3,019,682**
Investments in associates	**268,251**	**—**	**—**	**268,251**
Investment in a joint venture	**—**	**135,300**	**—**	**135,300**
Reversal of provision for receivables	**(3,156)**	**(72)**	**105**	**(3,123)**
Impairment losses recognised in the statement of profit or loss	**124,465**	**—**	**—**	**124,465**
Share of profits of				
— Associates	**6,597**	**—**	**—**	**6,597**
— A joint venture	**—**	**19,236**	**—**	**19,236**
Depreciation and amortisation	**626,977**	**52,879**	**11,362**	**691,218**
Write-off of other intangible assets	**600**	**—**	**—**	**600**
Fair value loss on equity investments at fair value through profit or loss	**(1,764)**	**—**	**10,131**	**8,367**
Fair value loss on commodity derivate contracts	**650**	**—**	**—**	**650**

* 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.

Year ended 31 December 2013

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Revenues from external customers	5,483,902	836,252	23,970	6,344,124
Segment results	1,098,630	256,824	(35,817)	1,319,637
Reconciliation:				
Interest income				16,043
Finance costs				(342,123)
Profit before tax				993,557
Segment assets	19,040,690	2,705,394	279,425	22,025,509
Reconciliation:				
Corporate and other unallocated assets				1,346,948
Total assets				23,372,457
Segment liabilities	2,401,033	229,088	126,599	2,756,720
Reconciliation:				
Corporate and other unallocated liabilities				11,292,939
Total liabilities				14,049,659

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other segment information				
Capital expenditure*	2,790,470	473,823	33,054	3,297,347
Investments in associates	273,154	—	—	273,154
Investment in a joint venture	—	116,064	—	116,064
Impairment losses recognised in the statement of profit or loss	53,471	1,176	—	54,647
Share of profits and losses of				
— associates	12,977	—	—	12,977
— a joint venture	—	7,536	—	7,536
Depreciation and amortisation	559,208	55,492	2,234	616,934
Write-off of other intangible assets	11,842	—	—	11,842
Fair value loss on equity investments at fair value through profit or loss	—	—	17,306	17,306
Fair value loss on commodity derivate contracts	10,795	337	—	11,132
Loss on disposal of equity investments at fair value through profit or loss	—	—	2,276	2,276

* 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.

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 approximate RMB4,086,738,000 (72% of the total sales) (2013: RMB4,530,497,000, 71% of the total sales) 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 allowances 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:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of goods:		
Gold	**4,609,924**	5,148,596
Copper	**687,930**	798,600
Silver	**142,072**	210,241
Sulphur	**69,937**	57,476
Other by-products	**89,186**	158,210
Rendering of services:		
Processing of gold and silver	**69,685**	33,032
Others	**31,478**	23,970
	5,700,212	6,430,125
Less:		
Government surcharges	**(94,030)**	(86,001)
Revenue	**5,606,182**	6,344,124

	2014	2013
	RMB'000	*RMB'000*
Other income and gains		
Government grants	**39,840**	44,715
Sales of auxiliary materials	**74,600**	57,202
Interest income	**24,139**	16,043
Gain on settlement of commodity derivative contracts	**46,090**	—
Gain on gold leasing business, net:	**1,686**	20,068
— (Losses)/gain on return of gold for gold leasing business and settlement of gold forward contracts	**(152,003)**	2,626
— Fair value gain on gold leasing business and gold forward contracts	**153,689**	17,442
Others	**73,785**	18,743
Other income and gains	**260,140**	156,771

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
— wholly repayable within five years	**327,907**	241,327
— repayable over five years	**150**	199
Interest on short-term bonds	**52,700**	51,861
Interest on corporate bonds	**139,422**	138,317
Interest on gold leasing business	**107,134**	21,443
Subtotal	**627,313**	453,147
Less: Interest capitalised	**(117,649)**	(117,040)
Incremental interest on provisions	**4,742**	6,016
Total	**514,406**	342,123

5. PROFIT BEFORE TAX

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

	2014 *RMB'000*	2013 *RMB'000*
Cost of inventories sold and services provided	**3,433,775**	4,103,629
Staff costs:		
Wages and salaries (excluding directors' remuneration)	**523,898**	666,335
Early retirement benefits	**28,197**	19,736
Defined contribution fund:		
— Retirement costs	**108,455**	101,502
— Other staff benefits	**79,587**	96,986
Total staff costs	**740,137**	884,559
Auditors' remuneration	**2,700**	2,760
Amortisation of prepaid land lease payments*	**16,415**	16,550
Amortisation of mining rights and reserves*	**111,189**	105,364
Depreciation	**563,614**	495,020
Net loss on disposal of items of property, plant and equipment	**10,791**	3,529
Operating land lease rentals	**17,302**	10,798
Reversal of impairment loss of receivables	**(3,123)**	(7,599)
Impairment loss of inventories	**75,297**	62,246
Write-off of other intangible assets	**600**	11,842
Impairment loss of other intangible assets	**49,168**	—
Fair value losses, net:		
— Equity investments at fair value through profit or loss	**8,367**	17,306
— Commodity derivative contracts	**650**	11,132
Gain on settlement of commodity derivative contracts	**46,090**	—
Gain on gold leasing business, net:	**(1,686)**	(20,068)
— Loss/(gain) on return of gold for gold leasing business and settlement of gold forward contracts	**152,003**	(2,626)
— Fair value gain on gold leasing business and gold forward contracts	**(153,689)**	(17,442)
(Gain)/loss on disposal of equity investments at fair value through profit or loss	**(9,373)**	2,276
Losses on disposal of subsidiaries	**2,454**	—

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

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% (2013: 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% (2013: 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:

	2014	2013
	RMB'000	*RMB'000*
Group:		
Current — Hong Kong	**—**	—
Current — Mainland China		
— Charged for the year	**250,660**	358,316
Deferred tax	**(74,377)**	(132,159)
Total tax charge for the year	**176,283**	226,157

7. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Ordinary:		
Proposed final — RMB0.05 per share (2013: RMB0.1 per share)	**148,291**	296,583

The board of directors recommends a cash dividend to all shareholders on the basis of RMB0.05 per share (tax included) (2013: RMB0.1 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 2,965,827,000 (2013: 2,965,827,000) 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 2014 and 2013, as no diluting events existed during these years.

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

	2014	2013
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**455,388**	734,085

	2014	2013
	'000	*'000*
Shares:	**2,965,827**	2,965,827
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**2,965,827**	2,965,827

9. TRADE AND NOTES RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**57,026**	170,290
Notes receivable	**45,543**	19,816
	102,569	190,106

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

	2014	2013
	RMB'000	*RMB'000*
Outstanding balances due within 1 year	**98,644**	190,106
Outstanding balances due within 1 to 2 years	**3,925**	—
	102,569	190,106

Trade and notes receivables are non-interest-bearing. As 72% (2013: 71%) of the sales of the Group for the year ended 31 December 2014 were made through the SGE, there were no significant receivables that were overdue or impaired.

10. TRADE PAYABLES

At 31 December 2014, the balance of trade payables mainly represents the amount regarding the unsettled procurement of gold concentrates. 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:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**402,909**	584,202
Over one year but within two years	**68,404**	54,642
Over two years but within three years	**5,410**	5,784
Over three years	**2,417**	3,710
	479,140	648,338

11. DERIVATIVE FINANCIAL INSTRUMENTS/FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

		2014	2013
		RMB'000	*RMB'000*
Derivative financial instruments:			
— Gold forward contracts	(b)	**57,211**	—
Financial liabilities at fair value through profit or loss:			
Gold leasing business	(a)	**3,709,702**	1,439,425
Derivative financial liabilities:			
— Gold forward contracts	(b)	**106,189**	123,955
— Commodity derivative contracts	(c)	**11,445**	11,132
		3,827,336	1,574,512

(a) The Group financed through leases of gold from banks and subsequently sold through the SGE. On maturity, the Group would return gold with the same quantity and specification purchased through SGE, and pay rental fees to banks. The maturity periods range from 180 days to 1 year. As at 31 December 2014, unrealised gains on changes in fair value of the financial liabilities at fair value through profit or loss amounted to RMB171,690,000 (31 December 2013: RMB141,397,000).

(b) The Group has engaged in gold forward contracts on the SGE and SHFE in accordance with the quantity, specification and repayment terms of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from the gold leasing business. As at 31 December 2014, unrealised losses on changes in fair value arising from derivative financial liabilities were RMB106,189,000 (31 December 2013: unrealised losses were RMB123,955,000), and unrealised gain on changes in fair value arising from derivative financial assets was RMB57,211,000 (31 December 2013: Nil).

(c) The Group uses commodity derivative contracts to hedge its commodity price risk, which do not meet the criteria of hedge accounting. Commodity derivative contracts utilised by the Group are gold future contracts in the SHFE and Au(T+D) contracts in SGE.

The unrealised loss on commodity derivative contracts of RMB650,000 was debited to other expenses during the year (2013: RMB11,132,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold Output

For the year ended 31 December 2014, the Group's total output of gold amounted to 32,904.96 kg (approximately 1,057,918.26 ozs), representing an increase of approximately 14.06% as compared to the previous year. Among which, 20,097.54 kg (approximately 646,150.34 ozs) of gold was mine-produced gold, representing a decrease of approximately 0.065% as compared to the previous year, and 12,807.42 kg (approximately 411,767.92 ozs) was smelted and processed gold, representing a rise of approximately 46.56% as compared to the previous year.

Revenue

For the year ended 31 December 2014, the Group's revenue was approximately RMB5,606,182,000 (2013: RMB6,344,124,000), representing a decrease of approximately 11.63% as compared to the previous year.

Net Profit

For the year ended 31 December 2014, the Group's net profit was approximately RMB506,741,000 (2013: RMB767,400,000), representing a decrease of approximately 33.97% as compared to the previous year.

Earnings Per Share

For the year ended 31 December 2014, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.15 (2013: RMB0.25), representing a decrease of approximately 40% as compared to the previous year.

Analysis of Results

The drop in profit was primarily attributable to the drop in gold prices during the year, which led to a drop in the selling price of gold and the increasing of interests accrued from private placement of financial instruments and gold leasing business.

Distribution Proposal

The Board proposed the payment of a cash dividend of RMB0.05 (tax included) per share (2013: RMB0.1 (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 at the annual general meeting for the year ended 31 December 2014 ("2014 AGM"), which will be held on Wednesday, 27 May 2015.

If the distribution proposal is approved at the 2014 AGM, it is expected that the final dividend for the year ended 31 December 2014 will be paid on or before Tuesday, 30 June 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2015.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold and pay the 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, 2 June 2015.

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 Saturday, 6 June 2015. 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 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 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 Saturday, 6 June 2015. 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 Saturday, 6 June 2015 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 Monday, 1 June 2015. 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 the failure of non-resident enterprises and individual shareholders to lodge the relevant documents within the prescribed timeframe as mentioned above.

Market Overview

In 2014, affected by the recovery of US economy, the slump of international crude oil price, geopolitics and other factors, the gold price fluctuated significantly. Nevertheless, as compared to that of 2013, the international gold price experienced a slower decline while staying weak at a low level with readjustment.

At the beginning of 2014, given the expected postponement in implementing tightened monetary policy by the Federal Reserve and the slowdown in American economy, the international gold price was picking up following the drop in 2013. In the early March, stimulated by the need for risk aversion arising from the deteriorated situation in Ukraine, the international gold price had once been rising for several weeks and almost reached US$1,400/oz. However, the upward momentum was hindered and the price fell back after hitting the peak at around US$1,392/oz and fluctuated downward in the last nine months of 2014. From the mid-March to mid-July, the international gold price was dragged to US$1,240.60/oz, lower than the benchmark of US$1,300/oz due to the record high of U.S. stock market, the relief of the tense situation in Ukraine and the steady recovery of U.S. economy. The international gold price subsequently rebounded slightly, attributable to the small decrease in the U.S. stock market and the financial problems of Banco Espirito Santo (BES), the biggest listed bank of Portugal. From mid-July to early November, the S&P 500 Index soared to over 2,000 points while economic indicators of the U.S. such as gross domestic product and employment rate were robust with crude oil price plunging, which had the international gold price drop to lower than US$1,180/oz, a crucial support level, and it further declined to the bottom price of US$1,131.70/oz at the beginning of November after the official announcement of exiting the quantitative easing policy (QE) by the Federal Reserve at the end of October. From mid-November to late December, given the decline in U.S. dollar index, the support of India with less import restriction and the increase in the crude oil price, the international gold price climbed slightly and fluctuated at around US$1,200/oz at the end of the year.

In 2014, the international gold price opened at US$1,205.10/oz. and reached the highest price of US$1,392.08/oz on 17 March. Its close price was US$1,183.97/oz for the year, representing an accumulated decline of approximately 1.75% throughout the year. The average price for the year was US$1,266/oz. The opening price of the “Au9995” in the Shanghai Gold Exchange was RMB238.99/g with the highest at RMB273.25/g and the lowest at RMB223.00/g. The closing price was RMB240.05/g and the annual average price was approximately RMB249.12/g, representing a decrease of approximately 10.93% as compared with the corresponding period of last year.

According to the latest statistics from the China Gold Association, China’s gold output reached 451.799 tons in 2014, representing an increase of approximately 5.52% as compared with the corresponding period of the previous year. This historic high enable China to rank the No. 1 gold producer in the world for eight consecutive years.

Business Review

Gold Output Increased Steadily with Improved Organism of Production

In 2014, the Company overcame adverse conditions by actively optimizing the organism of production while the leading and backbone enterprises gave full play to their capacity strength to the growth, which enabled major production indicators to improve expeditiously. Its total output of gold amounted to 1,057,918.26 ozs (approximately 32,904.96 kg), representing an increase of approximately 14.06% as compared to the same period of last year. Among which, 646,150.34 ozs (approximately 20,097.54 kg) of gold was mine-produced gold, representing a decrease of approximately 0.065% as compared to the same period of last year; 541,381.55 ozs (approximately 16,838.86 kg) of gold was self-produced gold, representing a rise of approximately 11.32% as compared to the same period of last year, and; 411,767.92 ozs (approximately 12,807.42 kg) was smelted and processed gold, representing a rise of approximately 46.56% as compared to the same period of last year. Calculated based on the regions, the self-produced gold output of mines in the Zhaoyuan City amounted to 296,258.37 ozs (9,214.65 kg), representing a year-on-year increase of 0.12%; the self-produced gold output of mines outside the Zhaoyuan City increased by 28.71% to 245,123.18 ozs (7,624.19 kg) as compared with the corresponding period of last year. With the increasing share of mines outside the Zhaoyuan City in the total capacity of the Company, the industrial pattern of "even share of mines inside and outside Zhaoyuan City" was preliminary established.

Key Projects were Carried Forward Efficiently with Strengthened Growth Momentum in Development

In 2014, the Company energetically implemented abundant projects, among which, there were 34 construction projects with completed investment of RMB848 million, a total of 487,000 m^3 of laneways were completed with a floor area of 32,500 m^2, and the equipment on order and installed amounted to 1,230 units and 784 units respectively. In particular, the optimization and renovation project of 4,000 tons per day of the processing plant in Xiadian Gold Mine succeeded in load commissioning in one shot; and the comprehensive recycling project of smelting plant in Gansu succeeded in igniting its calcinator at the first time. These projects were constructed in a short period with relative low costs and immediate effectiveness, laying a solid foundation for the further improvement and sustainable development of the Company.

Innovation-driven Operation was implemented with Fruitful Results in Scientific Research

In 2014, facing the challenges arising from the era of "narrow margin" in the gold industry, the Company focused on the main direction of innovation to increase the investment and improve the quality of innovation. During the year, investment in scientific research amounted to RMB53.727 million and the Company was granted one invention patent, 18 utility model patents; newly applied for 15 invention patents and 8 utility model patents. Led by the ten major researches and the ten innovation programmes, the Company undertook the construction of the national demonstrative base of gold resources comprehensive utilization and successfully passed the intermediate acceptance organized by competent authorities. The research on recovery rate in Gansu area made a breakthrough, in which three enterprises had achieved a notable increase in their recovery rate. The success in experiments of chloridizing volatilization and the antimony leaching demonstrated its leading position in the comprehensive recycling process technology and caught high attention among its peers both at home and abroad.

Self-owned Resources Increased Steadily with New Record in Resource Reserve

In 2014, the Company increased efforts to explore mine resources and pushed on exploration work in a timely manner. In the meantime, it also tried to make breakthrough in mineral prospecting and exploration to increase reserves. The Company accumulated investments in prospecting of RMB190 million, tunneling of 49,500 meters, drilling of 294,800 meters and additional gold resources of 69.65 tons. In the meantime, the Company seized the favourable opportunity arising from the low market value of gold mining rights to mainly trace and promote quality mining right projects. The investment for the year amounted to RMB289,781,400, in which the investment prepayment of RMB288,221,400 for the acquisition of the 51% equity interest in Xiahe Binghua Mining Industry Company Limited* (夏河縣冰華礦業有限責任公司), the mining rights covering an area of 6.8172 km^2 and 40 tons of gold with the investment amount of RMB1,560,000. The Company also obtained the Fuqiang Gold and Molybdenum Mine Project in Heilongjiang through public auction with additional exploration rights of 24.14 km^2. As at 31 December 2014, according to Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC") standards, the Company's gold resource amounted to 811.12 tons (approximately 26.08 million ozs), and the mineable reserves amounted to 372.48 tons (approximately 11.98 million ozs).

Upgrade the Management in A Deep-going Way with Impressive Results in Cost Reduction and Profit Increase

In 2014, despite the slight decrease in sales revenue and net profit of the Company due to the impact of the depressed price in gold market, the operation quality and risk resistance capacity of the Company were further enhanced by strengthening the standardization and upgrading of internal management and carrying out activities such as cost reduction and profit increase. In the respect of performance assessment, personnel allocation, streamline administration and power decentralization, logistic and energy management, project control and reduction of non-productive expenditures, the management benefit generated therefrom accumulated to over RMB200 million while the composite cost of gold amounted to RMB133.40/g, maintaining the leading edge of low cost in the industry. Meanwhile, the Company minimized the financial risk, tightened the mechanism for investment decision, enhanced hedging management and implemented measures including special examination on audit, finance and statute related matters, by which the overall risk control system was further improved. In 2014, leveraging its precise insight on the trend of gold price, the Company take the favourable selling opportunity and enabled its gold selling price up to RMB251.17/g, higher than the average price of RMB2.04/g in the Shanghai Gold Exchange. In 2014, the Company was honored as the "Advanced Unit of Gold Industry in China (黃金行業先進集體)".

Adhere to the "Red Lines" Awareness and Conduct Construction of Safety and Environmental Protection Steadily

In 2014, the Company firmly stuck to the "red line" awareness in production safety and carried out a series of effective activities in a deep-going way such as safety accountability implementation, safety culture construction, safety training for all staff, solutions for particular safety problems. The Company allocated over RMB150 million as safety environmental protection expenditure throughout the year, by which, serious accidents in relation to production safety were eliminated, maintaining a good trend in the smooth progress of safe operation. In addition, adhering to the environmental philosophy of "prioritizing environmental protection over gold/silver mining", the Company vigorously carried forward the implementation of "Sihua" in our mines, namely greening, landscaping, brightening and optimizing, and completed new greening area of more than 70,000 m^2. Currently, over 11 enterprises of the Company are awarded "National Pilot Unit of Green Mine (國家級綠色礦山試點單位)" while the Company is granted the "National Demonstrative Enterprise in Safety and Culture Construction (國家安全文化建設示範企業)" and "Advanced Unit in Safety Production in Shandong (山東省安全生產工作先進單位)".

Financial Analysis

Revenue

For the year ended 31 December 2014, the Group's revenue was approximately RMB5,606,182,000 (2013: RMB6,344,124,000), representing a decrease of approximately 11.63% (2013: a decrease of 16.57%) as compared to the previous year. Such decrease was primarily attributable to the fall in the selling price of gold.

Cost of Sales

For the year ended 31 December 2014, the Group's cost of sales was approximately RMB3,433,775,000 (2013: RMB4,103,629,000), representing a decrease of approximately 16.32% (2013: an increase of 4.9%) as compared to the previous year. Such decrease was primarily attributable to the decrease in sales quantity of gold and unit cost of raw material and overhead during the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit and gross profit margin were approximately RMB2,172,407,000 (2013: RMB2,240,495,000) and approximately 38.75% (2013: 35.32%), respectively, representing a decrease in gross profit of approximately 3.04% (2013: a decrease of approximately 39.31%) and an increase in gross profit margin of approximately 9.71% (2013: a decrease of 27.25%), respectively, as compared to the previous year. The decrease in gross profit as compared to 2013 was primarily attributable to the decline in the selling price of sold. The increase in gross profit margin as compared to 2013 was mainly attributable to the relatively smaller decrease in revenue as compared with the drop in costs.

Other Income and Gains

During the Year, the Group's other income and gains were approximately RMB260,140,000 (2013: RMB156,771,000), representing an increase of approximately 65.94% (2013: an increase of 27.88%) from the previous year. The increase in other revenue and gains was mainly due to the increase of the gains from tax reduction and exemption.

Selling and Distribution Costs

For the year ended 31 December 2014, the Group's selling and distribution costs were approximately RMB119,709,000 (2013: RMB97,273,000), representing an increase of approximately 23.06% (2013: an increase of 31.35%) as compared to the previous year. Such increase was mainly due to the incremental transportation expenses during the Year.

Administrative and Other Expenses

The Group's administrative and other operating expenses were approximately RMB1,141,241,000 during the Year (2013: RMB984,826,000), representing an increase of approximately 15.88% (2013: an increase of 14.29%) from 2013. Such increase was mainly attributable to the increase in depreciation expense.

Finance Costs

For the year ended 31 December 2014, the Group's finance costs were approximately RMB514,406,000 (2013: RMB342,123,000), representing an increase of approximately 50.36% (2013: an increase of 56.55%) from 2013. Such increase was mainly attributable to the interest accrued from the Private Placement Note and gold leasing business.

Income Tax Expenses

For the year ended 31 December 2014, the Group's income tax expenses decreased by approximately RMB49,874,000 when compared with the previous year. It is attributable to the decrease in profit before taxation of the Group. During the Year, income tax of corporate inside PRC has been provided at a rate of 25% (2013: 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% (2013: 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 25.81% during the Year (2013: 22.76%).

Profit Attributable to Owners of the Parent

For the year ended 31 December 2014, the Group's profit attributable to the owners of the parent was approximately RMB455,388,000, representing an decrease of approximately 37.97% (2013: a decrease of 61.84%) from approximately RMB734,085,000 in 2013.

Liquidity and Capital Resources

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations and borrowings, while the Group's capital for operating activities resources are mainly utilized to provide funding to acquisition activities, capital expenditures, and repayment of borrowings of the Group.

Cash Flows and Working Capital

The Group's cash and cash equivalents have increased from approximately RMB1,035,825,000 as at 31 December 2013 to approximately RMB1,254,916,000 as at 31 December 2014. The increase was mainly attributable to the net cash inflows from operating activities and financing activities which are more than the net cash outflows used in investing activities, mainly used in acquisition activities and capital expenditure.

As at 31 December 2014, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB25,609,000 (2013: RMB19,043,000) and those denominated in United States dollars amounted to approximately RMB20,474,000 (2013: RMB7,945,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2014, the Group had outstanding bank loans and other borrowings of approximately RMB6,890,021,000 (2013: RMB6,447,070,000), of which approximately RMB4,716,034,000 (2013: RMB5,330,507,000) shall be repaid within one year, approximately RMB2,164,328,000 (2013: RMB1,047,203,000) shall be repaid within two to five years, and approximately RMB9,659,000 (2013: RMB69,360,000) shall be repaid after five years. As at 31 December 2014, the Group had outstanding corporate bonds of approximately RMB2,690,309,000 (2013: RMB2,686,046,000), which should be repaid within two to five years. The increase in the Group's borrowings during the Year was mainly attributable to the resource acquisition activities, capital expenditures and working capital of the operating activities of the Group.

As at 31 December 2014, except for secured bank loans of the RMB237,901,000 and RMB30,764,000 (2013: RMB78,623,000 and RMB30,661,000) denominated in Hong Kong dollars and United States dollars respectively, all borrowings are denominated in RMB. As at 31 December 2014, approximately 46% of the interest-bearing bank and other borrowings held by the Group were in fixed rates.

In addition, the Group financed through leases of gold from banks and subsequently sold through Shanghai Gold Exchange (SGE). As at 31 December 2014, the Group had outstanding gold from gold leasing business of RMB3,709,702,000 (31 December 2013: RMB1,439,425,000), which should be repayable within 1 year.

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, corporate bonds and financial liabilities arose from the gold leasing business less cash and cash equivalents. As at 31 December 2014, the gearing ratio of the Group was 55.3% (31 December 2013: 50.9%). Following the business expansion of the Group, the gearing ratio of the Group for the Year 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

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

During the Year, under certain circumstances, the Group entered into AU (T+D) arrangements, which substantially are forward commodity contracts, in SGE to hedge potential price fluctuations of gold. Under such 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 position under the AU (T+D) framework.

The Group also entered into copper cathode and gold forward contracts in Shanghai Futures Exchange ("SHFE") and AU (T+D) arrangements in SGE to hedge the price fluctuation by the sale of copper and gold leasing business.

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

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds. The Group manages its interest rate exposure from certain cash holdings by placing them into appropriate short-term deposits at a mixture of fixed or floating rates and manages the exposure from certain cash holdings and bank deposit, interest-bearing bank and other borrowings and corporate bonds 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

Substantially all 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.

Pledge

As at 31 December 2014, except for the following assets pledged for the bank borrowings and notes payable of the Group, the Group had not pledged any assets: (1) property, plant and equipment and mining rights with net carrying amount of approximately RMB210,027,000 (31 December 2013: RMB116,122,000); (2) pledged deposits of RMB388,388,000 (31 December 2013: RMB164,500,000).

Business Outlook

2015 is the "year for quality improvement and efficiency enhancement" as resolved by the Company when quality, efficiency, compliance and stability will be the "new formality" of the Company. The Company will continuously adjust and optimize the structure, accelerate the internal reform and promote the innovation of management model so as to constantly strengthen the quality and strength of efficient development and low-cost operation. The Company will spare no efforts to build a world-wide leading gold mind company with international investment capacity, to create greater value for shareholders, employees and the society.

Focus on Quality and Efficiency, Boost the Productivity of Value

In 2015, the Company will focus on "quality and efficiency" and keep a close eye on the annual goal to achieve all the targets in 2015 by overcoming difficulties and developing supporting measures. Priority will be given to solve the prominent problems and eliminate the bottlenecks in the production, to vitalize the production. The planned total annual output of gold amounts to 1,049,300 ozs (32,638.9 kg), representing a decrease of approximately 0.81% as compared to the corresponding period of last year, among which, self-produced gold amounts to 569,500 ozs (17,712.5 kg), representing a year-on-year increase of approximately 5.19%.

Develop Corporate Management to Facilitate the Improvement in Production and Efficiency

In 2015, the Company will further optimize the internal management to enhance its quality and standard. For the production management, by establishing the awareness of efficient production, the Company will adopt dynamic management on mining plans and mining sites and adjust the cut-off grade on a timely manner according to the changes in gold price, cost and target profit, to enhance the efficiency of project investment. Regarding to cost management, the Company will stick to its good tradition of diligence and thriftiness to strengthen the control over the budget for non-productive expenditure and non-productive enterprises. On the other hand, logistic management, energy management, project management and other fields will comply with the advanced standards of the industry and the excellent enterprises in the Group based on the requirements of sophisticated work, to create the atmosphere of "to emulate, learn from, catch up with, help and in turn surpass each other (比學趕幫超)".

Implement Innovative Drive, Expedite Transformation and Upgrading

In 2015, the Company will steer its scientific investment to support the innovation in fundamental enterprises and backbone mines. On one hand, it will continue to carry forward the ten major researches and the ten major innovation projects with the main purpose of making breakthrough and new progress in the research of solving difficulties in processing and smelting, the optimization of mining technology and the geological prospection in Gansu region. In the meantime, quality resources were focused on the project of comprehensive utilization of tailings to maximize the economic benefit. On the other hand, the integration of scale production, mechanization, automation and informatization was carried forward, for which RMB100 million was invested to equipment renewal and renovation and acquisition of key equipment for infrastructure's technical innovation. The share of mechanized was increased to over 90% of the overall operation of the Company. In terms of management innovation, the Company will be committed to the reform in the six key areas, namely effective assessment model, corporate governance structure, re-formulating system and procedure, headquarters' departments construction and cadres management, to further stimulate the favorable fundamentals brought about by the reform and to strengthen the endogenous power of the Company.

Accelerate Construction of Projects, Improve Investment Returns

In 2015, the preliminary planning of the Company includes 28 construction projects, with expected investment amounting to RMB880 million for the year. The Company will continue to prioritize the construction of the comprehensive recycling model base of gold resources in Shandong Province, supplemented by ongoing production, mining and processing ancillaries to ensure continuous production. The Company will mainly focus on major projects, such as the Xiadian Gold Mine demonstration project of safe and effective exploration and utilization in deep mine under the hyperbaric environment at high temperature, the Dayingezhuang Gold Mine demonstration project of low grade resources development and utilization, the Zhaojin Jinhe demonstration project of comprehensive recycling gold tailings, the new metallurgy technique procedure of catalyzed oxidation and acid leaching and the industrial development project for the refractory gold and silver concentrates with arsenic in the Jinchiling Gold Mine and the smelting project of precious metal extraction through chlorination and volatilization in Gansu.

Develop Investment and Financing Channels to Achieve Capital Synergy

In 2015, focusing on expanding the value chain, the Company will strive to set up an investment and financing platform. Adhering to the idea of "making rational investment according to our ability", the Company's overall ability of identifying and seizing quality investments will be enhanced. The Company will establish an investment classification mechanism, whereby no investments will be made to the red-light projects, the yellow-light projects will cease in a timely manner and the green-light projects will be pursued vigorously. Enhancing the additional special analysis on the investment cost and investment rate of return will be required for tasks such as construction projects design plans, tendering and biddings. The Company values both the domestic and overseas market and will steadily expand in the overseas market. It will try to make new progress in the overseas development by seizing the opportunity arising from the depressed gold market. On the other hand, the Company will further adjust its liabilities structure by reducing short-term loans and long-term investments and increasing the channels and types of innovative financing instruments.

Strengthen Compliance to Achieve Stable and Harmonious Development

In 2015, more effort will be made on enhancing corporate compliance through the cultivation of legal and moral consciousness throughout the Company. On one hand, the Company will strictly comply with the relevant laws and regulations promulgated in the PRC while adhering to the red lines of safety and ecological and environmental protection to ensure production safety. On the other hand, the Company will strengthen the professional ethics education among cadres and other employees to create good atmosphere of praising ethnics and goodness and being virtuous and benevolent. The new culture of "greatness comes from solidarity (大道合行)" will be rooted in the Company, advocating the philosophy of "reverence, gratefulness, loyalty and dedication" in the new age. In addition, the Company will fulfill its social responsibility at a higher level while coordinating its internal and external relationships well. It will establish a fair and righteous internal distribution mechanism and strengthen the development of harmonious community to create a virtuous business ecosystem.

ACQUISITION

(1) The Company, Shandong Boyan Mining Industry Company Limited* (山東博岩礦業有限公司) ("Boyan Mining"), Zhejiang Zhengxiang Investment Management Company Limited* (浙江政響投資管理有限公司) ("Zhengxiang Company") and four vendors including Kashgar Xinxiangping building materials Company Limited* (喀什鑫響坪環保建材有限公司), Lin Jinfang, Chen Tiande and Hong Zhenchao entered into equity transfer agreement in relation to equity transfer on 15 December 2014. The Company and Boyan Mining jointly acquired 80% equity interests in Xiahe Binghua Mining Industry Company Limited* (夏河縣冰華礦業有限責任公司) ("Binghua Company"), of which the Company acquired 51% equity interests in Binghua Company for an expected total consideration of not more than RMB900 million, and Boyan Mining acquired 29% equity interests in Binghua Company for an expected total consideration of not more than RMB520 million. As at 20 March 2015, the acquisition has not been completed. The acquired mining rights covering a mining area of 6.8172 km^2 with gold reserve of 40 tonnes. According to the current exploration, the total reserve of this project will exceed 100 tonnes, being a super-large gold deposit. In addition, the deep part and the two wings of the ore bodies in this gold mine are unsealing, indicating a huge potential of mineralization.

The acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Relevant details have set out in the announcement of the Company dated 15 December 2014 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.

(2) On 22 January 2014, the Company participated through North China Zhaojin Mining Investment Co., Ltd in the open tender of auction in Heilongjiang organized by Trading Centre of Land and Resources Department of Heilongjiang Province for exploration rights formed with the second batch (part) of State funds in 2013, at which the Company acquired the exploration rights covering 24.14 km^2 gold and molybdenum mine in Fuqiangxibei Village, Xunke County, Heilongjiang Province at the consideration of RMB1.56 million. The project has completed on-site surface survey, geological survey and geochemistry while the field work is under smooth progress, which creates a favourable condition for the subsequent work.

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.

SIGNIFICANT EVENTS

1. On 26 May 2014, the 2013 annual general meeting of the Company discussed and passed, among other things, the following resolutions:

(1) the Company's profit distribution proposal for the year ended 31 December 2013 to distribute a cash dividend of RMB0.1 (tax included) per share to all shareholders. On 27 June 2014, the Company distributed the 2013 cash dividend of RMB0.1 (tax included) per share to all shareholders;

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

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

(4) issuance of corporate bonds in the PRC and authorizing the Board to deal with the matters regarding issuance of corporate bonds; and

(5) issuance of non-financial corporate debt financing instruments in the interbank bond market.

Relevant details of 2013 Annual General Meeting were set out in the circular, notice, supplemental notice and voting results announcement of the Company dated 9 April 2014, 8 May 2014 and 26 May 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 26 May 2014, the following proposals (among other things) were reviewed at the domestic shares class meeting and H shares class meeting (collectively "Class Meetings") respectively:

Authorizing the Board to repurchase H shares of up to a maximum of 10% of the aggregate nominal value of the issued H share capital of the Company as at the date of passing such resolution;

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

Relevant details of the Class Meetings were set out in the circular, notice, supplemental notice and voting results announcement of the Company dated 9 April 2014, 8 May 2014 and 26 May 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

3. Issuance of Debt Financial Instruments

On 10 October 2014, the resolution in relation to the issuance of super short-term bonds of not more than RMB2.0 billion, issuance of medium-term notes of not more than RMB3.6 billion in the PRC and authorizing the Board to deal with the matters related to the issuance of super short-term bonds and medium-term notes were considered and approved by the 2014 first extraordinary general meeting.

Relevant details of the 2014 First Extraordinary General Meeting were set out in the circular, notice and voting results announcement of the Company dated 19 September 2014 and 10 October 2014 respectively published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

4. Distribution of Interest of "2009 Zhaojin Bond" for the Year 2014

On 23 December 2014, the Company has distributed the interest of "2009 Zhaojin Bond" in an aggregate sum of RMB75,000,000 for the fifth distributing year from 23 December 2013 to 22 December 2014.

Relevant details were set out in the announcement of the Company dated 18 December 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

5. Distribution of Interest of "2012 Zhaojin Bond" for the Year 2014

On 17 November 2014, the Company has distributed the interest of "2012 Zhaojin Bond" in an aggregate sum of RMB59,880,000 for the second distributing year from 16 November 2013 to 15 November 2014.

Relevant details were set out in the announcement of the Company dated 10 November 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

6. Election of the Board and Changes in Composition of the Board

The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which Mr. Lu Dongshang ("**Mr. Lu**") resigned from being the Chairman of the fourth session of the Board and the authorized representative of the Company due to other work engagement, Mr. Weng Zhanbin ("**Mr. Weng**") resigned from being the Vice Chairman, and Mr. Ye Kai resigned from being a Non-executive Director and a member of the Audit Committee, with effect from 24 January 2014. Mr. Lu, Mr. Weng and Mr. Ye confirmed that they had no disagreement with the Board and there was no matter relating to their resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board agreed to appoint Mr. Weng Zhanbin as the chairman of the fourth session of the Board of the Company, and agreed to appoint Mr. Xu Xiaoliang as a Non-executive Director and a member of the Audit Committee of the Company, with effect from 24 January 2014.

The details of changes in directors of the Board were set out in the announcement of the Company dated 27 January 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the eleventh meeting of the fourth session of the Board on 15 August 2014, at which, Mr. Ye Tianzhu ("**Mr. Ye**") resigned from being the Independent Non-executive Director, the chairman of the Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee, with effect from 15 August 2014. Mr. Ye confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board appointed Mr. Nie Fengjun as an Independent Non-executive Director, the chairman of the Geological and Resources Management Committee and a member of the Nomination and Remuneration Committee of the Company.

The details of changes in directors of the Board were set out in the announcement of the Company dated 15 August 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the fifteenth meeting of the fourth session of the Board on 20 March 2015, at which, Mr. Kong Fanhe resigned from being a Non-executive Director, with effect from 20 March 2015. Mr. Kong confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needs to be notified to the shareholders of the Company. In accordance with the Article of Association, the Board appointed Mr. Wu Yijian as a Non-excutive Director of the Company. In addition, Mr. Cong Jianmao has been re-designated from Non-executive Director to Executive Director due to reallocation of work arrangement, with effect from 20 March 2015.

The details of changes in directors of the Board were set out in the announcement of the Company dated 20 March 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. Changes in Senior Management

The Company held the eighth meeting of the fourth session of the Board on 24 January 2014, at which Mr. Weng Zhanbin resigned from being the President of the Company with effect from 24 January 2014. The Board agreed to appoint Mr. Li Xiuchen as the President of the Company and he resigned from his positions as the Executive President of the Company with effect from 24 January 2014. The term of office of Mr. Li Xiuchen will last till the expiration of the term of the current session of the Board.

Relevant details of changes in senior management were set out in the announcement of the Company dated 27 January 2014 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

The Company held the eleventh meeting of the fourth session of the Board on 15 August 2014, at which Mr. Qiu Shoucai resigned from being the Chief Financial Officer of the Company with effect from 1 April 2014. Mr. Qiu confirmed that he had no disagreement with the Board and there are no other matters that need to be notified to shareholders of the Company. In the meantime, as assessed and recommended by shareholders and nominated by the President, the Board agreed to appoint Mr. Sun Yimin as the Chief Financial Officer of the Company, for a term commencing from 15 August 2014 to the expiration of the term of the current session of the Board.

The Company held the fourteenth meeting of the fourth session of the Board on 21 January 2015, at which as nominated by the President, the Board agreed to appont Mr. Qin Hongxun as the Vice President of the Company, for a term commencing from 21 January 2015 to the expiration of the term of the current session of the Board.

8. Issuance of the First Tranche of Super Short-term Bonds and Medium-term Notes in 2015

On 23 January 2015, the Company issued the first tranche of super short-term bonds in 2015 with a par value of RMB1 billion for a term of 270 days and bearing interest at a rate of 4.7% per annum.

Relevant details were set out in the announcement of the Company dated 22 January 2015 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

On 18 March 2015, the Company issued the first tranche of medium-term notes for 2015 with a par value of RMB500 million and an interest rate of 5.90% per annum. Such medium-term notes will be expired when the issuer redeems pursuant to the agreement made in the terms of issuance.

Relevant details were set out in the announcement of the Company published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn on 19 March 2015.

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 in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (collectively the "Code") during the period from 1 January 2014 to 31 December 2014. 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 (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 of 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 of the Listing Rules during the Year.

AUDIT COMMITTEE

The Audit Committee of the fourth session of the Board of the Company comprises 1 Non-executive Director and 2 Independent Non-executive Directors, namely Mr. Xu Xiaoliang, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo. Its Chairman is Ms. Chen Jinrong.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2014 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

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 20 March 2015. The Company is of the view that the 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 holders of H shares who are entitled to attend the 2014 AGM, the H shares registrar and transfer office will be closed from 27 April 2015 to 27 May 2015, both days inclusive, during which no transfer of shares will be registered. In order to determine the shareholders of H shares who are entitled to receive the final dividend for the year ended 31 December 2014, the H shares registrar and transfer office will be closed between 2 June 2015 and 6 June 2015, both days inclusive, during which no transfer of shares will be registered.

For qualifying to attend and vote at the 2014 AGM, holders of H shares shareholders whose transfer has 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 holders of H shares, or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for holders of domestic shares for registration at or before 4:30 p.m. on Friday, 24 April 2015.

For qualifying to receive the final dividend for the year 2014, holders of H shares whose transfer has 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 holders of H shares, or the registered address of the Company at 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC for holders of domestic shares for registration at or before 4:30 p.m. on Monday, 1 June 2015.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2014 AGM will be held on Wednesday, 27 May 2015. The notice of 2014 AGM will be posted to the shareholders as soon as possible. The Group's annual report for the year ended 31 December 2014 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 (www.hkexnews.hk) and the Company's website (www.zhaojin.com.cn).

2. As at the date of this announcement, the members of the Board are: Executive Directors: Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Lu Dongshang and Mr. Cong Jianmao, Non-executive Directors: Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Wu Yijian, Independent Non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Xie Jiyuan and Mr. Nie Fengjun.

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

Zhaoyuan, the PRC, 20 March 2015

* *For identification purpose only*