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 2023

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023, the Group's revenue was approximately RMB8,423,618,000 (2022: RMB7,885,557,000), representing an increase of approximately 6.82% as compared to the previous year.

For the year ended 31 December 2023, the Group's net profit was approximately RMB838,418,000 (2022: RMB560,186,000), representing an increase of approximately 49.67% as compared to the previous year.

For the year ended 31 December 2023, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.14 and RMB0.14, respectively (2022: RMB0.07 and RMB0.07, respectively), representing an increase of approximately 100% and 100%, respectively as compared to the previous year.

For the year ended 31 December 2023, the profit attributable to owners of the parent was approximately RMB686,430,000 (2022: RMB401,952,000), representing an increase of approximately 70.77% as compared to the previous year.

The Board proposed the payment of a cash dividend of RMB0.04 per share (tax included) (2022: RMB0.04 (tax included)) to the Shareholders.

The board (the "Board") of directors (the "Directors") of Zhaojin Mining Industry Company Limited (the "Company") is pleased to announce the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*3*	**8,423,618**	7,885,557
Cost of sales		**(5,053,333)**	(5,229,645)
Gross profit		**3,370,285**	2,655,912
Other income and gains	*3*	**526,967**	565,875
Selling and distribution expenses		**(31,401)**	(33,126)
Administrative expenses		**(1,302,072)**	(1,306,307)
Impairment losses on financial assets		**(151,059)**	(102,226)
Other expenses	*4*	**(679,501)**	(505,206)
Finance costs	*5*	**(607,694)**	(533,191)
Share of profits and losses of:			
– Associates		**1,000**	(2,533)
– Joint ventures		**–**	7
PROFIT BEFORE TAX	*6*	**1,126,525**	739,205
Income tax expense	*7*	**(288,107)**	(179,019)
PROFIT FOR THE YEAR		**838,418**	560,186
Attributable to:			
Owners of the parent		**686,430**	401,952
Non-controlling interests		**151,988**	158,234
		838,418	560,186
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	*9*	**0.14**	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**838,418**	560,186
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**11,089**	69,263
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**11,089**	69,263
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligations	**(2,873)**	(139)
Income tax effect	**544**	4
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(156,978)**	(882)
Income tax effect	**1,521**	1,841
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(157,786)**	824
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(146,697)**	70,087
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**691,721**	630,273
Attributable to:		
Owners of the parent	**539,981**	472,792
Non-controlling interests	**151,740**	157,481
	691,721	630,273

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**16,495,003**	16,003,636
Investment properties		**93,011**	82,057
Right-of-use assets		**752,358**	705,385
Goodwill		**583,303**	583,303
Other intangible assets		**12,550,869**	12,302,798
Investments in joint ventures		**–**	4,089
Investments in associates		**267,713**	896,866
Financial assets measured at amortised cost		**562,662**	525,480
Equity investments designated at fair value through other comprehensive income		**656,878**	190,273
Deferred tax assets		**439,869**	362,346
Loans receivable		**233,040**	351,913
Long-term deposits		**35,701**	15,470
Term deposits		**355,000**	57,000
Other long-term assets		**805,127**	856,079
Total non-current assets		**33,830,534**	32,936,695
CURRENT ASSETS			
Inventories		**5,154,577**	4,670,644
Trade and notes receivables	*10*	**227,799**	216,465
Prepayments, other receivables and other assets		**578,713**	563,375
Financial assets at fair value through profit or loss		**1,500,538**	1,531,021
Financial assets measured at amortised cost		**20,265**	–
Pledged deposits		**536,768**	367,405
Loans receivable		**2,102,099**	2,018,677
Cash and cash equivalents		**2,916,103**	3,583,213
Total current assets		**13,036,862**	12,950,800

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
CURRENT LIABILITIES			
Trade and notes payables	*11*	**520,754**	430,637
Other payables and accruals		**2,131,602**	2,600,795
Financial liabilities at fair value through profit or loss		**569,713**	482,227
Interest-bearing bank and other borrowings		**4,824,267**	9,322,514
Corporate bonds		**2,999,486**	1,301,118
Tax payable		**41,820**	29,907
Provisions		**2,378**	1,970
Deposits from customers		**931,817**	1,204,418
Current portion of other long-term liabilities		**221,854**	197,668
Total current liabilities		**12,243,691**	15,571,254
NET CURRENT LIABILITIES		**793,171**	(2,620,454)
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,623,705**	30,316,241
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,943,050**	2,158,000
Corporate bonds		**4,996,288**	5,995,446
Lease liabilities		**19,229**	15,056
Deferred tax liabilities		**264,159**	274,346
Deferred income		**80,953**	127,975
Provisions		**78,068**	42,676
Deposits from customers		**400,000**	–
Other long-term liabilities		**1,597,632**	1,655,290
Total non-current liabilities		**12,379,379**	10,268,789
Net assets		**22,244,326**	20,047,452
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,270,393**	3,270,393
Perpetual capital instruments		**7,075,529**	5,058,253
Reserves		**8,516,038**	8,281,297
		18,861,960	16,609,943
Non-controlling interests		**3,382,366**	3,437,509
Total equity		**22,244,326**	20,047,452

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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 the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial liabilities at fair value through profit or loss, wealth management products, equity investments and non-current financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 above. 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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;

(c) the "others" segment comprises, principally, the Group's other investment activities, operation of a finance company, operation and catering services of a hotel, exploration services, engineering design and consulting services and overseas operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except interest income and finance costs.

Segment assets exclude deferred tax assets, cash and cash equivalents and long-term equity investments as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate bonds, deferred tax 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 2023

	Gold operations *RMB'000*	**Copper operations** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Total segment revenue	**7,671,610**	**300,920**	**451,088**	**8,423,618**
Segment results	**1,762,779**	**(107,721)**	**(184,463)**	**1,470,595**
Reconciliation:				
Interest income				**263,624**
Finance costs				**(607,694)**
Profit before tax				**1,126,525**
Segment assets	**33,993,529**	**2,594,590**	**6,031,537**	**42,619,656**
Reconciliation:				
Corporate and other unallocated assets				**4,247,740**
Total assets				**46,867,396**
Segment liabilities	**(4,213,524)**	**(641,247)**	**(1,741,049)**	**(6,595,820)**
Reconciliation:				
Corporate and other unallocated liabilities				**(18,027,250)**
Total liabilities				**(24,623,070)**
Other segment information				
Capital expenditure*	**2,311,118**	**70,332**	**23,960**	**2,405,410**
Investments in associates	**267,713**	**–**	**–**	**267,713**
Provision for inventories	**16,217**	**–**	**798**	**17,015**
Impairment losses on financial assets	**171,730**	**2,719**	**(23,390)**	**151,059**
Impairment losses on long-term assets	**297,625**	**–**	**79,200**	**376,825**
Share of profits and losses of associates	**1,335**	**–**	**(335)**	**1,000**
Depreciation and amortisation	**864,724**	**38,384**	**93,122**	**996,230**
Fair value gain/(loss) on financial assets at fair value through profit or loss	**(30,351)**	**–**	**(41,863)**	**(72,214)**

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Year ended 31 December 2022

	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Total segment revenue	7,118,774	275,205	491,578	7,885,557
Segment results	1,286,138	(220,526)	(5,948)	1,059,664
Reconciliation:				
Interest income				212,732
Finance costs				(533,191)
Profit before tax				739,205
Segment assets	33,299,481	2,575,499	5,642,551	41,517,531
Reconciliation:				
Corporate and other unallocated assets				4,369,964
Total assets				45,887,495
Segment liabilities	(4,402,291)	(590,780)	(1,795,548)	(6,788,619)
Reconciliation:				
Corporate and other unallocated liabilities				(19,051,424)
Total liabilities				(25,840,043)
Other segment information				
Capital expenditure*	2,665,857	54,579	41,709	2,762,145
Investments in associates	891,306	–	5,560	896,866
Investments in joint ventures	–	–	4,089	4,089
Provision for inventories	33,922	2,172	6,336	42,430
Impairment losses on financial assets	68,044	(1,218)	35,400	102,226
Impairment losses on long-term assets	157,064	120,100	–	277,164
Share of profits and losses of:				
Associates	(2,457)	–	(76)	(2,533)
Joint ventures	–	–	7	7
Depreciation and amortisation	847,171	43,151	95,950	986,272
Fair value gain/(loss) on financial assets at fair value through profit or loss	(24,116)	–	33,956	9,840

* Capital expenditure consists of additions to property, plant and equipment, goodwill, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Geographical information

As over 99% (2022: 96%) of the non-current assets other than financial instruments and deferred tax assets of the Group were located in Chinese Mainland and almost all of the sales were made to customers in Chinese Mainland, no further geographical information has been presented.

Information about a major customer

Revenue of approximately RMB6,555,740,000 (78% of the total sales) (2022: RMB6,316,632,000, 80% of the total sales) was derived from sales by the gold operations segment to a single customer. In addition, the revenue from the largest five customers accounted for 82% of the total sales (2022: 86% of the total sales).

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**8,677,623**	8,107,760
Less:		
Government surcharges	**(254,005)**	(222,203)
Total	**8,423,618**	7,885,557

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	**Gold**	**Copper**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Types of goods or services				
Sale of gold	**7,695,307**	**19,277**	**30,849**	**7,745,433**
Sale of copper	**1,560**	**265,043**	**–**	**266,603**
Sale of silver	**83,330**	**13,394**	**–**	**96,724**
Sale of sulphur	**1,184**	**2,682**	**73,761**	**77,627**
Sale of other by-products	**107,491**	**–**	**249,629**	**357,120**
Rendering of processing services	**32,858**	**2,096**	**–**	**34,954**
Others	**–**	**–**	**99,162**	**99,162**
Less:				
Government surcharges	**(250,120)**	**(1,572)**	**(2,313)**	**(254,005)**
Total	**7,671,610**	**300,920**	**451,088**	**8,423,618**
Timing of revenue recognition				
Revenue recognised at a point in time				**8,629,187**
Revenue recognised over time				**48,436**
Less:				
Government surcharges				**(254,005)**
Total				**8,423,618**

For the year ended 31 December 2022

Segments	Gold *RMB'000*	Copper *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of gold	7,178,570	10,150	1,592	7,190,312
Sale of copper	349	247,321	–	247,670
Sale of silver	45,295	6,903	–	52,198
Sale of sulphur	8,215	9,331	105,623	123,169
Sale of other by-products	45,885	–	305,335	351,220
Rendering of processing services	58,336	2,059	–	60,395
Others	–	–	82,796	82,796
Less:				
Government surcharges	(217,876)	(559)	(3,768)	(222,203)
Total	7,118,774	275,205	491,578	7,885,557
Timing of revenue recognition				
Revenue recognised at a point in time				8,058,095
Revenue recognised over time				49,665
Less:				
Government surcharges				(222,203)
Total				7,885,557

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2023

Segments	**Gold operations** ***RMB'000***	**Copper operations** ***RMB'000***	**Others** ***RMB'000***	**Total** ***RMB'000***
Revenue from external customers	**7,671,610**	**300,920**	**451,088**	**8,423,618**

For the year ended 31 December 2022

Segments	Gold operations *RMB'000*	Copper operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from external customers	7,118,774	275,205	491,578	7,885,557

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**120,154**	113,940
Others	**26,519**	6,856
Total	**146,673**	120,796

There was no revenue recognised from performance obligations satisfied in previous periods.

(b) *Performance obligations*

Information about the Group's performance obligations is summarized below:

Sale of goods
The performance obligation is satisfied upon delivery of the products. Payment is generally due upon delivery of the products, and a proportional payment in advance is required in some cases.

Processing services
The performance obligation is satisfied upon services are rendered. Payment is generally due upon services are rendered, and a proportional payment in advance is required in some cases.

Other services
The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing services.

As at 31 December 2023, the remaining performance obligations (unsatisfied or partially unsatisfied) were expected to be recognized within one year. The performance obligation is part of a contract that has an original expected duration of one year or less, as permitted under the paragraph 121 of HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. And an estimate of the transaction price would not include any estimated amounts of variable consideration that are constrained.

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Interest income	**263,624**	212,732
Dividend income from equity investments designated at fair value through other comprehensive income	**15,875**	7,204
Government grants	**66,122**	53,483
Sales of auxiliary materials	**55,888**	82,617
Gross rental income from investment properties	**8,352**	6,493
Gain on settlement of financial instruments	**61,690**	132,777
Gain on disposal of a subsidiary	**9,138**	–
Gain on disposal of a joint venture	**1,019**	–
Gain on disposal of an associate	**22,594**	–
Exchange gain, net	**–**	30,226
Fair value gains on financial assets at fair value through profit or loss	**–**	9,840
Gain on disposal of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	**–**	4,297
Gain on settlement of commodity derivative contracts	**–**	14,129
Others	**22,665**	12,077
Total other income and gains	**526,967**	565,875

4. OTHER EXPENSES

	2023 *RMB'000*	2022 *RMB'000*
Impairment of other intangible assets	**104,974**	117,829
Impairment of property, plant and equipment	**266,407**	81,378
Impairment of construction in progress	**–**	51,735
Impairment of goodwill	**–**	26,222
Impairment loss on investments in an associate	**5,444**	–
Provision for inventories	**17,015**	42,430
Cost of auxiliary materials	**32,662**	71,662
Other business expense	**51,559**	64,112
Exchange loss, net	**8,671**	–
Loss of litigation	**–**	2,557
Loss on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	**2,561**	–
Fair value loss on financial assets at fair value through profit or loss	**72,214**	–
Loss on settlement of commodity derivative contracts	**50,371**	–
Others	**67,623**	47,281
Total	**679,501**	505,206

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Interest on bank and other borrowings	**335,233**	205,456
Interest on corporate bonds	**252,183**	237,824
Interest on gold leasing business	**92,349**	85,270
Interest on short-term bonds	**5,852**	72,885
Interest on lease liabilities	**1,637**	1,710
Less: Interest capitalised	**(114,774)**	(100,636)
Sub-total	**572,480**	502,509
Amortization of unrecognized financing expenses of mining rights	**32,797**	28,937
Unwinding of discount on provisions and other long-term liabilities	**2,417**	1,745
Total	**607,694**	533,191

6. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold and services provided	**5,053,333**	5,229,645
Staff costs (including Directors' remuneration):		
Wages and salaries	**843,035**	801,843
Defined contribution plans:		
Retirement costs	**191,897**	157,525
Other staff benefits	**129,148**	125,582
Total staff costs	**1,164,080**	1,084,950
Auditor's remuneration	**4,160**	3,960
Depreciation of right-of-use assets	**36,934**	55,201
Amortisation of other intangible assets	**126,391**	107,248
Depreciation of property, plant and equipment	**826,674**	817,383
Depreciation of investment properties	**2,837**	2,837
Amortization of long-term prepaid expense	**3,394**	3,603
Loss/(gain) on disposal or write-off of items of property, plant and equipment, other intangible assets, right-of-use assets and other long-term assets	**2,561**	(4,297)
Provision for impairment of receivables	**37,317**	12,175
Impairment loss on investments in an associate	**5,444**	–
Impairment loss on property, plant and equipment	**266,407**	81,378
Impairment loss on other intangible assets	**104,974**	117,829
Impairment loss on goodwill	**–**	26,222
Impairment loss on construction in progress	**–**	51,735
Impairment loss on inventories	**17,015**	42,430
Impairment loss on loans receivable	**113,868**	90,051
Fair value loss/(gain), net:		
Financial assets at fair value through profit or loss	**72,214**	(9,840)
Financial liabilities at fair value through profit or loss	**–**	17,575
Dividend income from equity investments designated at fair value through other comprehensive income	**(15,875)**	(7,204)
Loss/(gain) on settlement of commodity derivative contracts	**50,371**	(14,129)
Foreign exchange differences, net	**8,671**	(30,226)
Gain on settlement of financial instruments	**(61,689)**	(132,777)
Gain on disposal of a subsidiary	**(9,138)**	–
Gain on disposal of an associate	**(22,594)**	–
Gain on disposal of a joint venture	**(1,019)**	–

7. INCOME TAX EXPENSE

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

Provision for current income tax in Chinese Mainland is based on the statutory rate of 25% (2022: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain high and new technology enterprises and western-region-development enterprises of the Group in Chinese Mainland, which are taxed at a preferential rate of 15%. Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 (2022: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

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

	2023	2022
	RMB'000	*RMB'000*
Current – Hong Kong		
– Charge for the year	**50**	–
Current – Chinese Mainland		
– Charge for the year	**373,702**	294,348
Deferred	**(85,645)**	(115,329)
Total tax charge for the year	**288,107**	179,019

8. DIVIDEND

	2023	2022
	RMB	*RMB*
Ordinary:		
Proposed final dividend – RMB0.04 per share (2022: RMB0.04 per share)	**0.04**	0.04

The Board recommended a final dividend of RMB0.04 per share (tax included) to the shareholders of the Company for the year ended 31 December 2023 (2022: RMB0.04 per share (tax included)), which would be subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. 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 3,270,393,000 (2022: 3,270,393,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

10. TRADE AND NOTES RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**238,950**	207,539
Notes receivable	**10,449**	21,178
Impairment	**(21,600)**	(12,252)
Net carrying amount	**227,799**	216,465

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding trade receivables and has a credit control department to minimise credit risk. Ageing balances of trade receivables are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and notes receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and notes receivables balances. Trade and notes receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**203,875**	177,633
1 to 2 years	**6,066**	8,316
2 to 3 years	**3,635**	3,205
Over 3 years	**3,774**	6,133
Total	**217,350**	195,287

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**12,252**	13,713
Impairment losses	**9,348**	(1,281)
Amount written off as uncollectible	**–**	(180)
At end of year	**21,600**	12,252

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

		Ageing			
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2.67%**	**29.05%**	**50.45%**	**72.26%**	**8.54%**
Gross carrying amount *(RMB'000)*	**209,463**	**8,550**	**7,335**	**13,602**	**238,950**
Expected credit losses *(RMB'000)*	**5,588**	**2,484**	**3,700**	**9,828**	**21,600**

As at 31 December 2022

		Ageing			
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.45%	17.08%	26.51%	52.38%	5.89%
Gross carrying amount *(RMB'000)*	180,269	10,028	4,361	12,881	207,539
Expected credit losses *(RMB'000)*	2,636	1,713	1,156	6,747	12,252

Trade and notes receivables are non-interest-bearing. As 77% (2022: 78%) of the sales of the Group for the year ended 31 December 2023 were generated through the Shanghai Gold Exchange (SGE) without specific credit terms, and the remaining 23% (2022: 22%) of the sales were generated from the transactions with related parties and third parties. There were no significant receivables that were overdue or impaired.

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

	2023 *RMB'000*	2022 *RMB'000*
Amounts due from related parties		
Zhaojin Group	**148**	1,359
Subsidiaries of Zhaojin Group	**5,475**	6,880
Total	**5,623**	8,239

The amounts due from related parties are unsecured, interest-free and are expected to be settled within 180 days.

11. TRADE AND NOTES PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**362,584**	377,456
Notes payable	**158,170**	53,181
Total	**520,754**	430,637

At 31 December 2023, the balance of trade and notes payables mainly represented the amount regarding the unsettled procurement of gold concentrate. The trade and notes payables are non-interest-bearing and the trade payables are normally settled on 60 days' terms.

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

	2023	2022
	RMB'000	*RMB'000*
Within one year	**471,674**	388,659
Over one year but within two years	**23,971**	22,091
Over two years but within three years	**8,806**	5,018
Over three years	**16,303**	14,869
Total	**520,754**	430,637

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

	2023	2022
	RMB'000	*RMB'000*
Amounts due to related parties:		
Subsidiaries of Zhaojin Group	**761**	93
A joint venture	**–**	25
Associates	**3,993**	5,512
Total	**4,754**	5,630

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Year

Gold output

For the Year, the Group's total output of gold amounted to 24,684.76 kg (approximately 793,632.90 ozs), representing a decrease of approximately 9.75% as compared to the previous year. Among which, 17,575.29 kg (approximately 565,058.11 ozs) of gold was mine-produced gold, representing a decrease of approximately 8.63% as compared to the previous year, and 7,109.48 kg (approximately 228,574.79 ozs) was smelted and processed gold, representing a decrease of approximately 12.39% as compared to the previous year. The decrease in total gold output was mainly due to the decrease in the Company's buyout gold.

Copper output

For the Year, the Group's total output of copper amounted to 5,010 tons, representing a year-on-year increase of approximately 15.36% as compared to the previous year, which was mainly due to the Company's optimization of production organization and the gradual recovery of copper business production.

Revenue

For the Year, the Group's revenue was approximately RMB8,423,618,000 (2022: RMB7,885,557,000), representing an increase of approximately 6.82% as compared to the previous year. The increase in the revenue was mainly due to the increase in gold prices during the Year.

Net profit

For the Year, the Group's net profit was approximately RMB838,418,000 (2022: RMB560,186,000), representing an increase of approximately 49.67% as compared to the previous year. The increase in the net profit was mainly due to the increase in gold prices and the increase in sales of self-produced gold during the Year.

Earnings per share

For the Year, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.14 and RMB0.14, respectively (2022: RMB0.07 and RMB0.07, respectively), representing an increase of approximately 100% and 100% respectively as compared to the previous year.

Distribution proposal

The Board proposed the payment of a cash dividend of RMB0.04 per share (tax included) (2022: RMB0.04 (tax included)) to the holders (the "Shareholders") of the share(s) (the "Share(s)") of the Company.

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

The proposed distribution proposal for the Year is subject to the approval of the Shareholders at the annual general meeting of the Company for the Year (the "2023 AGM"), which will be held on Monday, 3 June 2024.

If the distribution proposal is approved at the 2023 AGM, it is expected that the final dividend for the Year will be paid on or before Friday, 28 June 2024 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 11 June 2024.

Under the relevant tax rules and regulations of the People's Republic of China (the "PRC" or "China") (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, 11 June 2024.

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, 11 June 2024. Individual H Shareholders are entitled to certain tax preferential treatments according to the bilateral tax treaties between countries where the individual H Shareholders reside in and China and the bilateral tax treaties between Chinese Mainland and Hong Kong or Macau. The Company will 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 individual income tax rate in respect of dividend of 10%. For individual H Shareholders who are residents of those countries that entered into agreements with China for individual income tax rates in respect of dividend of lower than 10%, the Company will make applications on their behalf for entitlement of the relevant agreed preferential treatments pursuant to the Announcement of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Treaties (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》). For individual H Shareholders who are residents of those countries having bilateral tax treaties with China for individual 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 individual income tax in respect of dividend of 20% and for 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 Tuesday, 11 June 2024. 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, 11 June 2024 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, 6 June 2024. 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 early 2023, gold price declined under pressure amid the prevailing expectation for the rate hike of the US Federal Reserve ("Fed"), hitting a year-low of US$1,804.50/oz. The financial risks in the European and American banking industry from March to early May heightened the risk aversion sentiment, dramatically cooling the expectation of Fed's rate hike, consequentially pushing the gold price into an upward trajectory with a maximum of US$2,081.82/oz. As risk aversion receded and the Fed maintained a high interest rate, the gold price began to fall back into a downward oscillating trend. In the fourth quarter, due to the heightened expectation for Fed's rate hike amid the slowdown of the US economy, and the rising risk aversion sentiment, the gold price temporarily rocketed up to a record high of US$2,146.79/oz. During the Year, the international gold price opened at US$1,822.79/oz, and closed at US$2,062.68/oz, with the highest price at US$2,146.79/oz and lowest at US$1,804.50/oz, indicating an annual average price of US$1,943.30/oz. The opening price of 9995 gold on the Shanghai Gold Exchange (the "SGE") was RMB410.20 per gram, with the highest price hitting RMB569.40 per gram and the lowest hitting RMB343.01 per gram, and the closing price was RMB480.38 per gram, indicating an average annual price of RMB452.49 per gram, and a year-on-year increase of 16.31%. The opening price of 9999 gold on the SGE was RMB411.00 per gram, with the highest price hitting RMB498.00 per gram and the lowest hitting RMB407.00 per gram, and the closing price was RMB479.59 per gram, indicating an average annual price of RMB449.05 per gram, and a year-on-year increase of 14.97%. The opening price of TD gold on SGE was RMB411.49 per gram, with the highest price hitting RMB485.00 per gram and the lowest hitting RMB408.08 per gram, and the closing price was RMB479.91 per gram, indicating an annual average price of RMB449.31 per gram, and representing a year-on-year increase of 14.58%.

In 2023, according to China Gold Association, China further implemented a new round of strategic actions for its gold industry with a view to pursuing breakthroughs in prospecting, steadily promoting the building of the safety guarantee system for gold mineral resources, and effectively strengthened control over our own resource supply through exploration and reserve increase, and accelerated the increase of reserves and production through mergers and acquisitions of resources. In 2023, China produced raw gold of 375.16 tons, representing a year-on-year increase of 0.84%, which comprised 297.26 tons of golds from gold mines and 77.90 tons of golds as by-products of non-ferrous metals.

Business Review

During the Year, the main theme of the high-quality development of the mining industry in the new era continued throughout the year, in line with the recovering China's economy and the improving development environment. The Company achieved new strides in high-quality development as we seized the opportunity to accelerate the pace of production and fully tap into production capacity, leading to a significant growth of performance.

Remarkable growth of both production and benefits with optimal production and operation practices. We improved production organization and management, carried out various labor competitions, and formulated corresponding incentive policies to improve the production capacity of major mines and ensure production stability and increase production. During the Year, the gold production was 24,684.76 kg, and the net profit was approximately RMB838,418,000. Driven by the high gold price and the booming production and sales, the annual performance maintained rapid growth.

Smooth progress in key projects centring around the "double focus". The Ruihai Mining* (瑞海礦業) project was in full swing. During the Year, the five shafts of the project were completed, which was partially attributable to efforts made by additional over 100 professional and excellent talents. Infrastructure of the Caogoutou Mining Area of Jintingling Mining* (金亭嶺草溝頭礦區) was completed ahead of schedule. As a result of the Company's efforts to pursue the strategy of "prospering the gold industry with technology", the Company established another one project at national platform and three projects at provincial and municipal platforms, obtained six scientific and technological awards at and above the provincial and ministerial level, and was granted 135 patents. The Company owned 14 high and new technology enterprises.

Accelerated exploration and reserve increase leading to remarkable progress in resource layout. The Company attached equal importance to the internal exploration and mergers and acquisitions of external resources. The Company invested RMB123 million in geological exploration throughout the year, leading to an increase of gold metal by 33.83 tons. The Company made major breakthroughs in the exploration and prospecting of Xiadian Gold Mine* (夏甸金礦), Dayingezhuang Gold Mine* (大尹格莊金礦) and Canzhuang Gold Mine* (蠶莊金礦). The Company accelerated its external development, completing the implementation of three projects in Gansu Beishan, Hebei Fengye and Sierra Leone, obtaining three prospecting rights, including the gold census in Xinjiang Kuogeshaya, and launching a comprehensive offer for Tietto Minerals Limited. According to the JORC Code, the Company had gold resources of 1,185 tons and recoverable reserves of 472 tons as at the end of 2023.

Overall stability maintained due to strict adherence to the bottom line of production safety. The concept of big safety and big environmental protection was embedded throughout the Company. During the Year, the Company invested RMB200 million in safety and environmental protection, and made precise efforts in improving the system, strengthening education and training, enhancing the information platform, rectifying key links, and practicing strict reward and punishment assessment. The Company owned two more national and provincial green mines (factories), bringing the total number of such mines (factories) to 19.

Financial Analysis

Revenue

For the Year, the Group's revenue was approximately RMB8,423,618,000 (2022: RMB7,885,557,000), representing an increase of approximately 6.82% (2022: an increase of approximately 14.96%) as compared to the previous year. The increase in the revenue was mainly due to the increase in gold prices during the Year.

Cost of sales

For the Year, the Group's cost of sales was approximately RMB5,053,333,000 (2022: RMB5,229,645,000), representing a decrease of approximately 3.37% (2022: an increase of approximately 25.49%) as compared to the previous year. The decrease in the cost of sales was mainly due to the decrease in the quantity of buyout gold sales during the Year.

Gross profit and gross profit margin

During the Year, the Group's gross profit was approximately RMB3,370,285,000 (2022: RMB2,655,912,000), representing an increase of approximately 26.90% (2022: a decrease of approximately 1.34%). The increase in gross profit was mainly due to the increase in gold prices and the increase in self-produced gold during the Year.

During the Year, the Group's gross profit margin was approximately 40.01% (2022: 33.68%), representing an increase of approximately 6.33% (2022: a decrease of approximately 5.57%) as compared to the previous year.

Other income and gains

During the Year, the Group's other income and gains were approximately RMB526,967,000 (2022: RMB565,875,000), representing a decrease of approximately 6.88% (2022: an increase of approximately 1.42%) as compared to the previous year. The decrease in other income and gains was mainly due to the decrease in gain on settlement of financial instruments during the Year.

Selling and distribution expenses

For the Year, the Group's selling and distribution expenses were approximately RMB31,401,000 (2022: RMB33,126,000), representing a decrease of approximately 5.21% (2022: an increase of approximately 5.30%) as compared to the previous year. The decrease in the selling and distribution expenses was mainly due to the decrease in gold trading costs during the Year.

Administrative and other expenses

The Group's administrative and other operating expenses were approximately RMB2,132,632,000 during the Year (2022: RMB1,913,739,000), representing an increase of approximately 11.44% (2022: a decrease of approximately 17.84%) as compared to the previous year. The increase in the administrative and other expenses was mainly due to the provision of impairment losses for property, plant and equipment and other intangible assets in the Year.

Finance costs

For the Year, the Group's finance costs were approximately RMB607,694,000 (2022: RMB533,191,000), representing an increase of approximately 13.97% (2022: a decrease of approximately 12.28%) as compared to the previous year. The increase in the financial costs was mainly due to the increase in average financing amount during the Year.

Income tax expenses

For the Year, the Group's income tax expenses increased by approximately RMB109,088,000 as compared to the previous year. The increase was primarily due to the growth of the profit before tax of the Group. During the Year, corporate income tax within the territory of the PRC has been provided at a rate of 25% (2022: 25%) on the taxable income (except for the high and new technology enterprises and western-region-development subsidiaries of the Group in Chinese Mainland, which are taxed at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 25.57% during the Year (2022: 24.22%).

Profit attributable to owners of the parent

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB686,430,000, representing an increase of approximately 70.77% (2022: an increase of approximately 1,092.84%) from approximately RMB401,952,000 in 2022, which was mainly due to the rise in gold prices and the increase in profitability as the strengthening of production and operation management by wholly-owned subsidiaries of the Company.

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 are mainly utilized to support acquisition matters, daily operating capital expenses, and repayment of loans.

Cash flows and working capital

The Group's cash and cash equivalents have decreased from approximately RMB3,583,213,000 as at 31 December 2022 to approximately RMB2,916,103,000 as at 31 December 2023, which was mainly due to the net effect of increase from operating activities and net cash outflow from financing activities.

As at 31 December 2023, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB22,697,000 (2022: RMB33,612,000), those denominated in US dollars amounted to approximately RMB159,693,000 (2022: RMB124,484,000), those denominated in Australian dollars amounted to approximately RMB21,352,000 (2022: RMB10,930,000), those denominated in Kazakhstani Tenge was nil (2022: RMB3,000), those denominated in Great Britain Pounds amounted to approximately RMB4,491,000 (2022: RMB311,000), and those denominated in Canadian dollars amounted to approximately RMB13,042,000 (2022: nil). All other cash and cash equivalents held by the Group are denominated in RMB.

Borrowings

As at 31 December 2023, the Group had outstanding bank loans, other borrowings and gold from gold leasing business (namely, the funds that were raised by the Group through leasing gold from bank and subsequently sold through SGE) of approximately RMB9,767,317,000 (2022: RMB11,480,514,000), of which approximately RMB4,824,267,000 (2022: RMB9,322,514,000) shall be repaid within one year, approximately RMB4,643,050,000 (2022: RMB2,158,000,000) shall be repaid within two to five years and approximately RMB300,000 (2022: nil) shall be repaid over five years. As at 31 December 2023, the Group had outstanding corporate bonds of approximately RMB2,999,486,000, which shall be repaid in one year (2022: RMB1,301,118,000) and approximately RMB4,996,288,000 (2022: RMB5,995,446,000), which shall be repaid within two to five years.

As at 31 December 2023, there were RMB672,857,000 (2022: RMB1,351,132,000) of bank loans of the Group denominated in US dollars, RMB699,783,000 (2022: nil) of bank loans of the Group denominated in Hong Kong dollars, and the remaining interest-bearing bank and other borrowings of the Group were denominated in RMB. As at 31 December 2023, approximately 57.74% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

Gearing ratio

The Group monitors capital by 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 arising from the gold leasing business less cash and cash equivalents. As at 31 December 2023, the gearing ratio of the Group was 40.03% (31 December 2022: 43.11%). The decrease in gearing ratio was mainly due to the increase in average financing amount and the increase in perpetual bonds recognized in owner's equity.

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 is primarily due to the fluctuations in the market price of gold and copper which can affect the Group's operational results.

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

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

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings and corporate bonds. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings and corporate bonds by placing them into appropriate short-term deposits at fixed or floating rate of interest and at the same time by borrowing loans at a mixture of fixed or floating rates of interest.

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

Foreign exchange risk

Most of the Group's transactions were carried out in RMB. The fluctuation in the RMB/US dollars exchange rate may affect international and local gold prices, which may therefore affect the Group's operating results. Fluctuations in the exchange rate may have an adverse effect on net assets of, the earnings of and any dividend declared by the Group in Hong Kong dollars.

Risk of change in industry policies

An array of laws, regulations and rules on the gold mining and refining industry in China constitutes the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

Pledge

As at 31 December 2023, except RMB120,000,000 (2022: RMB560,000,000) of discounted bills that were pledged for borrowings from People's Bank of China, the Group has not pledged any assets.

BUSINESS PROSPECTS

In 2024, opportunities and challenges will coexist in the world rocked by changes and turmoil. The current cycle of historic tightening cycle of the US monetary policy is expected to end, and the market generally expects that the Fed will start to cut interest rates in 2024. Coupled with the continuous growth in the demand for gold by global central banks, the gold is expected to enter an upward trajectory. The Company will unswervingly fulfil our main responsibility, focus on core business, deepen the four guiding role of "industry, project, resource and technology", and comprehensively and move towards a new stage of high-quality development by consolidating the foundation, enhancing quality and efficiency, strengthening market value and enhancing vitality.

We will implement the production increase and capacity expansion plan to enhance the profitability of the core business

In line with the high-price gold cycle, the Company will promote the transformation of production capacity to output and output to benefits to ensure the profitability of the core business will be enhanced. We will fight the three tough battles of "capacity upgrading, digital empowerment and key indicator improvement", and mobilize the production enthusiasm of all parties through "daily monitoring, weekly scheduling, monthly assessment and quarterly labor competitions", so as to increase production, improve quality and enhance efficiency.

We will focus on breaking through the essential projects with our greatest keenness and power and promoting the increase of production and implementation of core projects

The Company will focus on accelerating key projects such as 12,000 tons per day mining and processing project of Ruihai Mining, 8,000 tons per day capacity expansion project of Dayingezhuang Gold Mine and the infrastructure construction of the second phase of Caogoutou Mining Area of Jintingling Mining, so that they will be completed and put into operation as soon as possible, thus yielding achievement as soon as possible. The Company will focus on technical problems such as deep resource mining, refractory ore processing, and three-tail treatment* (三尾治理), and concentrate efforts to make breakthroughs and transform resource advantages into economic advantages. The Company will intensify the exploration and prospecting in Zhaoping fault zone, exhausting mines and key mines to increase the resources, thus ensuring the production continuity. Focusing on key projects at home and abroad, the Company targets to achieve a leap in scale, reserves and production through investment and merge and acquisition.

We will implement refined management to improve development quality

We will continue to deepen the whole-process cost control by extensively tapping into the potential of cost reduction in terms of management decision-making, techniques, processes, technological innovation and control measures to continuously expand the space for cost reduction and efficiency improvement. Focusing on key areas such as mining costs, beneficiation costs and consumption of bulk materials, we will formulate effective control measures to cut costs steadily. The Company will focus on improving capital management, reducing non-productive expenses, optimizing debt structure and cutting financing costs.

We will practice ESG concept to improve modern governance

We will integrate ESG into all aspects of production and operation, and advocate the concept of sustainable development to improve core competitiveness, thus demonstrating our commitment to responsibility as a state-owned enterprise, and creating value for all stakeholders. Adhering to the principle of "safety, green, innovation and low carbon", the Company will build modern mines with "intrinsic safety, environmental harmony, resource conservation, intelligent operation, considerable benefits and social recognition".

EQUITY-LINKED AGREEMENT – EMPLOYEE SHARES SUBSCRIPTION PLAN ("ESSP")

On 29 December 2015, the Board passed resolutions to implement ESSP by way of private placement of domestic Shares to certain directors and employees of the Company and its subsidiaries under the name of an asset management plan ("Asset Management Plan").

On the same date, in view of the proposed ESSP, the Company entered into a conditional share subscription agreement with Minmetals Securities Co., Ltd. (on behalf of the Asset Management Plan and its agent).

On 26 May 2016, the Company obtained the approval from State-owned Assets Supervision and Administration Commission of Shandong Province on implementing the ESSP by way of private placement.

On 19 September 2016, this ESSP was approved at the general meeting of the Company.

On 25 October 2016, funding for this ESSP was in place and the operation of the related Asset Management Plan started officially on the same date.

On 31 March 2017, the Company has completed the share registration procedures with China Securities Depository and Clearing Corporation Limited in connection with the issuance of the new domestic Shares under specific mandate for the Asset Management Plan.

Relevant details were set out in the announcements and circular of the Company dated 29 December 2015, 29 July 2016 and 31 March 2017 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.

On 16 January 2023, the Asset Management Plan under ESSP disposed 50% of its shareholding in the Shares.

CONNECTED TRANSACTIONS

For details of connected transactions for the Year of the Company, please refer to the annual report for the year ended 31 December 2023 to be published by the Company and the announcements of the Company dated 3 January 2023, 12 July 2023, 19 July 2023, 25 August 2023 and 29 December 2023, relevant announcements were published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

SIGNIFICANT EVENTS

1. On 5 June 2023, the following proposals, among other things, were reviewed and passed at the 2022 annual general meeting of the Company (the "2022 AGM"):

(1) the proposed appointment of executive and non-executive Directors, namely Mr. Duan Lei and Mr. Chen Lunan as executive Directors, and Mr. Long Yi and Mr. Luan Wenjing as non-executive Directors;

(2) the proposed appointment of Shareholder representative supervisors, namely Mr. Leng Haixiang and Mr. Hu Jin;

(3) authorizing the Board to allot, issue or deal with the H Shares and domestic Shares of up to a maximum of 20% of the total number of each of the issued H Shares and existing domestic Shares as at the date of passing such resolution;

(4) authorizing the Board to repurchase H Shares of up to a maximum of 10% of the total number of the issued H Shares as at the date of passing such resolution;

(5) the profit distribution plan of the Company for the year ended 31 December 2022, which is to distribute a cash dividend of RMB0.04 per share (pre tax) to all Shareholders; and

(6) the proposed amendment to the Article 7.3, Article 8.4, Article 8.5, Article 8.13, Article 8.24, Article 10.2, Article 16.4, Article 16.6 and Article 25.3 of the articles of association of the Company (the "Articles of Association").

The above proposals were approved at the 2022 AGM.

Relevant details of the 2022 AGM were set out in the circular and notice of the Company both dated 14 April 2023 and the voting results announcement dated 5 June 2023 published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. On 5 June 2023, the following proposal, among other things, was reviewed at the domestic Shares class meeting and the H Shares class meeting (collectively, the "Class Meetings") respectively:

   Authorizing the Board to repurchase H Shares of up to a maximum of 10% of the total number of the issued H Shares as at the date of passing such resolution.

   The above proposal was approved at the domestic Shares class meeting and the H Shares class meeting, respectively.

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

3. Changes in Composition of the Board

(1) The Company held the 9th meeting of the seventh session of the Board on 24 March 2023. The Board agrees that Mr. Weng Zhanbin resigns from the positions of the chairman of the seventh session of the Board, an executive Director, the chairman of the strategic committee ("Strategic Committee") and authorized representative (the "Authorized Representative") of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") due to the re-allocation of his work arrangement, and agrees that Mr. Jiang Guipeng resigns from the positions of the chairman of the safety and environment protection committee (the "Safety and Environment Protection Committee") of the seventh session of the Board due to re-allocation of his work arrangement. These resignations took effect from 24 March 2023. Mr. Weng Zhanbin and Mr. Jiang Guipeng confirmed that they had no disagreement with the Board and there was no matter relating to their resignations that needed to be brought to the attention of the Shareholders and the Stock Exchange. According to the provisions of the Articles of Association, the Board has appointed Mr. Jiang Guipeng as the chairman of the seventh session of the Board and the chairman of the Strategic Committee, and Mr. Duan Lei as the executive Director, chairman of the Safety and Environmental Protection Committee, and the Authorized Representative. The above appointments took effect from 24 March 2023.

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

(2) The Company held the 2022 annual general meeting on 5 June 2023, The Shareholders elected Mr. Duan Lei and Mr. Chen Lunan as the executive Directors of the seventh session of the Board, while Mr. Long Yi and Mr. Luan Wenjing as the non-executive Directors of the seventh session of the Board of Directors.

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

4. Changes in Composition of the Supervisory Committee of the Company (the "Supervisory Committee")

(1) The Company held the 2022 annual general meeting on 5 June 2023, at which the Shareholders elected Mr. Leng Haixiang and Mr. Hu Jin as Shareholders' representative supervisors of the seventh session of the Supervisory Committee of the Company.

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

5. Changes in Senior Management

(1) The Company held the 9th meeting of the seventh session of the Board on 24 March 2023, at which the Board agreed that Mr. Jiang Guipeng resigned from his position as the president of the Company due to re-allocation of his work arrangement. The resignations of Mr. Jiang Guipeng took effect from 24 March 2023. Mr. Jiang Guipeng had no disagreement with the Board. In the meantime, as nominated by the chairman, the Board agreed to appoint Mr. Duan Lei as the executive president of the Company. His appointment took effect from 24 March 2023.

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

6. Issuance of Super Short-term Bonds

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

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

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

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

(3) On 17 May 2023, the Company issued the third tranche of super short-term bonds for the year of 2023 with a par value of RMB1.5 billion for a term of 30 days and bearing interest rate of 2.00% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 16 May 2023 and 19 May 2025 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 26 May 2023, the Company issued the fourth tranche of super short-term bonds for the year of 2023 with a par value of RMB1.5 billion for a term of 30 days and bearing interest rate of 1.95% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 25 May 2023 and 30 May 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

7. Issuance of Medium-term Notes

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

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

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

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

(3) On 27 November 2023, the Company issued the third tranche of medium-term notes for the year of 2023 with a par value of RMB1 billion for a term of 2+N years and bearing interest rate of 3.44% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 22 November 2023 and 30 November 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

(4) On 20 December 2023, the Company issued the fourth tranche of medium-term notes for the year of 2023, including: (i) Type I: a par value of RMB0.5 billion for a term of 2+N years and bearing interest rate of 3.22% per annum. The proceeds are to repay interest-bearing loans of the Company; and (ii) Type II: a par value of RMB0.5 billion for a term of 3+N years and bearing interest rate of 3.45% per annum. The proceeds are to repay interest-bearing loans of the Company.

Relevant details were set out in the announcements of the Company dated 18 December 2023 and 22 December 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

8. Issuance of Corporate Bonds

On 10 August 2023, the Company issued the first tranche of public issuance of corporate bonds to professional investors for the year of 2023 with a par value of RMB1 billion for a term of 5 years and bearing interest rate of 2.99% per annum. The proceeds are to repay the principal amount of the corporate bonds that have matured.

Relevant details were set out in the announcements of the Company dated 7 August 2023 and 11 August 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

9. Entering into the Geological Prospecting Services Framework Agreement and the Material Procurement Framework Agreement, The Processing And Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement

On 3 January 2023, Shandong Zhaojin Geological Prospecting Co., Ltd* (山東招金地質勘查有限公司) ("Shandong Zhaojin Geological") and Shandong Zhaojin Group Company Limited* (山東招金集團有限公司) ("Zhaojin Group") entered into the geological prospecting services framework agreement (the "Geological Prospecting Services Framework Agreement") in relation to Shandong Zhaojin Geological's provision of exploration services to Zhaojin Group from 1 January 2023 to 31 December 2025. The Company expects that the annual caps for the transactions contemplated under the Geological Prospecting Services Framework Agreement for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB8 million, RMB10 million and RMB8 million, respectively.

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

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

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

As all the percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each of the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement are more than 0.1% but less than 5%, the Geological Prospecting Services Framework Agreement, the Material Procurement Framework Agreement and the Processing and Smelting, Deep Well Resource Extraction and Recycling, Testing and Related Technical Services Framework Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 3 January 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

10. Entering into the Gold Concentrates Purchase Framework Agreements

On 12 July 2023, the Company entered into the gold concentrates purchase framework agreement (the "Gold Concentrates Purchase Framework Agreement i") with Shanxi Zijin Mining Co., Ltd.* (山西紫金礦業有限公司) ("Shanxi Zijin"), pursuant to which the Group will purchase gold concentrates from Shanxi Zijin and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025; and the Company entered into the gold concentrates purchase framework agreement (the "Gold Concentrates Purchase Framework Agreement ii", together with the Gold Concentrates Purchase Framework Agreement i, are collectively referred to as the "Gold Concentrates Purchase Framework Agreements") with Zhaojin Non-Ferrous Mining Company Limited* (招金有色礦業有限公司) ("Zhaojin Non-Ferrous"), pursuant to which the Group will purchase gold concentrates from Zhaojin Non-Ferrous and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025. The Group expects the annual caps for the purchase of gold concentrates from Shanxi Zijin (and its subsidiaries) under the Gold Concentrates Purchase Framework Agreement i for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall not exceed RMB390 million, RMB390 million and RMB390 million, respectively. The Group expects the annual caps for the purchase of gold concentrates from Zhaojin Non-Ferrous (and its subsidiaries) under the Gold Concentrates Purchase Framework Agreement ii for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall not exceed RMB30 million, RMB90 million and RMB100 million, respectively.

Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司) ("Zijin Mining") held 654,078,741 H Shares, representing approximately 20% of the total issued Shares, through its wholly-owned subsidiary Gold Mountains (H.K.) International Mining Company Limited* (金山(香港)國際礦業有限公司) ("Gold Mountains (H.K.) International"). Accordingly, Zijin Mining is a substantial Shareholder of the Company. Shanxi Zijin is a wholly-owned subsidiary of Zijin Mining. In addition, Zhaojin Group is a controlling Shareholder of the Company and Zhaojin Non-Ferrous is a wholly-owned subsidiary of Zhaojin Group. Accordingly, Shanxi Zijin and Zhaojin Non-Ferrous are connected persons of the Company under Chapter 14A of the Listing Rules and transactions contemplated under the Gold Concentrates Purchase Framework Agreements constitute continuing connected transactions of the Company.

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

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

11. Entering into the Gold Concentrates Sales Framework Agreement

On 25 August 2023, the Company entered into the gold concentrates sales framework agreement (the "Gold Concentrates Sales Framework Agreement") with Zhaojin Group, pursuant to which the Group has agreed to sell gold concentrates (excluding the gold concentrates purchased by the Group from Zhaojin Non-Ferrous and its subsidiaries under the Gold Concentrates Purchase Framework Agreement ii) to Zhaojin Group and its subsidiaries (excluding Zhaojin Non-Ferrous and its subsidiaries) for a term of three years from 1 January 2023 to 31 December 2025. The Group expects that the annual caps for the sales of gold concentrates to Zhaojin Group and its subsidiaries under the Gold Concentrates Sales Framework Agreement for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 will not exceed RMB70 million, RMB150 million and RMB200 million, respectively.

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

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

Relevant details were set out in the announcement of the Company dated 25 August 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

12. The provision of guarantees for financing of subsidiaries

On 16 November 2023, the following proposal was reviewed and passed at the 2023 first extraordinary general meeting of the Company (the "2023 First EGM"):

The Company's provision of (i) guarantees for the financing provided by Shandong Zhaojin Finance Company Limited* (山東招金集團財務有限公司) ("Finance Company") to eleven wholly-owned subsidiaries or non-wholly-owned subsidiaries of the Company (the "First Guarantee"), with the proposed guarantee amount not exceeding RMB1,500 million, representing approximately 7.48% of the then latest audited net assets of the Company; and (ii) provide guarantees for the financing provided by external financial institutions to three non-wholly-owned subsidiaries of the Company (the "Second Guarantee", together with the First Guarantee, collectively the "New Guarantees"), with the proposed guarantee amount not exceeding RMB4,718.5 million, representing approximately 23.54% of the then latest audited net assets of the Company. Accordingly, the proposed guarantee amount of the New Guarantees will not exceed RMB6,218.5 million in aggregate, representing approximately 31.02% of the then latest audited net assets of the Company. The above proposal was approved at the 2023 First EGM.

Relevant details of the New Guarantees and the 2023 First EGM were set out in the circular and notice of the Company both dated 31 October 2023, and the voting results announcement dated 16 November 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

13. Entering into the Informatization Services Framework Agreement, Framework Agreement for Sales of Silver and Framework Agreement for Sales of Sulphur Concentrate

On 29 December 2023, Shandong Goldsoft Technology Company Limited* (山東金軟科技股份有限公司) ("Goldsoft Technology") entered into the informatization services framework agreement (the "Informatization Services Framework Agreement") with Zhaojin Group, pursuant to which Goldsoft Technology and its subsidiaries agreed to provide informatization services to Zhaojin Group for a term of three years commencing from 1 January 2024 to 31 December 2026. The Company expects that the annual caps for the provision of informatization services for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 shall not exceed RMB20 million, RMB20 million and RMB20 million, respectively.

On 29 December 2023, the Company entered into the framework agreement for sales of silver (the "Framework Agreement for Sales of Silver") with Shandong Zhaojin Gold and Silver Refinery Company Limited* (山東招金金銀精煉有限公司) ("Zhaojin Refinery"), pursuant to which the Group agreed to sell silver to Zhaojin Refinery and its subsidiaries for a term of three years commencing from 1 January 2024 to 31 December 2026. The Company expects the annual caps for the sales of silver for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 shall not exceed RMB130 million, RMB170 million and RMB210 million.

On 29 December 2023, Zhaoyuan Zhaojin Jinhe Technology Co., Ltd.* (招遠市招金金合科技有限公司) ("Zhaojin Jinhe") entered into the framework agreement for sales of sulphur concentrate (the "Framework Agreement for Sales of Sulphur Concentrate") with Shandong Guoda Gold Co., Ltd.* (山東國大黃金股份有限公司) ("Guoda Gold"), pursuant to which Zhaojin Jinhe agreed to sell sulphur concentrate to Guoda Gold and its subsidiaries for a term of three years commencing from 1 January 2024 to 31 December 2026. Zhaojin Jinhe expects the annual caps for the sales of sulphur concentrate for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 shall not exceed RMB20 million, RMB23 million and RMB25 million.

Zhaojin Group is the controlling Shareholder of the Company. Zhaojin Refinery and Guoda Gold are subsidiaries of Zhaojin Group and therefore the connected persons of the Company, and Goldsoft Technology and Zhaojin Jinhe are subsidiaries of the Company. Accordingly, the transactions contemplated under the Informatization Services Framework Agreement, the Framework Agreement for Sales of Silver and the Framework Agreement for Sales of Sulphur Concentrate constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Informatization Services Framework Agreement, the Framework Agreement for Sales of Silver and the Framework Agreement for Sales of Sulphur Concentrate is more than 0.1% but less than 5%, the transactions contemplated under the Informatization Services Framework Agreement, the Framework Agreement for Sales of Silver and the Framework Agreement for Sales of Sulphur Concentrate are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Relevant details were set out in the announcement of the Company dated 29 December 2023 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

14. Entering into the 2023 Group Financial Services Agreement and the 2023 Parent Group Financial Services Agreement

On 29 December 2023, the Company and Finance Company entered into the financial services agreement (the "2023 Group Financial Services Agreement"). According to the 2023 Group Financial Services Agreement, the annual caps for the years ending 31 December 2024, 2025 and 2026 are as follows: (i) RMB5,000 million, RMB5,500 million and RMB6,000 million, respectively, for deposit services (including interest accrued thereon); (ii) RMB1,000 million, RMB1,500 million and RMB2,000 million, respectively, for bill discounting services (including interest accrued thereon); (iii) RMB4,500 million, RMB5,000 million and RMB5,500 million, respectively, for loan services (including interest accrued thereon).

On 29 December 2023, Zhaojin Group and Finance Company entered into the financial services agreement (the "2023 Parent Group Financial Services Agreement"). According to the 2023 Parent Group Financial Services Agreement, the annual caps for the years ending 31 December 2024, 2025 and 2026 are as follows: (i) RMB5,000 million, RMB5,500 million and RMB6,000 million, respectively, for deposit services (including interest accrued thereon); (ii) RMB1,500 million, RMB2,000 million and RMB2,000 million, respectively, for bill discounting services (including interest accrued thereon); (iii) RMB4,000 million, RMB4,500 million and RMB5,000 million, respectively, for loan services (including interest accrued thereon).

Zhaojin Group is the controlling Shareholder of the Company and it is therefore a connected person of the Company. Finance Company is a non-wholly-owned subsidiary of the Company and is also owned as to 40% by Zhaojin Group. Finance Company is a connected person of the Company by virtue of being a connected subsidiary of the Company and an associate of Zhaojin Group. Therefore, the transactions under the 2023 Group Financial Services Agreement and the 2023 Parent Group Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The loan services to be provided by Finance Company to the Group under the 2023 Group Financial Services Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for providing comparable services in the PRC, and which are exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements since no security will be granted in respect of the loan.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for each of (i) the provision of deposit services by the Finance Company to the Group; and (ii) the provision of bill discounting services by Finance Company to the Group under the 2023 Group Financial Services Agreement is more than 25%, the provision of deposit services and bill discounting services under the 2023 Group Financial Services Agreement constitute major transactions and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the estimated aggregate amount of the service fees in connection with other financial services under the 2023 Group Financial Services Agreement are less than 0.1%, other financial services to be provided by Finance Company is exempt under Chapter 14A of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual cap for the provision of each of (i) deposit services; (ii) bill discounting services; and (iii) loan services by Finance Company to Zhaojin Group under the 2023 Parent Group Financial Services Agreement is more than 25%, the provision of deposit services, bill discounting services and loan services under the 2023 Parent Group Financial Services Agreement constitute major transactions and non-exempt continuing connected transactions of the Company, and are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements as set out in Chapters 14 and 14A of the Listing Rules. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps of the estimated aggregate amount of the service fees in connection with other financial services under the 2023 Parent Group Financial Services Agreement is less than 0.1%, other financial services to be provided by Finance Company is exempt under Chapter 14A of the Listing Rules from all reporting, annual review, announcement and independent Shareholders' approval requirements.

The Company held the 2024 first extraordinary general meeting (the "2024 First EGM") on 31 January 2024, at which the following proposals, among other things, were reviewed and passed: (1) the provision of deposit and bills discounting services and the relevant proposed annual caps under the 2023 Group Financial Services Agreement; and (2) the provision of deposit, loan and bills discounting services and the relevant proposed annual caps under the 2023 Parent Group Financial Services Agreement.

Relevant details were set out in the announcement of the Company dated 29 December 2023, the circular and notice of the Company dated 15 January 2024 and the voting results announcement dated 31 January 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

DETAILS OF SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

1. Issuance of Super Short-term Bonds

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

Relevant details were set out in the announcements of the Company dated 25 January 2024 and 29 January 2024 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn.

2. Entering into the Cyanide Tailings Purchase Framework Agreement

On 22 March 2024, Zhaojin Jinhe entered into the cyanide tailings purchase framework agreement ("Cyanide Tailings Purchase Framework Agreement") with Guoda Gold, pursuant to which Zhaojin Jinhe and its subsidiaries will purchase cyanide tailings from Guoda Gold and its subsidiaries for a term from 22 March 2024 to 31 December 2026. Zhaojin Jinhe and its subsidiaries expects that the annual caps for the purchase of cyanide tailings from the Guoda Gold and its subsidiaries under the Cyanide Tailings Purchase Framework Agreement for the years ending 31 December 2024, 31 December 2025 and 31 December 2026 will not exceed RMB195 million, RMB215 million and RMB254 million, respectively.

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

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

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

3. Convening the 2024 First EGM

The Company held the 2024 First EGM on 31 January 2024, at which the following proposals, among other things, were reviewed and passed:

(1) the financial services to be provided pursuant to the 2023 Group Financial Services Agreement;

(2) the financial services to be provided pursuant to the 2023 Parent Group Financial Services Agreement;

(3) registration and issuance of renewable corporate bonds of not more than RMB2.0 billion in the PRC;

(4) registration and issuance of medium-term notes of not more than RMB6.0 billion in the PRC; and

(5) amendments to the rules of procedures for general meetings of the Company.

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

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 C1 to the Listing Rules (collectively, the "Code") during the year ended 31 December 2023. 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 published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com.cn 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 C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors.

The Board is pleased to confirm that, after making specific enquiries with all Directors and supervisors, all Directors and supervisors have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules during the Year.

AUDIT COMMITTEE

The Audit Committee of the seventh session of the Board of the Company comprises three independent non-executive Directors, namely Ms. Chen Jinrong, Mr. Wei Junhao and Mr. Choy Sze Chung Jojo. The chairman of the Audit Committee is Ms. Chen Jinrong.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the Year are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has reviewed the annual results for the Year.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it had 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 2024. 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 Shareholders who are entitled to attend the 2023 AGM, the register of members will be closed from 28 May 2024 to 3 June 2024, both days inclusive, during which no transfer of Shares will be registered. If the resolution in relation to the distribution of final dividend is approved by the Shareholders at the 2023 AGM and in order to determine the Shareholders who are entitled to receive the final dividend for the Year, the register of members will be closed from 7 June 2024 to 11 June 2024, both days inclusive, during which no transfer of Shares will be registered.

To be qualified for attending and voting at the 2023 AGM, the 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 H Shareholders), or the business address of the Company at No. 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic Shares) for registration at or before 4:30 p.m. on Monday, 27 May 2024 (Hong Kong time).

To be entitled to receive the final dividend for the Year, Shareholders whose transfer of Shares 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 Shareholders), or the business address of the Company in the PRC at No. 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC (for holders of domestic Shares) for registration at or before 4:30 p.m. on Thursday, 6 June 2024 (Hong Kong time).

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2023 AGM will be held on Monday, 3 June 2024. The notice of 2023 AGM and the annual report for the Year will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhaojin.com in due course.

Notes:

1. This annual results announcement is 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 publication of this announcement, the members of the Board include: executive Directors: Mr. Jiang Guipeng, Mr. Duan Lei, Mr. Wang Ligang and Mr. Chen Lunan; non-executive Directors: Mr. Long Yi, Mr. Li Guanghui and Mr. Luan Wenjing; independent non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.

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

Zhaoyuan, the PRC, 22 March 2024

* *For identification purpose only*