



# 紫金礦業集團股份有限公司

## ZIJIN MINING GROUP COMPANY LIMITED\*

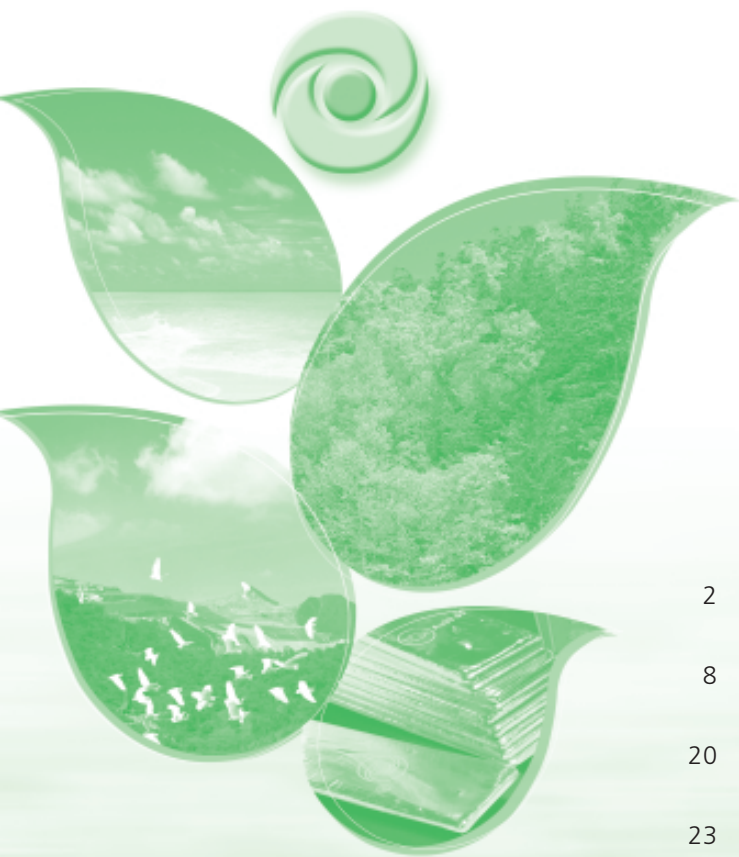
(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(在中華人民共和國註冊成立的股份有限公司)  
(Stock Code 股份代號 : 2899)



# 2009

Interim Report  
中期報告

\* 僅供識別  
For identification purposes only



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# Operation Overview

## MARKET REVIEW

In the reporting period, against the backdrop of financial crisis, the market has seen a full reflection of storage value and the risk-avoidance function of gold and the gold price fluctuated in a relative high price range. Following the large scale stimulation packages by governments of various countries, the world economy has gradually become stable. The international opening price of gold in 2009 was US\$874.90 per ounce (2 January 2009) and the closing price was US\$928.50 per ounce (30 June 2009). During the reporting period, the price of gold reached the highest at US\$1,006 per ounce and the lowest at US\$801 per ounce.

In the reporting period, the price of copper in the London Metals Exchange (“LME”) bounced from US\$2,817.50 per tonne to the highest of US\$5,388 per tonne on 11 June 2009, representing a rise of as much as US\$2,570.5 per tonne. The trend of Shanghai copper price was similar to that of the LME copper price, despite the rise in Shanghai was weaker than the foreign rise. The average spot price of copper in Shanghai was RMB34,604 per tonne (RMB64,036 per tonne the same period last year), representing a decrease of about 46% over the same period last year. In the second quarter this year, price of copper showed a stronger bounce-back under the influence of strengthened economy recovery signals.

In the first half of 2009, the price of zinc fluctuated in its lowest price range, its highest price for the first half of the year was US\$1,720 per tonne and its lowest price was US\$1,067 per tonne. Under the stimulation of the increase of national zinc reserve and the movement of external market, the future zinc contracts in Shanghai Futures Exchange rose by stages at the beginning of the year and is now stationed at about RMB13,000 per tonne. In the reporting period, the future zinc contracts reached the highest of RMB14,095 per tonne and the lowest of RMB9,855 per tonne. The closing zinc price in June represented an increase of 32.9% in comparison with the price at the beginning of the year.

(1 troy ounce = 31.1035 grammes)

# Operation Overview

## PRODUCTION AND OPERATION STATUS

During the reporting period, the Group generated a turnover of RMB9,376,432,000 representing a 14.17% growth and realised a net profit attributable to the equity holders of the parent of RMB1,932,691,000, representing a 10.92% growth when compared with the corresponding period last year. As at 30 June 2009, the Group's total assets was RMB27,896,167,000, representing a 6.4% growth, and the net assets attributable to the equity holders of the parent was RMB16,773,157,000 representing a 3.96% growth when compared with the beginning of the year.

### 1. Gold Mine Business

During the reporting period, the Group produced 36,701.40kg (1,179,976.53 ounces) of gold representing a 37.41% growth over the same period last year (same period last year: 26,709kg).

During the reporting period, the Group produced 15,052.31kg (483,942.64 ounces) of mine-produced gold representing a 9.41% (13,758kg the same period last year) growth over the same period last year, among which Zijinshan Gold Mine produced 9,714.89kg (312,340.73 ounces); Hunchun Shuguang Gold Copper Mine produced gold concentrates containing 1,242.53kg (39,948.24 ounces) gold; Guizhou Shuiyindong Gold Mine produced 1,168.54kg (37,569.41 ounces); Luoning Huatai Mining Development Co., Ltd. ("Luoning Huatai") produced 476.96kg (15,334.61 ounces); Yunnan Huaxi Mining Co., Ltd. ("Yunnan Huaxi") produced 404.26kg (12,997.25 ounces); and Hebei Chongli Dongping Gold Mine produced 322.52kg (10,369.25 ounces). The aggregate production amounts to about 88.56% of the Group's total mine-produced gold. Other gold production entities including Sichuan Jiuzhaigou Zijin Mining Co., Ltd. ("Jiuzhaigou Zijin"), Shanxi Zijin Mining Co., Ltd. ("Shanxi Zijin"), JV-Zeravshan LLC in Tajikistan ("ZGC"), and Gansu Yate Mining Co., Ltd. ("Gansu Yate") produced in aggregate approximately 11.44% of the Group's total mine-produced gold.

The Group produced 21,649.09kg (696,033.95 ounces) of refinery gold, representing a growth of 67.16% (12,951kg the same period last year) over the same period last year, of which, Henan Luoyang Zijin Yinhui Gold Refinery Co., Ltd. ("Luoyang Yinhui") produced 20,000kg; Fujian Jinshan Gold Refinery Plant produced 797.67kg; Xiamen Mining and Metallurgy produced 447.21kg; and the Company's gold refinery plants produced 368.98kg and Jiuzhaigou Zijin produced 35.23kg refinery gold in the reporting period of this year.

Sales income generated from gold business of the Group represented approximately 77.03% of the total sales income during the reporting period, and the gold business generated about 82.94% of the total net profit attributable to the equity holders of the parent.

# Operation Overview

## 2. Copper Mine Business

During the reporting period, the Group produced 38,165.73 tonnes of copper, representing a 59.06% (23,995 tonnes the same period last year) growth when compared with the same period in the last year; the production of which include 5,283.46 tonnes mine-produced copper cathodes, representing a 10.22% growth when compared with the same period in the last year; 32,804.26 tonnes mine-produced copper in concentrates form, representing a 71.00% growth when compared with the same period in the last year. Of the copper produced, the Ashele Copper Mine produced copper concentrates consisting of 15,007.73 tonnes copper, representing a 32.81% growth when compared with the same period in the last year; Qinghai Deerni Copper Mine produced copper concentrates consisting of 11,512.96 tonnes copper, representing a 151.65% growth when compared with the same period in the last year; Zijinshan Copper Mine produced 5,283.46 tonnes copper cathodes, representing a 10.22% growth when compared with the same period in the last year; Hunchun Shuguang Gold Copper Mine produced copper concentrates consisting of 4,012.93 tonnes copper, representing a 88.92% growth when compared with the same period in the last year.

Since the rapid growth of production volume could not out-weight the sharp decrease of copper price, the copper business segment shows a trend of decrease in the sales income and proportion attributable to net profit. In the reporting period, sales income of the Group from copper business represented approximately 9.97% of the total sales income of the Group and net profit from the copper business represented about 14.30% of the total net profit attributable to the equity holders of the parent of the Group.

## 3. Zinc Mine and Lead Mine Business

During the reporting period, the Group produced 65,080.54 tonnes of zinc, which decreased by 5.93% (69,182 tonnes the same period last year) when compared with the corresponding period last year, among which 50,157.14 tonnes refined zinc representing a decrease of 3.64% when compared with the same period in the last year, 14,923.40 tonnes zinc in concentrates form was produced, representing a decrease of 12.88% when compared with the same period in the last year.

During the reporting period, the Group produced 50,157.14 tonnes zinc bullion, of which Bayannaer Zijin Zinc Refinery Plant produced 49,700.32 tonnes, representing a decrease of 4.52% when compared with the same period in the last year; and a new plant, Wuding Yunye produced 456.82 tonnes mine-produced zinc bullion.

During the reporting period, the Group produced 14,923.40 tonnes zinc in concentrates form (of which 10,951.88 tonnes was sold to Bayannaer Zijin Zinc Refinery Plant). Wulatehouqi Zijin produced 9,753.05 tonnes zinc in concentrates form, representing a decrease of 8.7% when compared with the same period in the last year. Ashele Copper Mine produced 3,597.61 tonnes zinc from other associated metals; Tongling Zijin produced 1,105.23 tonnes zinc from other associated metals; and Shanxi Zijin produced 467.21 tonnes zinc from other associated metals.

During the reporting period, 2,172.76 tonnes lead in concentrates form was produced, representing a 9.87% growth when compared with the same period in the last year.

During the reporting period, sales income from zinc and lead business of the Group represented approximately 5.43% of the total sales income of the Group, and represented about 1.69% of the total net profit attributable to the equity holders of the parent of the Group.

## Operation Overview

### 4. Iron Mine, Silver and Other Businesses

During the reporting period, the Group produced 55,689.77kg silver, representing a 7.91% growth when compared with the same period in the last year, among which 11,146.43kg was refined silver, representing a 8.38% of growth when compared with the same period last year; and 44,534.34kg was mine-produced silver, representing a 7.78% growth when compared with the same period last year, of which Wuping Zijin produced 11,950.96kg of silver, Shanxi Yixingzhai Gold Mine produced 11,794.65kg silver from associated metals, Ashele Copper Mine produced 6,348.90kg silver from associated metals, and Jinshan Gold Refinery produced 11,146.43kg refined silver.

During the reporting period, the Group produced 455,500 tonnes of iron concentrates, representing a 18.75% growth when compared with the same period last year. Xinjiang Jinbao Mengku produced 349,600 tonnes iron concentrates, Fuyun Jinshan produced 92,100 tonnes iron concentrates, Hunan Hengyang Shangqing Company produced 13,800 tonnes iron concentrates.

Sales income from the Group's iron ore, silver and other businesses represented approximately 7.57% of the total sales income of the Group during the reporting period, and net profit of iron ore, silver and other businesses represented about 1.07% of the total net profit attributable to the equity holders of the parent of the Group.

### 5. Investment

During the reporting period, the Group continues to follow a prudent and stable policy and manner when evaluated and visited many major gold and copper projects in the PRC and abroad. Since the gold mining industry was not seriously affected in the financial crisis, the gold price stayed at its higher range and the non-ferrous metals prices bounced back at a relatively quick pace and the fierce competition in gold and non-ferrous industries, the Group did not make any great progress in acquisition. The Group will follow a strategy of resources in first priority and closely monitor all mining industry investment opportunities in the PRC and overseas.

### 6. Project Construction

During the reporting period, the technological renovation of Zijinshan Copper Mine progressed smoothly. The 200,000t/y copper refinery project in Shanghang, and the construction of Wuping Yueyang Silver and Multi-metal Mine progressed steadily. Duobaoshan Copper Mine passed the Ministry of Land and Resources' review of the mining right application. Hunchun Zijin Mining Company Limited's ("Hunchun Zijin") 9,500t/d process plant and its technological renovation project "2+1" have been completed earlier. The construction of Bayannaor's new 100,000t/a zinc refinery plant, Yuanyang Gold Mine's process plant, and Shangri-la Langdu Copper Mine's mining and process plant have been basically completed. The construction of Malipo Tungsten Mine's tailing storage, Xinyi Yinyan Tin Mine, and Dongkeng Gold Mine have basically reached the final stage. Chongli Zijin's 2,500t/d technological renovation was in testing stage. ZGC's Taror Gold Mine achieved an important breakthrough in process of low arsenic sulfur ore and made a good record in an industrial test. It is expected that this mine can start production by the end of the year.

# Operation Overview

## 7. Geological Exploration

In the first half of 2009, the Group invested RMB73,930,400 in exploration and the volume of actual works of the Group is as follows: including 56,800 metres drilling, 21,900 metres tunnel exploration, 13,800 cubic metres trench exploration, 428.84 sq.km various scaled brief survey, 143.8 sq.km various scaled soil survey, 88 sq.km sediment survey in water systems, 22,200 pieces basic chemical analysis. The Group made a new breakthrough in searching mining deposit in the deepest part and surrounding part of Zijinshan Gold and Copper Mine, and the exploration of Henan Luoning Luyuangou Gold Mine. The Group also retrieved good results in the general survey in Yunnan Huaxi's Shangri-la Lannitang Copper Mine, detail survey in Langdu Copper Mine, and the exploration in Yuanyang Daping Gold Mine.

In the reporting period, the Group cancelled 10 exploration rights, covering an area of 231.65 sq.km, transferred 11 exploration rights, covering an area of 235.73 sq.km and acquired 8 exploration rights, covering an area of 366.38 sq.km. As at 30 June 2009, the Group has a total of 266 exploration rights, covering an area of 6,567.36 sq.km. and a total of 43 mining rights, covering an area of 119.3624 sq.km.

As at 30 June 2009, the Group has recorded the following metal (ore) resource/reserves: about 704.3 tonnes of gold, about 9.67 million tonnes of copper, about 151 tonnes of platinum and palladium, about 5.267 million tonnes of zinc and lead, about 218.9 million tonnes of iron ores (representing 30.38% over the end of 2008), about 885,000 tonnes of nickel (representing 32.58% growth over the end of 2008), about 116,800 tonnes tungsten (representing 14.62% growth over the end of 2008), about 100,000 tonnes of tin, about 1,702 tonnes of silver, about 390,000 tonnes of molybdenum, about 135 million tonnes of iron sulfate (standard ore) and about 300 million tonnes of coal (on equity base for non-subsidiaries).

## 8. Management

The Group continuously carried out and researched the group management reform under the model of regional control and management and strictly enforced the reporting system of equity representative.

In order to standardise the management of equity representative in each level of subsidiary, the Group has monitored each subsidiary to follow the operating procedure of independent legal person system and procured each subsidiary to meet its annual production target as designated by the Group and reflect the functions that should be performed by a legal person structure.

The Group is building a database which will enable the Group to track the operation of external projects and further enhance the management and service of operating projects.

The campaign of "Learning from Jinshan, lowering the cost" has further effectively enhanced the management of cost and controllable expenses.

# Operation Overview

## 9. Safety and Environmental Protection

The Group has deepened the standardization of management of work safety and environmental protection with a high bench-mark. The Group put effort to apply the work safety principles in the development. The Group firmly sticks to the safety principle of "Life is more valuable than gold, safety promotes efficiency" and continuously builds a long-term and effective safe production mechanism.

The Group enforced the environmental protection management in construction of projects, clean production, pollution control, and construction of work safety infrastructure.

In the first half of 2009, the Group recorded no major safety accident, no major occupational damages, and no environmental protection accident.



# Management Review and Analysis

## OPERATION RESULTS

For the period ended 30 June 2009, the Group's turnover was RMB9,376,432,000 (six months ended 30 June 2008: RMB8,212,654,000), representing an increase of RMB1,163,778,000 or 14.17% over the corresponding period last year.

The table below sets out details of sales of products for the six months ended 30 June 2009 and 30 June 2008 respectively:

Product	Jan - Jun 2009			Jan - Jun 2008		
	Unit price (tax excluded)	Volume	Amount	Unit price (tax excluded)	Volume	Amount
	RMB		RMB'000	RMB		RMB'000
Mine-produced gold bullion	203.73/g	13,224kg	2,694,110	208.27/g	11,798kg	2,457,103
Mine-produced gold concentrates	165.79/g	2,781kg	461,024	183.01/g	1,498kg	274,232
Processed gold	204.03/g	21,576kg	4,402,086	204.03/g	12,624kg	2,575,750
Mine-produced silver	1,777/kg	43,955kg	78,102	2,727/kg	37,277kg	101,636
Mine-produced copper cathodes	30,082/t	5,527t	166,260	54,530/t	3,849t	209,868
Copper concentrates	24,272/t	32,737t	794,600	48,915/t	20,622t	1,008,734
Zinc bullion	10,212/t	47,700t	487,131	15,956/t	49,879t	795,866
Zinc concentrates	5,302/t	15,066t	79,883	8,764/t	2,117t	18,555
Iron concentrates	466/t	421,029t	196,119	1,130/t	370,945t	419,302
Others			408,991			457,490
Less: internal sales			(284,287)			—
Sales tax and levies			(107,587)			(105,882)
<b>Total</b>			<b>9,376,432</b>			<b>8,212,654</b>

Note: The sales income of each product included the Group's internal sales.

The Group's turnover for the first half of 2009 increased by 14.17% over the same period in 2008, which was mainly attributable to: 1. the increase in production leading to the increase in sales accordingly (i) the increase in sales of gold by 44.99%, in which the mine-produced gold increase 20.37% over the same period last year, refined and processed gold increased by 70.91% over the same period last year; (ii) the production increase in Xinjiang Ashele and Qinghai Deerni Copper Mine led an increase of sales of copper concentrates by 16.64% and 146.20% respectively over the same period last year; (iii) the production of copper belts in Zijin Copper gradually became stable and recorded an increase of sales of 20.51%. 2. The price of other products decreased but the price of gold decreased relatively small in range and it counted for a larger proportion in sales which pushed up the sales revenue.

During the reporting period, the substantial drop of selling price of the mineral products reduced about RMB1.42 billion of selling income or a drop of 9.97% profit when compared with the same period last year.

# Management Review and Analysis

## ANALYSIS OF GROSS PROFIT AND GROSS PROFIT MARGIN

The Group is mainly engaged in development of mines. The costs of sales mainly consist of integrated mining, processing, and refining cost, ore transportation cost, raw materials consumption, salary and depreciation on fixed assets employed for production and etc. The table below sets out details of the gross profit margin for the periods ended 30 June 2008 and 30 June 2009.

Product	Unit selling cost (RMB)			Gross profit margin(%)	
	Jan - Jun 2009	Jan - Jun 2008	unit	Jan - Jun 2009	Jan - Jun 2008
Mine-produced gold bullion	57,422	63,036	/kg	71.82	69.73
Mine-produced gold concentrates	83,314	57,422	/kg	49.75	68.62
Processed gold	201,380	203,577	/kg	1.30	0.22
Mine-produced silver	857	1,115	/kg	51.76	59.11
Mine-produced copper cathodes	15,449	13,959	/t	48.64	74.40
Copper concentrates	9,153	11,989	/t	62.29	75.52
Zinc bullion	8,581	13,407	/t	15.97	15.98
Zinc concentrates	2,481	4,920	/t	53.21	43.86
Iron concentrates	173	208	/t	62.89	81.64
Others				17.49	14.26
Total (consolidated)				31.95	40.45
Exclude refined products				66.18	73.09

The Group's overall gross profit margin was 31.95%, representing a decrease of 8.51% when compared with the same period last year, whereas the overall gross profit (excluding refined products) was 66.18%, representing a decrease of 6.91% when compared with the same period last year. The decrease of gross profit margin was mainly attributable to the substantial drop of prices of copper, zinc, iron and etc.

### Details of analysis:

The Group's average selling price of mine-produced gold bullion in the first half of year was RMB203.73/g, representing a decrease of 2.18% over the same period last year. The average selling price of mine-produced gold concentrates was RMB165.79/g, representing a decrease of 9.41% over the same period last year. However, Hunchun Shuguang Gold and Copper Mine and Guizhou Zijin processed a substantial volume of low grade ore, Chongli Zijin's production line was still under trial stage, the production cost of these mines was relatively high. In accordance with the slight decrease in the price of raw materials and salary during the reporting period, and the Company adopting a series of lower cost measures (including increase production volume to lower the costs accordingly), the unit selling cost of Zijinshan Gold and Copper Mine and other entities recorded a different level of reduction, and attribute to a decrease in unit selling cost resulting the gross profit margin of mine-produced gold keeps a similar level when compared to same period last year, it also eliminated the effect of drop of gold price.

## Management Review and Analysis

In the first half of 2009, the Group's average unit selling price of copper concentrates was RMB24,272/t, representing a significant decrease of 50.38% over the same period last year; but given the increase in production and decrease in cost in Deerni Copper Mine (production volume increased 151.66% and unit selling cost decreased 35.87% over the same period last year), and Xinjiang Ashele Copper Mine adopted an increase in production to lower the unit cost and etc measures (unit selling cost decreased 28.60% over the same period last year), enabled the Group's unit selling cost of copper concentrates decreased 23.65% over last year; the gross profit margin decreased 13.2% over the same period last year.

During the reporting period, the average unit selling price of copper cathodes was RMB30,082/t, which has substantially decreased by 44.83% when compared to the same period last year. It was mainly attributable to Zijinshan Copper Mine which processed an increased volume of low grade copper ore. The unit selling cost increased by 10.68% when compared to the same period last year. Summarized the above factors, the gross profit margin of copper cathodes decreased by 25.76% over same period last year.

During the reporting period, the average unit selling price of zinc concentrates was RMB5,302/t, representing a significant decrease of 39.5% over the same period last year. The unit selling cost decreased by 34.58% over the same period last year which caused an increase of 9.35% in the gross profit margin of zinc concentrates when compared the same period last year.

During the reporting period, Xinjiang Jinbao commenced production in advance, the production increased resulting a decrease in unit cost, and the Group's unit selling cost of iron concentrates decreased by 16.7% over the same period of last year, the Group's unit selling price significantly decreased by 58.79% over the same period last year, attribute to the Group's gross profit margin of iron concentrates decreased by 18.75% over the same period last year.

During the reporting period, all units in the Group carried a series of lower cost activities of increase production capacity, technological innovation, lower the unit cost, enhance maintenance and fully utilize the wastes in accordance with the actual situation; the decrease in purchase price of main and associated raw materials (including chemicals, diesel, steel ball and electricity), the decrease in salary; the Group's unit selling cost of other product maintained or decreased except for Zijinshan Copper Mine processed an increased volume of low grade ore which led to an increase in unit cost of copper cathodes.

### SELLING AND DISTRIBUTION COSTS

The Group's selling and distribution cost was RMB158,142,000, representing an increase of 20.71% over the same period last year. Although the transportation unit cost reduced (2009: RMB180/t and 2008: RMB210/t for Deerni Copper Mine; 2009: RMB110/t and 2008: RMB135/t for Xinjiang Jinbao and Fuyun Jinshan; 2009: RMB170/t and 2008: RMB180/t for Xinjiang Ashele). However, the significant increase in the sales volume of copper concentrates, iron concentrates and tungsten concentrates in first half of 2009 led to the increase in the transportation cost (Deerni Copper Mine increased RMB9,780,000, Xinjiang Jinbao increased RMB5,797,000, Fuyun Jinshan increased RMB3,390,000, Xinjiang Ashele increased RMB2,610,000), The transportation cost was directly booked into selling cost.

# Management Review and Analysis

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses in the first half of 2009 amounted to RMB315,842,000 (RMB358,411,000 in the same period last year), representing a decrease of 11.88% over the same period last year. The decrease was mainly attributable to the campaign of "Learning from Jinshan, lowering the cost" in the Group, all subsidiaries strictly controlled their expenses: 1. Salary for management staff reduced RMB39,160,000 due to the restrictions of salary expense of office staff and strengthening production and sales staff in some production enterprises in the manageable manner; 2. Office expenses decreased RMB12,500,000 or 57.5% when compared with same period last year; 3. Travelling expenses decreased RMB4,220,000 or 43.53% when compared with same period last year; 4. Business entertainment expenses decreased RMB9,720,000 or 58% when compared with same period last year; 5. Maintenance expenses decreased RMB3,050,000 or 63% when compared with same period last year.

## FINANCE COSTS

During the reporting period, the Group's total finance costs was RMB82,606,000 (RMB151,707,000 in the same period last year), representing a decrease of 45.55% over same period last year. It was mainly attributable to the successful listing in the A Share market and raised net proceed of RMB9,806,960,200 in April 2008, the Company immediately repaid part of the outstanding bank loans to reduce the interest expense and increase the interest income.

## OTHER OPERATING COSTS

During the reporting period, the Group's other operating costs was RMB136,272,000, representing an increase of RMB463,000 over the same period last year.

During the reporting period, the Group made a loss of RMB46,600,000 in settlement of forward contracts. Since the unexpected great bounce back of non-ferrous metals price which caused a loss of RMB103,690,000 in copper forward contracts. In the settlement of forward contracts of metals, the Group made a gain of RMB51,340,000 in gold, and a gain of RMB1,290,000 in zinc. The Group also made a gain of RMB4,030,000 in stock investment.

During the reporting period, the Group's loss in fair value was RMB6,120,000, representing a decrease of RMB29,780,000 loss when compared with corresponding period in 2008.

As at 30 June 2009, the Group and the Company has entered and held 1,593.52kg of gold, 19,025 tonnes of copper and 1,030 tonnes of zinc forward contracts, the Group recorded unrealized loss of RMB12,020,000.

## DONATIONS AND SOCIAL RESPONSIBILITY

During the reporting period, donations made by the Group were RMB61,549,000, in which: the Company's donation of RMB56,160,000, Xinjiang Ashele's donation of RMB710,000, Guizhou Zijin's donation of RMB1,610,000, Zijin International's donation of RMB1,070,000, Malipo Zijin's donation of RMB1,320,000. The board considers the Group relies on the support and favorable policies of the mine site and provincial government, it is the enterprise's obligation to bear the social responsibility to donate for education, to reconstruct the infrastructure, to improve the social environment, and to increase the donation expense.

# Management Review and Analysis

## WORKING CAPITAL AND SOURCES OF FUND

As at 30 June 2009, the Group's cash and cash equivalents were RMB2,743,137,000, decreased by RMB4,395,658,000 or 61.57% over the corresponding period last year, and increased by RMB23,270,000 or 0.86% over the end of last year.

During the reporting period, net cash inflow generated from the Group's operating activities was RMB2,221,556,000, representing an increase of RMB407,792,000 or 22.48% over the corresponding period last year. The main reasons for the increase in the cash inflow generated from the Group's operating activities were mainly attributable to (1) increase in the sales volume; (2) sharp decrease in controllable cost; (3) increase in profit when compared to the same period last year.

During the reporting period, net cash outflow generated from the Group's investing activities was RMB1,247,003,000, representing an decrease of RMB2,266,217,000 or 64.51% over the corresponding period last year. The decrease in the net cash outflow generated from the Group's investing activities were mainly attributable to (1) the Group has reduced the external investment due to the financial crisis; (2) pending construction or delay progress of some projects due to the drop in metals price.

During the reporting period, net cash outflow generated from the Group's financing activities was RMB950,835,000 (six months ended 30 June 2008: RMB6,671,659,000). The decrease was mainly attributable to (1) the issue of 1,400,000,000 A shares at RMB7.13 per share (face value RMB0.1) in April 2008 with a net proceed of RMB9,806,960,200; (2) the payment of 2008 final dividend in June 2009 with a cash outflow of RMB1,332,090,000 (RMB77,680,000 withholding tax was paid in July 2009) where the payment of 2007 final dividend was in July 2008.

As at 30 June 2009, the Group's total borrowings amounted to RMB4,373,780,000 (31 December 2008: RMB3,485,663,000). Among which, the amount repayable in the first to the second year was RMB3,907,350,000, the amount repayable in the second to fifth year was RMB466,420,000, the amount repayable over five years is nil. The interest rates of all the bank borrowings range from 1.03% to 7.47% (in 2008: range from 2.25% to 7.47%).

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

## GEARING RATIO

Gearing ratio refers to the proportion of consolidated total liabilities to the consolidated total equity. As at 30 June 2009, the Group's consolidated total liabilities amounted to RMB7,817,583,000 (30 June 2008: RMB6,408,463,000) and the Group's consolidated total equity was RMB20,078,584,000 (30 June 2008: RMB19,190,317,000). As at 30 June 2009, the gearing ratio of the Group was 0.39 (30 June 2008: 0.33).

## PLEGGED ASSETS OF THE GROUP

As at 30 June 2009, bank fixed deposits of the Group amounting to the book value of RMB361,154,252 have been pledged for securing a one-year bank loan, and the borrowing interest rate was 1.03% per annum (31 December 2008: Nil).

# Management Review and Analysis

## CURRENCY HEDGING POLICY

Currently, the Group does not have formal currency hedging policy and has not used forward currency contracts or derivatives to eliminate the foreign currency exposures on individual transaction. For the period ended 30 June 2009, the Group has not entered into any type of interest rate agreements or derivatives to hedge against interest rate changes.

## CONTINGENT LIABILITIES

For the period ended 30 June 2009, the Group's contingent liabilities was RMB395,500,000 (as at 31 December 2008, RMB415,500,000).

## INVESTMENT STATUS

### 1. Use of proceeds

The Company's IPO raised the net proceeds of RMB9,806,960,200 in April 2008 in the PRC. As at 30 June 2009, the accumulated use of the proceeds is RMB8,297,188,600. The unused net proceeds amounting to RMB1,509,771,600 was put in specific bank accounts or time deposit account of the Company and the details are set out below:

RMB'000

Items	Project name	Proposed investment sum	Project amended	On schedule	Total amount of investment as at 30 June 2009	Profitability	Explanation of behind schedule
1	Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040.80	No	Yes	1,105,095.30	produced gold of 1,000.95 kg, copper cathodes of 489.82 tonnes	
2	Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	461,500.00	No	Yes	461,500.00	produced gold of 424.62 kg, copper concentrates of 1,888.75 tonnes	
3	200 tonnes daily refractory gold processing and refining project	198,380.00	No	Yes	198,380.00	net profit of RMB28,095.70	
4	Mining resources exploration project	357,000.00	No	No	207,253.30		invested in some project, full settlement will be paid upon the completion of construction
5	Acquisition of the exploration right in Zhonglao Copper Mine Wuziqilong Jintonghu Section exploration project	198,000.00	No	Yes	196,800.00		

# Management Review and Analysis

RMB'000

Items	Project name	Proposed investment sum	Project amended	On schedule	Total amount of investment as at 30 June 2009	Profitability	Explanation of behind schedule
6	Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monterrico Metals PLC project	603,000.00	No	Yes	603,000.00		
7	Acquisition and development of the ZGC Gold Mine in Tajikistan	1,305,345.00	No	No	560,000.00		Acquisition completed. Due to difficulties in logistics supply and the construction is being delayed accordingly
8	Acquisition of 70% interest in Zijin Longxing which owns the mining right in the Tuva Lead Zinc Mine – the Republic of Tuva	271,600.00	No	No	197,160.00		Pursuant to the Payment stages in the supplementary contract, full settlement will be paid in 2009
9	Supplemental working capital	4,891,094.40	No		4,768,000.00		
Grand Total		9,806,960.20			8,297,188.60		

## 2. Other investments

### (1) Acquisition in subsidiaries for the year

- (i) Malipo County Yiling Mining Co., Ltd. (“Malipo Yiling”) established on 5 June 2007 with a registered capital of RMB3,000,000. Pursuant to the capital injection agreement entered between Company’s subsidiary, Malipo Zijin and Malipo Yiling, the registered capital of Malipo Yiling increased from RMB3,000,000 to RMB6,122,450, Malipo Zijin invested RMB3,122,450 in cash, held and owned 51% equity interest of Malipo Yiling after the capital injection. The capital injection completed on 13 April 2009, as at 30 June 2009, the Company’s subsidiary Malipo Zijin held and owned 51% equity interest of Malipo Yiling.
- (ii) Fujian Jinyi Copper Products Company Limited (“Jinyi Copper”) established on 2 November 2005 with a registered capital of RMB40,000,000. Pursuant to the share purchase agreement entered between the Company’s subsidiary, Best Ground Group Limited (“Best Ground”) and Master Achieve Enterprise Ltd. on 3 April 2009, Best Ground acquired 9% equity interest of Jinyi Copper with a consideration of RMB17,100,000; pursuant to the equity transfer agreement entered between the Company’s subsidiaries Fujian Zijin Investment Company Limited (“Zijin Investment”) and Best Ground, Best Ground acquired 16% equity interests of Jinyi Copper with a consideration of RMB30,400,000; pursuant to the equity transfer agreement entered between the Company’s subsidiary, Zijin Investment and Minxi Xinghang State-owned Assets Investment Co., Ltd. (“Minxi Xinghang”), Zijin Investment transferred 4.5% equity interest of Jinyi Copper with a consideration of RMB8,550,000, the consideration per share of the above three equity transfer agreements was the same. As at 30 June 2009, the Company’s subsidiary Zijin Investment held and owned 28.5% equity interest of Jinyi Copper, the Company’s subsidiary Best Ground held and owned 25% equity interest of Jinyi Copper, the Company owned 53.5% of Jinyi Copper indirectly.

## Management Review and Analysis

- (iii) Shanghang Jinshan Hydro Power Station Co., Ltd. (“Jinshan Hydro Power”) established on 11 September 1993 with a registered capital of RMB130,000,000. Pursuant to the equity transfer agreement entered between the Company’s subsidiary Jinfeng (HK) International Mining Company Limited (“Jinfeng HK”) and World Power Investment Limited (“World Power”) on 30 April 2009, Jinfeng HK acquired 100% equity interest of Sino Trend Hydro Power Investment Ltd. (“Sino Trend”) with a consideration of USD40,546,900 (approximately RMB276,729,000); as at 30 June 2009, the registered capital of Jinshan Hydro Power was RMB130,000,000, Sino Trend held and owned 55% equity interest of Jinshan Hydro Power.
- (iv) Zhenghe Xiawenyang Hydro Station Co., Ltd. (“Zhenghe Hydro Power”) established on 30 October 1996 with a registered capital of RMB47,500,000. Pursuant to the equity transfer agreement entered between the Company’s subsidiary Jinfeng HK and World Power on 30 April 2009, Jinfeng HK acquired 100% equity interest of Sino Trend with a consideration of USD40,546,900 (approximately RMB276,729,000); as at 30 June 2009, the registered capital of Zhenghe Hydro Power was RMB47,500,000, Sino Trend held and owned 70% equity interest of Zhenghe Hydro Power.
- (v) Fujian Zhouning Long Xi Hydro Power Station Co., Ltd. (“Zhouning Hydro Power”) established on 13 November 1996 with a registered capital of RMB20,000,000. Pursuant to the equity transfer agreement entered between the Company’s subsidiary, Jinfeng HK and World Power on 30 April 2009, Jinfeng HK acquired 100% equity interest of Sino Trend with a consideration of USD40,546,900 (approximately RMB276,729,000); as at 30 June 2009, the registered capital of Zhouning Hydro Power was RMB20,000,000, Sino Trend held and owned 100% equity interest of Zhouning Hydro Power.

### (2) Disposal of equity interest in subsidiaries

- (i) Former subsidiary no longer consolidated

Pursuant to the equity transfer agreement entered between the Company and Fujian Deyuan Investment Co., Ltd. on 7 May 2009, the Company sold 51% equity interest of Hengyang Shangqing Mining Company Limited (“Hengyang Shangqing”) with a consideration of RMB30,600,000, disposal date was 30 April 2009. Pursuant to the equity transfer agreement entered between the Company and the natural person Liu Zhendong on 7 May 2009, the Company sold 49% equity interest of Hengyang Shangqing with a consideration of RMB29,400,000. The disposal date was 30 April 2009. The Group no longer brings Hengyang Shangqing into consolidation.

- (ii) Partial disposal of equity interest in subsidiary

Pursuant to the resolution in general meeting of the Company’s subsidiary, Fujian Shanghang County Jinshan Construction Engineering Co., Ltd. (“Jinshan Construction”), the Company’s subsidiary Xiamen Zijin High-Tech Co., Ltd. (“Zijin High-Tech”) transferred 7% equity interest of Jinshan Construction with a consideration of RMB3,633,479.45 to the minority shareholders of Jinshan Construction, Shanghang County Qilin Mining Construction Co., Ltd. The equity transfer was completed at the beginning of 2009 and incurred a gain of RMB283,729.24. In June 2009, Zijin High-Tech held and owned 57% equity interest of Jinshan Construction.



## Management Review and Analysis

### (3) Formation of a Joint Venture (Copper refinery with 200,000 tonnes capacity)

Pursuant to the joint venture agreement entered between the Company and Minxi Xinghang on 8 January 2009 in relation to the formation of a joint venture, Zijin Copper Co., Ltd (“Zijin Copper”). It is expected that Zijin Copper will build a copper refinery in Shanghang, Fujian with a capacity of 200,000 tonnes/year. The transaction has been passed in an extra-ordinary general meeting held on 9 March 2009. The total expected investment amount to be made by this joint venture company will be approximately RMB2.6 billion. Minxi Xinghang will own 50% equity interest of the joint venture and the Company will own 50% equity interest of the joint venture respectively. The registered capital of the joint venture will be RMB 1 billion, the Company will invest RMB500 million in cash and Minxi Xinghang will invest RMB500 million in cash. Each party will invest RMB100 million as initial capital injection.

Save as those disclosed above, the Group did not have any other substantial purchase and disposal of subsidiaries and associated companies during this reporting period.

## CONNECTED TRANSACTION

### 1. Continuing Connected Transactions

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

Note: As at 30 June 2009, the Company and Minxi Xinghang did not provide any guarantee to Zijin Copper Company Limited.

# Management Review and Analysis

## 2. Connected transactions from acquisition and disposal of assets

Parties of the connected transaction	Transaction date	Content of the connected transaction	Price RMB	Payment method
Master Achieve Enterprise Ltd.	3 April 2009	Acquisition of a 9% equity interest of Fujian Jinyi Copper Products Company Limited	17,100,000	Cash
Minxi Xinghang State-owned Assets Investment Co., Ltd.	22 June 2009	Capital injection and hold 38% equity interest of Shanghang Xinyuan Waterworks Company Limited	114,000,000	Cash and valued asset
Minxi Xinghang State-owned Assets Investment Co., Ltd.	30 June 2009	Transfer 4.5% equity interest of Fujian Jinyi Copper Products Company Limited	8,550,000	Cash

## 3. Connected transaction from formation of a joint venture

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

Details of various connected transactions in relation to the purchase and sales of goods, provision of services, etc. are set out in note 14 to the condensed consolidated financial statements.

# Management Review and Analysis

## OUTLOOK

### Business Environment

It is estimated that the economy will change positively in the second half of year. The business environment as a whole will become stable and favorable. However, the recovery is not well founded given the existence of unstable elements and uncertain factors in the world economic environment. The gold price is expected to remain a high level in the second half of 2009.

Although there was excess supply in the copper market, given the positive world economic recovery signal in the first half of 2009 and the national policy of appropriate loose in liquidity, there was a strong bounce of copper price, it is estimated that favorable factors will be more than the unfavorable factors.

In the first half of 2009, there was still excess supply of zinc. In 2009, zinc's demand and supply will hardly reach a balance point. It is estimated that the zinc demand in the PRC in second half of 2009 will remain strong, the price of zinc will be unlikely to drop and it might have a chance to rise.

The result of negotiation of imported iron ore is still unknown and the outcome will have direct impact on its price trend. Under the constraint of the domestic production cost, the price of imported iron concentrates can hardly resume its highest price in 2007 and 2008. The supply of domestic iron concentrates will significantly increase when the selling price of iron concentrates exceeds the cost of production of domestic iron concentrates.

### Business Objectives

In view of the Group's production performance in the first half of 2009, after considering the Group's production situation in the second half of the year, the metals price and actual production condition and capacity of all entities, the Company might adjust the plan of specific entities but will not adjust the overall production and operation plan of 2009.

Please note that the above plan was made on the basis of the current market situation and the existing conditions of the Company. The Board may vary the production plan from time to time in accordance with the relevant circumstances.

# Management Review and Analysis

## Business Strategy

### 1. Production and operation

Zijinshan Gold and Copper Mine shall enhance the production management, strengthen the operation results; other gold mines shall review the performance in the first half of 2009, stabilize the production and ensure the implementation of plan with reference to the initial production plan; copper mines and entities shall put effort on cost control and sales and marketing; mines and entities of other metals shall slightly adjust the production plan in the situation of positive net cash inflow from operating activities and in accordance with the overall environment, initial production plan and the changes in market price.

### 2. External Investment

After summarizing the experience of mines survey and exploration in the first half of 2009, the Company shall grasp the opportunity to acquire sizable targets in the right time, continue to analyze and follow up the sizable mining companies and resources in the PRC and overseas. The Group will pay attention to the change of investment environment and will carry out comprehensive due diligent works to any potential target. The Group will continuously try to have a breakthrough in acquisition to uplift the Group's reserve and production capacity and build a solid foundation for continuous development.

### 3. Management

The Group will continue to intensify and deepen the group management reform to optimize and enhance the regional management system construction, emphasize the equity representative system; actively promote the recruitment and training of the domestic and international talent, meet the needs of overseas development and to uphold the overall management level; promote and execute comprehensive budgetary management system and intensive management; and continue to carry out the campaign of "Learning from Jinshan, lowering the cost" in order to have a tight control in any controllable cost.

### 4. Production Safety and Environmental Protection

Based on the concept of "Production safety and environmental protection ensure the maximum benefit", the Group will promote and execute "Responsibility, administration and education of production safety" extensively within the Group and further execute the responsibility of the production safety. The Group will continue to optimize the production safety and environmental protection system, emphasize and strengthen the supervisory and inspection force in subsidiaries, intensify a sense of production safety and environmental protection and sense of responsibility in the Group and its subsidiaries.

Under the financial crisis, by increasing the production of gold and copper, stronger cost control and management innovation, the Company achieved a steady growth in the first half of year. In view of the positive economic recovery signal, the Company mainly focuses on searching opportunity to have a breakthrough in realizing resources control and development to support the fast and continuing growth of the Company in the future. The Company will implement a strategy of internationalization steadily and strive for the biggest interest of the shareholders.

# Share Capital and Shareholders

## CHANGE OF SHARES

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

As at 30 June 2009, the Company has issued 14,541,309,100 ordinary shares of RMB0.1 each.

Unit: share

	30 June 2009	30 June 2008
Domestic Shares	10,535,869,100	10,535,869,100
H Shares	4,005,440,000	4,005,440,000
<b>Total Shares</b>	<b>14,541,309,100</b>	<b>14,541,309,100</b>

## SHAREHOLDING STRUCTURE

As at 30 June 2009, the Company has a total of 755,939 shareholders, of which 952 are holders of H Shares and 754,987 are holders of Domestic Shares. By approximate percentage of shareholding in the registered capital, the shareholdings of the Company's top ten shareholders are as follows:

Shareholders' names	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the registered capital
1. Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	28.96%
2. HKSCC Nominees Limited (Note 1)	H Shares	3,985,527,966	27.41%
3. Xinhua Industrial Group Co., Ltd.	Domestic Shares	1,729,000,000	11.89%
4. Xiamen Hengxing Group Co., Ltd.	Domestic Shares	475,000,000	3.27%
5. Shanghang County Jinshan Trading Co., Ltd.	Domestic Shares	170,830,000	1.17%
6. Chen Fashu	Domestic Shares	158,617,932	1.09%
7. Chen Jinghe	Domestic Shares	87,000,000	0.60%
8. Ke Xiping	Domestic Shares	41,981,165	0.29%
9. Industrial Bank Co., Ltd. – Industrial Trend Investment Hybrid Securities Investment Fund	Domestic Shares	36,593,534	0.25%
10. Industrial and Commercial Bank of China – Southern High Performing Growth Equity Securities Investment Fund	Domestic Shares	35,332,294	0.24%

Note:

- (1) HKSCC Nominees Limited is holding 3,985,527,966 H Shares in the Company as a nominee, representing 27.41% of the Company's Shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and trust business for customers.

## Share Capital and Shareholders

### SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2009, the interests and short positions of substantial shareholders (other than directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of shareholders	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate percentage of total number of issued Domestic shares	Approximate percentage of total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	28.96%	39.97%	—	Long
Xinhuadu Industrial Group Company Limited	Domestic Shares	1,729,000,000 (Note 1)	11.89%	16.41%	—	Long
Chen Fashu	Domestic Shares	1,887,617,932 (Note 2)	12.98%	17.92%	—	Long
Barclays PLC	H Shares	369,034,785 (Note 3)	2.54%	—	9.21%	Long
Blackrock, Inc.	H Shares	353,913,345 (Note 4)	2.43%	—	8.84%	Long
Blackrock, Inc.	H Shares	1,900,000 (Note 5)	0.01%	—	0.05%	Short

## Share Capital and Shareholders

### Notes:

- (1) Xinhua Industrial Group Company Limited holds 1,729,000,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 158,617,932 Domestic Shares in the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhua Industrial Group Company Limited, Under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 1,729,000,000 Domestic Shares in the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 1,887,617,932 Domestic Shares in the Company.
- (3) Barclays PLC is interested in 369,034,785 H Shares (Long position) of the Company (representing approximately 9.21% of the total issued H Shares), through Barclays PLC's controlled corporations including Barclays Bank PLC, Barclays Global Investors UK Holdings Limited, Barclays Global Investors Finance Limited and Barclays California Corporation. 315,530,000 H Shares of which were held through Barclays Global Investors, N.A. and Barclays Global Fund Advisors. 29,690,330 H Shares of which were held through Barclays Global Investors Ltd. 23,338,485 H Shares of which were held through Barclays Global Investors, N.A., 476,000 H Shares of which were held through Barclays Global Investors Holdings Deutschland GmbH and Barclays Global Investors (Deutschland) AG.
- (4) BlackRock, Inc. is interested in 353,913,345 H Shares (Long position) of the Company (representing approximately 8.84% of the total issued H Shares), 352,581,845 H Shares of which were held through BlackRock, Inc.'s controlled corporations including BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc. and its controlled corporation, BlackRock International Holdings, Inc. 227,807,000 H Shares of which were held through BlackRock (Channel Islands) Limited. 11,687,750 H Shares of which were held through BlackRock US Newco, Inc. and BlackRock Advisors, LLC. 103,062,095 H Shares of which were held through BlackRock Group Limited's controlled corporations including BlackRock Investment Management (UK) Limited, BlackRock International Limited and BlackRock (Netherlands) B.V. 10,025,000 H Shares of which were held through BlackRock Cayco Ltd., BlackRock Trident Holding Company Limited, BlackRock Japan Holdings GK and BlackRock Japan Co. Ltd. 1,331,500 H Shares of which were held through Trident Merger, LLC and BlackRock Investment Management, LLC.
- (5) BlackRock, Inc. is interested in 1,900,000 H Shares (Short position) of the Company (representing approximately 0.05 % of the total issued H Shares) which were held through BlackRock, Inc.'s controlled corporations including BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc., BlackRock US Newco, Inc. and BlackRock Advisors, LLC.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2009, no other person (other than the Directors, Supervisors, chief executives or members of senior management of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

## Disclosure of Interests of the Directors and Supervisors of the Company

As at 30 June 2009, the interests of the Directors or Supervisors of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange are as follows:

Shareholdings of Directors and Supervisors in the Company as at 30 June 2009:

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

Supervisor	Number of Domestic Shares/amount of Equity interest held	Nature of Interest	Long/short positions	Proximate percentage of share holding in such class of securities	Proximate percentage of share holding in the registered capital
Lan Liying	500,000	Personal	Long	0.01%	0.01%

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

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



## Others

### INTERIM DIVIDEND

The Board proposed to pay no dividend for the six months ended 30 June 2009. (The dividend for the six months ended 30 June 2008 was nil)

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2009.

### CORPORATE GOVERNANCE

Mr. Chen Jinghe is both the Chairman of the Board and President of the Company. The Board considers that although such structure deviates from Rule A.2.1 of the Code of Corporate Governance Practices, the effective operation of the Group will not be impaired as Mr. Chen, being a specialist in technology development and management in the mining industry, was the founder of the Group and has gained wide respect within the Group.

Save as those disclosed above, for the six months ended 30 June 2009, the Board considered that the Group has adopted and complied with the code provisions of the Code on Corporate Governance Practices and has followed most of its recommended best practices with no deviation (for details, please refer to the Group's 2008 Annual Report).

### AUDIT COMMITTEE

The audit committee has reviewed the Group's adopted accounting methods, standards, principles, internal controls, and financial reports and has reviewed the unaudited financial report for the six months ended 30 June 2009. The audit committee agreed to the Group's financial report for the six months ended 30 June 2009 and the accounting methods, standards, and principles so adopted, and considered that it is in compliance with the legal and disclosure requirements.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with rules 3.10(1) and 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company appointed sufficient number of independent non-executive directors and that at least one of them possesses the appropriate professional qualifications or accounting or related financial management expertise. The Company appointed 4 independent non-executive directors and one of them possesses accounting and related financial management expertise. Details of the independent non-executive directors have been provided in the Company's 2008 annual report.

### SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the reporting period, the Company adopted the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules. Having made a detailed inquiry, it was noted that no director and/or supervisor of the Company has violated the requirements relating to securities transactions provided in the Model Code. As at 30 June 2009, the Group confirmed that all directors complied with the Model Code.

### **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

#### **(1) Interests of Directors, Supervisors and Senior Management in the Issued Shares of The Company**

As at 30 June 2009, Mr. Chen Jinghe, the Chairman of the Board and President of the Company held 87,000,000 shares, Mr. Liu Xiaochu, the Vice Chairmen, held 4,828,350 shares, Mr. Luo Yingnan, Vice Chairman, held 5,000,000 shares, Mr. Lan Fusheng, Vice Chairman, held 5,000,000 shares, Mr. Zou Laichang, Senior Vice President, held 1,000,000 shares in the Company, and workers representative supervisor, Ms. Lan Liyin, held 500,000 shares in the Company.

#### **(2) Appointment and Resignation of Directors, Supervisors and Senior Management**

With effect from 17 June 2009, Mr. Zheng Jingxing has resigned as a supervisor and the chairman of the supervisory committee of the Company due to personal career development. Mr. Zheng Jingxing has confirmed that there are no disagreements with the Board and the supervisory committee respectively, and there are no matters relating to the resignation which needs to be brought to the attention of the shareholders of the Company. The Board would like to express its appreciation to Mr. Zheng Jingxing for his valuable contributions to the Company during his tenure of services.

### **MAJOR LITIGATION AND ARBITRATION**

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

### **POST BALANCE SHEET EVENT**

#### **(1) Acquisition of equity interest in Xiamen Modern Terminals Co., Ltd.**

Pursuant to the agreement entered between the Company's subsidiary, Xiamen Zijin High-Tech Co., Ltd. ("Zijin High-Tech") and Xiamen Xiangyu Group Corporation, Xiamen C&D Inc., Hongkong Topway Trading Co., Ltd., and Cheongfuli (Hong Kong) Co., Ltd. in June 2009, it is agreed that Zijin High-Tech participates an increase of capital of Xiamen Modern Terminals Co., Ltd. with RMB120 million, after the capital injection, Zijin High-Tech will hold 25% equity interest in Xiamen Modern Terminals Co., Ltd. The capital injection was completely settled on 9 July 2009 and 11 July 2009 respectively.

#### **(2) Incorporation of Xinjiang Heishantou Coal Mine Co., Ltd.**

The Board agreed to establish a wholly-owned subsidiary, Xinjiang Heishantou Coal Mine Co., Ltd. ("Xinjiang Heishantou") with a capital of RMB20 million, upon the establishment, the Group will transfer the exploration right of Heishantou Coal Mine to the Xinjiang Heishantou, and Xinjiang Heishantou will be responsible for the application of the mining right of the coal mine. Zijin Mining Group North West Co., Ltd. will be responsible for the establishment of the Xinjiang Heishantou, and the transfer of the exploration right and the related matters of the mining right application. The capital was completely injected on 28 July 2009.

### (3) Acquisition of equity interest in Henan Luoyang Jinjishan Gold Mine

Pursuant to the agreement entered between the Company's subsidiary, Zijin International Mining Co., Ltd., Canada Shiyun Organisation, and Henan Luoyang Jinjishan Gold Mine on 15 July 2009, the Board agreed to acquire 70% equity interest in Henan Luoyang Jinjishan Gold Mine held by Canada Shiyun Organisation with consideration of RMB18,450,000. The deposit payment of RMB3,600,000 was paid by the end of July 2009.

This report is written in both Chinese and English. In the case of any discrepancies the Chinese version of this report shall prevail over its English version.

By Order of the Board  
Zijin Mining Group Co., Ltd.\*  
Chen Jinghe  
*Chairman*

Fujian, the PRC 7 August 2009

As at the date of this report, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mr. Peng Jiaqing as non-executive director, and Messrs. Chen Yuchuan, Su Congfu, Lin Yongjing, and Loong Ping Kwan as independent non-executive directors.

\* The Company's English name is for identification purpose only

# Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	For the six months ended 30 June	
		2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
REVENUE	3	9,376,432	8,212,654
Cost of sales	5	(6,381,084)	(4,890,592)
Gross profit		2,995,348	3,322,062
Other income and gains	3	280,888	214,051
Selling and distribution costs		(158,142)	(131,011)
Administrative expenses		(315,842)	(358,411)
Finance costs	4	(82,606)	(151,707)
Other operating costs		(136,272)	(135,809)
Share of profit and losses of:			
Associates		10,761	15,994
Jointly-controlled entities		1,281	10,365
PROFIT BEFORE TAX		2,595,416	2,785,534
Tax	6	(474,174)	(569,655)
PROFIT FOR THE PERIOD		2,121,242	2,215,879
Attributable to:			
Equity holder of the parent	7	1,932,691	1,742,397
Minority interests		188,551	473,482
		2,121,242	2,215,879
PROPOSED INTERIM DIVIDEND		—	—
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7	RMB0.133	RMB0.128

# Condensed Consolidated Balance Sheet

As at 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9,090,274	8,259,305
Investment properties		55,027	57,211
Prepaid land lease payments		579,944	525,302
Long-term deferred assets		581,735	584,570
Other assets		2,298,348	2,963,102
Other intangible assets		4,969,762	3,586,823
Goodwill	8	534,896	327,982
Interests in associates	9	1,037,907	1,091,590
Interests in jointly-controlled entities		377,476	276,195
Available-for-sale investments		448,993	422,238
Deferred tax assets		73,094	71,195
<b>Total non-current assets</b>		<b>20,047,456</b>	<b>18,165,513</b>
<b>CURRENT ASSETS</b>			
Inventories		1,702,968	1,593,508
Prepayments, deposits and other receivables	10	1,104,587	801,029
Trade receivables	11	441,406	322,131
Bills receivable		154,115	266,534
Equity investments at fair value through profit or loss		49,141	23,677
Derivative financial instruments		82,351	5,665
Pledged deposits		401,826	74,833
Cash and cash equivalents		3,912,317	4,964,659
<b>Total current assets</b>		<b>7,848,711</b>	<b>8,052,036</b>
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables		1,896,937	1,997,203
Trade and bills payables	12	790,094	727,713
Interest-bearing bank and other loans	13	3,679,486	2,516,295
Tax payable		386,688	418,004
<b>Total current liabilities</b>		<b>6,753,205</b>	<b>5,659,215</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>1,095,506</b>	<b>2,392,821</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>21,142,962</b>	<b>20,558,334</b>

# Condensed Consolidated Balance Sheet

As at 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,142,962	20,558,334
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	13	694,295	969,368
Provision for land restoration and environmental costs		59,588	59,589
Government grants		23,587	13,990
Long-term other payables		145,596	204,934
Deferred tax liabilities		141,312	131,328
Total non-current liabilities		1,064,378	1,379,209
Net assets		20,078,584	19,179,125
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		1,454,130	1,454,130
Reserves		15,319,027	14,680,258
Minority interests		16,773,157 3,305,427	16,134,388 3,044,737
Total equity		20,078,584	19,179,125

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

(Unaudited)	Attributable to equity holders of the parent											Minority interests	Total equity
	Issued capital	Share premium account	Statutory surplus reserve	Project reserve	Capital reserve	Available-for-sales investment revaluation reserve	Retained profit	Proposed final dividend	Exchange fluctuation reserve	Total	Total		
At 1 January 2009	1,454,130	9,698,621	1,060,653	—	(532,384)	(50,869)	3,153,152	1,454,131	(103,046)	16,134,388	3,044,737	19,179,125	
Adjustment due to accounting policies	—	—	(60,853)	60,853	—	—	—	—	—	—	23,272	23,272	
Dividend paid	—	—	—	—	—	—	—	(1,454,131)	—	(1,454,131)	—	(1,454,131)	
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	(113,450)	(113,450)	
Share premium converted into issued capital	—	—	—	—	—	—	—	—	—	—	—	—	
Net profit for the period	—	—	—	—	—	—	1,932,691	—	—	1,932,691	188,552	2,121,243	
Transfer (from) / to reserves	—	—	—	—	—	—	—	—	—	—	—	—	
Share of capital reserve of associate and Jointly -controlled entities	—	—	—	—	(11,738)	—	—	—	—	(11,738)	—	(11,738)	
Changes in fair value of available-for-sale investments	—	—	—	—	—	106,788	—	—	—	106,788	—	106,788	
Exchange realignment	—	—	—	—	—	—	—	—	—	—	—	—	
Changes of project reserve for the year	—	—	—	59,869	—	—	—	—	—	59,869	(10,367)	49,502	
Investments in subsidiaries	—	—	—	—	—	—	—	—	—	—	27,979	27,979	
Acquisition of equity interests in subsidiaries from minority shareholders	—	—	—	—	—	—	—	—	—	—	(5,472)	(5,472)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	150,196	150,196	
Others	—	—	—	—	1,801	—	(856)	—	4,345	5,290	(20)	5,270	
At 30 June 2009	1,454,130	9,698,621*	999,800*	120,722*	(542,321)*	55,919*	5,084,987*	—*	(98,701)*	16,773,157	3,305,427	20,078,584	

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

(Unaudited)	Attributable to equity holders of the parent									
	Issued capital	Share premium account	Statutory surplus reserve	Capital reserve	Available-for-sales investment revaluation reserve	Retained profits	Exchange fluctuation reserve	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	1,314,130	31,661	754,831	5,332	115,586	3,155,622	(40,136)	5,337,026	1,781,587	7,118,613
Changes in fair value of available-for-sale investment	—	—	—	—	8,681	—	—	8,681	—	8,681
Exchange realignment	—	—	—	—	—	—	(23,306)	(23,306)	—	(23,306)
Total income and expenses recognised directly in equity	—	—	—	—	8,681	—	(23,306)	(14,625)	—	(14,625)
Net profit for the period	—	—	—	—	—	1,742,397	—	1,742,397	473,482	2,215,879
Total income and expenses for the period	—	—	—	—	8,681	1,742,397	(23,306)	1,727,772	473,482	2,201,254
Newly issued capital	140,000	9,758,825	—	—	—	—	—	9,898,825	62,040	9,960,865
Transfer to reserves	—	—	—	—	3,069	(3,069)	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	11,424	11,424
Investments in subsidiaries	—	—	—	—	—	—	—	—	165,809	165,809
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(32,214)	(32,214)
Acquisition of equity interests in subsidiaries from minority shareholders	—	—	—	—	—	—	—	—	(16,226)	(16,226)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(214,772)	(214,772)
Others	—	—	—	(1,856)	—	257	—	(1,599)	(2,837)	(4,436)
At 30 June 2008	1,454,130	9,790,486*	754,831*	3,476*	127,336*	4,895,207*	(63,442)*	16,962,024	2,228,293	19,190,317

\* These reserves accounts comprise the consolidated reserves of RMB15,319,027,000 (31 December 2008: RMB14,680,258,000) in the consolidated balance sheet.



## Condensed Consolidated Cash Flow Statement

As at 30 June 2009

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Net cash inflow from operating activities	2,221,556	1,813,764
Net cash outflow from investing activities	(1,247,003)	(3,513,220)
Net cash inflow/(outflow) from financing activities	(950,835)	6,671,659
Net increase in cash and cash equivalents	23,718	4,972,203
Cash and cash equivalents at beginning of period	2,719,868	2,184,510
Effect of foreign exchange rate changes, net	(449)	(17,918)
Cash and cash equivalents at the end of period	2,743,137	7,138,795

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 1. ACCOUNTING POLICIES

For the six months ended 30 June 2009, the unaudited condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The policies adopted to prepare these consolidated interim financial statements are consistent with the policies adopted to prepare the financial statements for the year ended 31 December 2008.

## 2. SEGMENT INFORMATION

Segment information is presented by way of the Group’s primary segment reporting basis, by business segment. In determining the Group’s geographical segments, revenues are attributed to the segments based on the location of the customers. No further geographical segment information is presented as over 90% of the Group’s revenue is derived from customers based in Mainland China.

The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services, which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the mine-produced gold segment is the production of gold bullion through the Group’s integrated processes, i.e. mining, processing and refining;
- (b) the processed gold segment is the production of gold bullion by refining gold ore;
- (c) the copper cathodes segment is the production of copper cathodes;
- (d) the zinc bullion segment is the production of zinc bullion;
- (e) the ore concentrates segment comprises, principally, the production of gold concentrates, copper concentrates, zinc concentrates and iron concentrates; and
- (f) the corporate and other segment comprises, principally, the production of vitriol, copper ashes, silver, etc.

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

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 2. SEGMENT INFORMATION *(continued)*

**For the six months ended 30 June 2009  
(Unaudited)**

	Gold bullion RMB'000	Gold bullion (Processed gold) RMB'000	Copper cathodes RMB'000	Zinc bullion RMB'000	Ore concentrates RMB'000	Corporate and others RMB'000	Eliminations RMB'000	Consolidated RMB'000
<b>Segment revenue:</b>								
Sales to external customers	2,582,267	4,340,063	152,228	486,766	1,564,848	250,260	—	9,376,432
Intersegment sales	63,167	61,884	3,207	—	78,555	77,474	(284,287)	—
Others	—	—	—	—	—	—	—	—
<b>Total</b>	<b>2,645,434</b>	<b>4,401,947</b>	<b>155,435</b>	<b>486,766</b>	<b>1,643,403</b>	<b>327,734</b>	<b>(284,287)</b>	<b>9,376,432</b>
<b>Segment results</b>	<b>1,773,049</b>	<b>32,382</b>	<b>57,131</b>	<b>78,810</b>	<b>610,430</b>	<b>757</b>	<b>—</b>	<b>2,552,559</b>
Interest and dividend income								93,658
Unallocated expenses								(62,843)
Finance costs								
Share of profit and losses of								
Associates	—	—	(2,011)	—	3,950	8,822	—	10,761
Jointly-controlled entities	—	1,281	—	—	—	—	—	1,281
Profit before tax								2,595,416
Tax								(474,174)
<b>Profit for the period</b>								<b>2,121,242</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 2. SEGMENT INFORMATION *(continued)*

**For the six months ended 30 June 2008  
(Unaudited)**

	Gold bullion <i>RMB'000</i>	Gold bullion (processed gold) <i>RMB'000</i>	Copper cathodes <i>RMB'000</i>	Zinc bullion <i>RMB'000</i>	Ore concentrates <i>RMB'000</i>	Corporate and others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Segment revenue:</b>								
Sales to external customers	2,407,739	2,575,699	198,307	793,672	1,840,278	396,959	—	8,212,654
Intersegment sales	3,176	80,806	43,746	471	137,790	130,782	(396,771)	—
<b>Total</b>	<b>2,410,915</b>	<b>2,656,505</b>	<b>242,053</b>	<b>794,143</b>	<b>1,978,068</b>	<b>527,741</b>	<b>(396,771)</b>	<b>8,212,654</b>
<b>Segment results</b>	<b>1,540,539</b>	<b>(6,587)</b>	<b>138,861</b>	<b>80,132</b>	<b>1,087,291</b>	<b>191,611</b>	<b>—</b>	<b>3,031,847</b>
Interest and dividend income								73,651
Unallocated expenses								(194,616)
Finance costs								(151,707)
Share of profit and losses of								
Associates	—	—	—	10,569	24,434	(19,009)	—	15,994
Jointly-controlled entities	—	10,433	—	—	—	(68)	—	10,365
Profit before tax								2,785,534
Tax								(569,655)
<b>Profit for the period</b>								<b>2,215,879</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 3. TURNOVER, REVENUE AND GAINS

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

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

	For the six months ended 30 June	
	2009 <i>RMB'000</i> <i>(Unaudited)</i>	2008 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue:		
Mine-produced gold bullion	2,694,110	2,457,103
Mine-produced gold concentrates	461,024	274,232
Processed gold	4,402,086	2,575,750
Mine-produced silver	78,102	101,636
Mine-produced copper cathodes	166,260	209,868
Copper concentrates	794,600	1,008,734
Zinc bullion	487,131	795,866
Zinc concentrates	79,883	18,555
Iron concentrates	196,119	419,302
Others	408,991	457,490
Internal sales	(284,287)	—
Less: Sales taxes and levies (note)	(107,587)	(105,882)
	<b>9,376,432</b>	<b>8,212,654</b>
Other income:		
Bank interest income	76,396	56,788
Rental income	4,190	3,429
Processing income	535	439
Dividend income	17,262	16,863
Profit from a jointly-controlled operation	—	4,625
Others	68,853	43,038
	<b>167,236</b>	<b>125,182</b>
Gains:		
Gain on equity investments at fair value through profit or loss	—	61,160
Exchange gains	—	27,709
Gain on equity interests disposal	42,983	—
Gain on mining rights disposal	70,669	—
	<b>113,652</b>	<b>88,869</b>
	<b>280,888</b>	<b>214,051</b>

Note: Sales taxes and levies consisted of resources tax, business tax, education surcharge and urban maintenance and construction tax.

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 4. FINANCE COSTS

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Interest on bank and other loans	98,422	184,004
Less: interest capitalised as construction in progress	(15,816)	(32,297)
	<b>82,606</b>	<b>151,707</b>

The interest capitalised represents the cost of capital from raising the related borrowings and the interest capitalisation rate ranges from 5.18% to 6.8% per annum (six months ended 30 June 2008: 5.18% to 7.2% per annum).

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Cost of inventories sold	6,266,888	4,807,242
Provision for land restoration and rehabilitation costs	—	—
Amortisation of prepaid land lease payments*	6,080	5,270
Amortisation of long-term deferred assets*	34,935	41,317
Amortisation of other intangible assets*	73,181	36,763
	<b>6,381,084</b>	<b>4,890,592</b>
Depreciation (note (i))	296,079	211,659
Research and development expenditures	16,811	19,494
Staff costs (Including directors' remuneration)		
Salaries and other staff cost (note (ii))	311,675	329,714
Retirement benefits - defined contribution fund (note (iii))	29,232	29,583
	<b>340,907</b>	<b>359,297</b>
Provision for inventory obsolescence	—	75
Reversal of provision for impairment of trade receivables**	—	—
Reversal of provision for impairment of other receivables**	—	—
Provision for impairment of other intangible assets**	—	—
Provision for impairment of other non-current assets**	—	—
Loss on disposal of property, plant and equipment**	3,194	2,451
Donations**	61,549	74,110

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 5. PROFIT BEFORE TAX (continued)

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

\*\* Items classified under "Other operating costs" in the consolidated income statement.

Notes:

- (i) Depreciation cost of approximately RMB296,079,000 was included in the cost of sales for the six months ended 30 June 2009 (30 June 2008: RMB211,659,000).
- (ii) Staff costs of approximately RMB311,675,000 were included in the cost of sales for the six months ended 30 June 2009 (30 June 2008: RMB329,714,000).
- (iii) According to relevant rules and regulations of the PRC, the Company and its subsidiaries incorporated in the PRC participate in a defined contribution retirement plan. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. The Company and its subsidiaries are required to make contributions to the local social security bureau at rates ranging from 11% to 25% of the prior year's average basic salaries within the geographical area where the employees are under employment with the Company and its subsidiaries. The Company and its subsidiaries have no obligation for the payment of pension benefits beyond the annual contributions to the local social security bureau as set out above.

## 6. TAX

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Group:		
Current – Hong Kong	—	—
– Mainland China	435,196	568,725
Underprovision/(overprovision) in prior years	40,328	(6,814)
Overprovision/(underprovision) in the period	(1,350)	7,744
	<b>474,174</b>	<b>569,655</b>

Provision for Hong Kong profit tax has been provided at the rate of 16.5% (2008: 16.5%) on the assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 6. TAX (continued)

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

The Group's principal tax items and related tax rate are listed below:

1. Value-added Tax

Sales of gold and gold compounds exempt from value-added tax. Retail sales tax for copper cathodes, zinc bullion, electricity and raw materials is computed on 17% of the income from the sales and refinery of those products. Retail sales tax for iron ores, copper concentrates, zinc concentrates and other mining and processing of non-ferrous metals is computed on 17% of the sales income of those products.
2. Business Tax

Business tax is computed on 5% of rental income, 3% of transportation services income, 5% of hotel services income and 5% of trademark usage fee income.
3. Resources Tax

Gold mines resources tax payable is based on the mining outputs and ranges from RMB2 to RMB6 per tonne; copper mines resources tax payable is based on the mining outputs and ranges from RMB6 to RMB7 per tonne
4. Urban Maintenance and Construction Tax

Urban maintenance and construction tax is calculated on rates range from 1% to 7% of the turnover tax payable
5. Education Surcharge

Education surcharge is calculated on a rate of 4% of the turnover tax payable
6. Resources Compensation Tax

Resources compensation tax is calculated and levied based on certain proportion of the minerals sales income. Details of the calculation : minerals sales income  $\times$  resources compensation rate  $\times$  mining and re-mining coefficient. The resources compensation rate ranges from 2% to 4%



# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 6. TAX (continued)

7. Corporate Income Tax According to the operation results of the year, corporate income tax is computed based on a rate of 25% after adjustment of tax-exempted items or non-tax-deductable items, except the following companies:
- (1) Pursuant to "Guo Shui Fa [1996] no. 23", "Guo Ban Fa [2001] no. 73", "Yun Guo Shui Han [2005] no. 120" and "Kun Guo Shui Han [2005] no. 191" issued by the State Administration of Taxation, General Office of the State Council, Yunnan Provincial State Administration of Taxation Office, and Kunming State Administration of Taxation Office respectively, Yunnan Huaxi Mining Resources Company Limited ("Yunnan Huaxi") was exempt from paying corporate income tax for the years 2004 to 2006 and was granted a tax concession of 50% reduction for the years 2007 and 2008, i.e. corporate income tax at a rate of 16.5%
  - (2) Pursuant to "Min Ke Gao [2009] no. 6" jointly issued by the Science and Technology Department of Fujian, Finance Department of Fujian, State Tax Bureau of Fujian, and Provincial Tax Bureau of Fujian, the Company was recognized as a "High New Technology Enterprise" for a term of 3 years from date of issue of the certificate on 25 November 2008. Pursuant to "The Notice of Corporate Income Tax Reduction and Exemption Management issued by State Administration of Taxation" ("Guo Shui Fa [2008] no. 111") the Company was given preferential treatment from national policy in relation to High and New Technology Enterprises and was granted a preferential corporate income tax rate of 15% for three years from 2008 (i.e. from 2008 to 2010) for the status of the High New Technology Enterprise.
  - (3) Pursuant to "Guo Fa [2000] no. 33", Guo Ban Fa [2001] no. 73", and "Ha Di Shui Han [2005] no. 80" issued by the State Council, General Office of the State Council, and Xinjiang Uygur Autonomous Region HaBa River County Tax Bureau respectively, Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele"), which is located in western China, obtained tax concession. Xinjiang Ashele was exempted from payment of corporate income tax from 2005 to 2009 and was granted a preferential tax rate of 15% until 2010 upon expiry of the term thereof. Pursuant to article 4 of "Xin Zheng Fa [2008] no.29", the preferential corporate income tax for the mineral industry has been terminated from 2008. For companies to which preferential tax rate have already been granted under the preferential taxation policy, the policy continued to operate until the end of 2008.
  - (4) Pursuant to transitional preferential policy "The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council" ("Guo Fa [2007] no. 39"), enterprises which enjoy preferential tax treatment under the original tax revenue law, the administrative rules and regulations and related legal documents which was in effect, shall transit as follows: from 1 January 2008, legally prescribed tax rates shall apply to enterprises covered under the original preferential corporate income tax policy within five years after the implementation of the new policy. Enterprises which were granted a preferential tax rate of 15% under the original preferential policy shall pay corporate income tax at a rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. Xiamen Zijin High-Tech Company Limited and Xiamen Zijin Mining and Metallurgy Technology Company Limited have both paid corporate income tax rate at 18% in 2008 and will be levied at the rate of 20% corporate income tax in 2009.

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 6. TAX (continued)

- (5) Pursuant to article 2(1) of "The Notice of Taxation Preferential Policy in the Western Region issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs" ("Cai Shui [2001] no. 202"), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010" and "The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council" ("Guo Fa [2007] no.39"), discussed in the third Qinghai State Administration of Taxation Chief Officers meeting on 27 February 2008, Qinghai West Copper Company Limited was granted a tax concession to pay corporate income tax at a preferential rate of 15% from 2007 to 2010.
- (6) Pursuant to "The Forwarded Notice of 'the Notice of Autonomous Region State Tax Bureau in relation to the Adjustment of Corporate Tax Exemption and Tax Deduction Items granted to Fuyun Jinshan Mining Company Limited' by Local State Tax Bureau Notice" ("A Di Guo Shui Ban [2008] no.421"), Fuyun Jinshan Mining Company Limited was exempted from corporate income tax from 2008 to 2010.
- (7) Pursuant to "The Notice of Taxation Preferential Policy in the Western Region" issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs " ("Cai Shui [2001] no. 202") and the relevant regulations of "The Notice of Implementation of Taxation Preferential Policy of the Western Region issued by Yunnan Tax Bureau" ("Yun Di Shui Er Zi [2002] no. 65"), approved and verified that Yuanyang County Huaxi Gold Co., Ltd. ("Yuanyang Huaxi") was granted a preferential tax rate of 15% from 2003.
- (8) Pursuant to section one of article 2 of "The Notice of Taxation Preferential Policy in the Western Region" ("Cai Shui [2001] no. 202") issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs, "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010" and "The Notice of Opinions of Substantial Implementation of the Transitional Preferential Corporate Income Tax Policy issued by State Administration of Taxation" ("Guo Shui [2002] no. 47"), endorsed by "Ba Guo Shui Suo Han [2008] no.50", Bayannaoer Zijin Non-ferrous Metal Company Limited ("Bayannaoer Zijin"), a company located in western China and its principal business is an industry which development falls under the national focus promotion, was granted a tax concession at preferential rate of 15% from 2007 to 2008.
- (9) Hunchun Zijin Mining Company Limited ("Hunchun Zijin") is located in Yanbianzhou Autonomous Region, Jilin Province and was therefore also eligible to be granted a tax concession of a preferential tax rate of 15% from 2006 to 2010 under the preferential taxation policy for China Western Development. For details of the concession notification, please refer to "Ji Guo Shui Fa [2006] no. 80". Pursuant to "The Notice of Implement Transitional Preferential Corporate Income Tax Policy" issued by the State Council ("Guo Fa [2007] no.39"), the preferential taxation policy for China Western Development shall continue to be enforced. The preferential corporate income tax rate of 15% for China Western Development is valid from 2001 until 2010. In case there shall be no introduction of new policies, the corporate income tax rate shall be transited to 25% in 2011 and 2012.

# Notes to the Condensed Consolidated Financial Statements

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## 6. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the locations in which the Company, its subsidiaries and associates are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	For the 6 months ended 30 June			
	2009		2008	
	<i>RMB'000</i> <i>(Unaudited)</i>	%	<i>RMB'000</i> <i>(Unaudited)</i>	%
Profit before tax	2,595,416		2,785,534	
At the PRC statutory tax rate	648,854	25.00	696,384	25.00
Expenses not deductible for tax	768	0.03	5,124	0.18
Income not subject to tax	(21,678)	(0.84)	(7,311)	(0.26)
Differential tax rate on the profit of certain subsidiaries	(189,739)	(7.31)	(116,556)	(4.18)
Profits and losses attributable to associates and jointly-controlled entities	(3,010)	(0.11)	(8,915)	(0.32)
Underprovision/(overprovision) in prior years	40,329	1.55	(6,814)	(0.24)
Current period change in deferred tax	(1,350)	(0.05)	7,743	0.28
Tax charge at the Group's effective rate	474,174	18.27	569,655	20.46

Pursuant to the "Corporate Income Tax Law of the People's Republic of China" approved on 16 March 2007 and "Implementation of Corporate Income Tax Law of the People's Republic of China" issued by China State Council, the Company's applicable corporate income tax rate is of 25% with effect from 1 January 2008.

There is no income tax implication attached to the dividends distributed by the Company to its shareholders.

# Notes to the Condensed Consolidated Financial Statements

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## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE PARENT

On the basis of the Group's profit attributable to equity holders of the parent in the sum of RMB1,932,691,000 during the reporting period (six months ended 30 June 2008: RMB1,742,397,000) and the total number of 14,541,309,100 ordinary shares in issue during the reporting period, the earnings per share attributable to the ordinary equity holders of the parent is RMB0.133 ( the earning per share for the six months ended 30 June 2008: RMB0.128).

Diluted earnings per share for the six months ended 30 June 2008 and 2009 have not been disclosed as there were no diluting events during these periods.

## 8. GOODWILL

### Group

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Net book value at beginning of period/year	327,982	339,132
Acquisition of subsidiaries	209,002	—
Disposal of an equity interest in a subsidiary	(2,088)	(2,492)
Impairment provided for the year	—	(8,658)
Net book value at end of period/year	534,896	327,982

# Notes to the Condensed Consolidated Financial Statements

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## 9. INTEREST IN ASSOCIATES

### Group

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Share of net assets	1,037,907	1,091,590
Loan to an associate	—	—
	<b>1,037,907</b>	<b>1,091,590</b>

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation/ registration and operation	Percentage of ownership interest attributable to the Group	Principal activities
Fujian Longyan Makeng Mining Co., Ltd. ("Makeng Mining")	Corporate	PRC	31.50%	Iron mining
Shanghang Ting River Hydro-electric Co., Ltd. ("Ting River Hydro-electric")	Corporate	PRC	49.00%	Water and electricity generation
Wuping Zijin Hydro-electric Co., Ltd.	Corporate	PRC	48.00%	Water and electricity generation
Tibet Yulong Copper Co., Ltd. ("Tibet Yulong")	Corporate	PRC	22.00%	Copper mining
Fujian Jintian Zijin Mining Co., Ltd.	Corporate	PRC	40.00%	Mine exploration and development
Xiamen Zijin Tongguan Investment Co., Ltd. ("Zijin Tongguan")	Corporate	PRC	45.00%	Mine investment
Fujian Province Explosion Equipments Industrial Co., Ltd.	Corporate	PRC	30.00%	Production of ANFO explosive
Fujian Haixia Kehua Joint Stock Company Limited	Corporate	PRC	28.00%	Production of civil explosive materials

# Notes to the Condensed Consolidated Financial Statements

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## 9. INTEREST IN ASSOCIATES (continued)

### Group (continued)

Name	Business structure	Place of incorporation/ registration and operation	Percentage of ownership interest attributable to the Group	Principal activities
Qiubei Yun Copper Huaxi Mining Co., Ltd.	Corporate	PRC	40.00%	Sales and purchase of ore product, consultation service of geological exploration techniques
Hunchun Jindi Mining Co., Ltd.	Corporate	PRC	40.00%	Analysis and testing of geological exploration, consultation service of technique development, transfer and sales of ore product
Songpan County Zijin Industrial and Trading Company Limited ("Songpan Zijin")	Corporate	PRC	34.00%	Sales of industrial information, equipments, meter, research and sales of mechanical equipments
Yanbianzhou SMEs Credit Security Investment Co., Ltd.	Corporate	PRC	20.00%	Provide security for SMEs and individual
Luoyang Huayin Guarantee Co., Ltd.	Corporate	PRC	20.00%	Finance guarantee, bills acceptance, bills discount, performance bond

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2009, the Group's prepayments, deposits and other receivables amounted to approximately RMB1,104,587,000 (31 December 2008: RMB801,029,000), of which, included the prepayments for the raw materials to be purchased by Bayannaoer Zijin Zinc Refinery Plant and Luoyang Yinhui Gold Refinery Plant.

# Notes to the Condensed Consolidated Financial Statements

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## 11. TRADE RECEIVABLES

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

An aged analysis of the trade receivables as at the balance sheet date, based on the respective invoice dates of the sales of goods, is as follows:

	30 June 2009 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2008 <i>RMB'000</i> <i>(Audited)</i>
Within 4 months	395,041	277,590
Over 4 months but within 12 months	35,875	44,233
Over 1 year but within 2 years	10,505	319
Over 2 years	130	134
	<b>441,551</b>	<b>322,276</b>

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

	30 June 2009 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2008 <i>RMB'000</i> <i>(Audited)</i>
At 1 January	145	168
Reversal of impairment provision	—	(23)
	<b>145</b>	<b>145</b>

## 12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice dates, is as follows:

	30 June 2009 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2008 <i>RMB'000</i> <i>(Audited)</i>
Within 1 year	765,400	706,361
Over 1 year but within 2 years	19,249	16,212
Over 2 years but within 3 years	1,720	2,492
Over 3 years	3,725	2,648
	<b>790,094</b>	<b>727,713</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 13. INTEREST-BEARING BANK AND OTHER LOANS

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Bank loans:		
Unsecured	4,012,627	3,470,663
Secured (Note)	361,154	15,000
	<b>4,373,781</b>	<b>3,485,663</b>
Other loans:		
Secured	—	—
Total bank and other loans	<b>4,373,781</b>	<b>3,485,663</b>
Less: Amounts due within one year included under current liabilities	<b>(3,679,486)</b>	<b>(2,516,295)</b>
Amount due after one year	<b>694,295</b>	<b>969,368</b>
Bank loans repayable:		
Within one year	3,679,486	2,516,295
In the second year	277,300	15,608
In the third to fifth years, inclusive	416,595	297,392
Beyond five years	400	656,368
	<b>4,373,781</b>	<b>3,485,663</b>
Other loans repayable:		
Within one year	—	—

The bank loans carry interest at rates ranging from 2.25% to 6.80% (2008: 2.25% to 7.47%) per annum.

As at 30 June 2009, the long term loan included USD loan obtained from China Development Bank amounted to USD50,000,000 (31 December 2008: USD50,000,000).

Note: As at 30 June 2009, an one-year foreign currency loan amounted HKD409,072,054 was obtained by pledge of more than 3 months time deposit in Renminbi, and the borrowing interest rate was 1.03% per annum.



# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 14. RELATED PARTY TRANSACTIONS

In accordance with the Listing Rule 14A.45, the Company disclosed all the connected transactions related to purchases of commodities, provision of services and other continuous transactions. Details have been disclosed in the Company's 2008 annual report. As at 30 June 2009, there has been no change in any of these connected transactions.

The summary of the Group's material related party transactions for the period up to 30 June 2009 are as follows:

Related party	Relationship with the Company	Date of agreement signed	Nature of transaction	Amount up to six months ended 30 June	
				2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
<b>1. Commodities purchase/sales from connected party</b>					
1.1 Xinjiang Non-ferrous Industrial Group Material Co., Ltd. ("Xinjiang Non-ferrous")	Shareholder of Xinjiang Ashele	Date of each transaction	Purchase of raw materials	943	6,590
1.2 Jinyi Copper	Former associate of the Company	Date of each of the transaction	Sales of copper cathodes	78,273	51,812
1.3 Shandong Guoda Gold Co., Ltd. ("Shandong Guoda")	Jointly-controlled entity of the Company	Date of each transaction	Sales of gold and copper ore	102,318	79,675
<b>2. Services provided by the connected party</b>					
2.1 Fujian Xinhudu Engineering Co., Ltd.	Associate of a shareholder of the Company	3 May 2000 4 November 2002	Mining and transportation of ore	66,494	70,800
<b>3. Service provided to the connected party</b>					
3.1 Tibet Yulong	Associate of the Company		Transportation and shoveling services	7,119	6,025

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 14. RELATED PARTY TRANSACTIONS (continued)

Related party	Relationship with the Company	Date of agreement signed	Nature of transaction	Amount up to six months ended 30 June	
				2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
<b>4. Financial assistance provide to connected party</b>					
4.1 Luoning Huatai	Associate of the Company		Loan	—	15,000
4.2 Zijin Tongguan	Associate of the Company		Guarantee	265,500	297,000
4.3 Makeng Mining	Associate of the Company		Guarantee	—	6,750
4.4 Shandong Guoda	Jointly-controlled entity of the Company		Guarantee	80,000	105,000
4.5 Ting River Hydro-electric	Associate of the Company		Guarantee	50,000	50,000
<b>5. Financial assistance provided by connected party</b>					
5.1 Zijin Tongguan	Associate of the Company		Loan	189,000	—
<b>6. Financial assistance provide to subsidiaries</b>					
6.1 Fujian Zijin Copper Co., Ltd.	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	50,000	318,000
6.2 Fujian Shanghang Zijin Hydro-electronic Co., Ltd.	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	—	40,000

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 14. RELATED PARTY TRANSACTIONS *(continued)*

Related party	Relationship with the Company	Date of agreement signed	Nature of transaction	Amount up to six months ended 30 June	
				2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
6.3 Qinghai West Copper Co., Ltd.	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	—	160,000
6.4 Fuyun Jinshan Mining Co., Ltd.	Non wholly-owned subsidiary	2007	Provide loan guarantee to a subsidiary of the Company	324,300	280,000
6.5 Bayannaer Zijin	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	499,000	345,000
6.6 Tongling Zijin Mining Co., Ltd.	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	—	7,650
6.7 Longkou Jinfeng Company Limited ("Longkou Jinfeng")	Non wholly-owned subsidiary	30 September 2007	Provide loan guarantee to a subsidiary of the Company	—	30,000
6.8 Yunnan Huaxi	Non wholly-owned subsidiary	2006	Provide loan guarantee to a subsidiary of the Company	—	72,000
6.9 Yuanyang Huaxi	Non wholly-owned subsidiary	2008	Provide loan guarantee to a subsidiary of the Company	—	20,000
6.10 Shangri-la Huaxi Mining Co., Ltd.	Non wholly-owned subsidiary	2008	Provide loan guarantee to a subsidiary of the Company	—	20,000

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 14. RELATED PARTY TRANSACTIONS (continued)

Related party	Relationship with the Company	Date of agreement signed	Nature of transaction	Amount up to six months ended 30 June	
				2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
6.11 Wenshan Malipo Tungsten Group Co., Ltd.	Non wholly-owned subsidiary	2008	Provide loan guarantee to a subsidiary of the Company	—	100,000
6.12 Chongli Zijin Mining Co., Ltd.	Non wholly-owned subsidiary	2007	Provide loan guarantee to a subsidiary of the Company	40,000	110,000
6.13 Luoyang Zijin Yinhui Gold Refinery Co., Ltd.	Non wholly-owned subsidiary	2007	Provide loan guarantee to a subsidiary of the Company	—	50,000
6.14 Wuping Zijin Mining Co., Ltd.	Non wholly-owned subsidiary	2007	Provide loan guarantee to a subsidiary of the Company	95,000	95,000
<b>7. Acquisition/(disposal) of equity interests to connected party</b>					
7.1 Wanbao Mining Co., Ltd. ("Wanbao Mining")	Shareholder of Kingbao Mining Ltd.	Note 1	Acquisition of a 40% equity interest of Kingbao Mining Ltd. and creditors' right of US\$1,439,487	—	US\$ 20,000,000
7.2 Hangbeng Refinery Co., Ltd. ("Hangbeng Refinery")	Customer	Note 2	Disposal of a 70% equity interest of Shandong Rushan Zijin Mining Co., Ltd. ("Shandong Rushan")	—	2,550

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 14. RELATED PARTY TRANSACTIONS (continued)

Related party	Relationship with the Company	Date of agreement signed	Nature of transaction	Amount up to six months ended 30 June	
				2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
7.3 Master Achieve Enterprise Ltd.	Former minority shareholders of Jinyi Copper	Note 3	Acquisition of 9% equity interest in Jinyi Copper	17,100	—
7.4 Natural person of Lin Rongping and etc.	Former minority shareholders of Yuanyang Huaxi	Note 4	Acquisition of 10% equity interest in Yuanyang Huaxi	67,500	—

Notes:

- (1) Pursuant to the agreement entered into between Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains Hong Kong") and Wanbao Mining on 18 April 2008, Gold Mountains Hong Kong acquired their 40% equity interest of Kingbao Mining Limited and creditor's right of US\$1,439,487 for a consideration of US\$20,000,000. After the acquisition, Gold Mountains Hong Kong holds 90% equity interests of Kingbao Mining Limited.
- (2) Pursuant to the agreement entered into between Zijin International Mining Company Limited ("Zijin International") and Hangbeng Refinery on 10 June 2008, Zijin International disposed 70% equity interest of Shandong Rushan for a consideration of RMB2,550,000.
- (3) Pursuant to the share purchase agreement entered between the Company's subsidiary, Best Ground and Master Achieve Enterprise Ltd. on 3 April 2009, Best Ground acquired 9% equity interest of Jinyi Copper with a consideration of RMB17,100,000.
- (4) Pursuant to the equity transfer agreement entered into between the Company's subsidiary, South West Company and natural persons, Lin Rongping, Yang Hongwen, Yang Hongmei, Wu Wenli, Peng Bo and Li Yonghong in March 2009, the above mentioned natural persons transfer their equity interest of Yuanyang Huaxi of 2.59%, 1.9%, 1.69%, 1.16%, 1.65%, and 1.01% respectively for a consideration of RMB6,750,000 for each 1% equity interest of Yuanyang Huaxi to South West Company, South West Company acquired 10% equity interest of Yuanyang Huaxi for a consideration of RMB67,500,000. As at 30 June 2009, the registered capital of Yuanyang Huaxi is RMB90,000,000, the Company's subsidiaries Yunnan Huaxi and South West Company hold and own 70% and 10% equity interest of Yuanyang Huaxi respectively.

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 15. CONTINGENT LIABILITIES

	30 June 2009 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2008 <i>RMB'000</i> <i>(Audited)</i>
Corporate guarantees in respect of bank loans granted to: Associates and a jointly-controlled entity	395,500	415,500

## 16. COMMITMENTS

	30 June 2009 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2008 <i>RMB'000</i> <i>(Audited)</i>
Contracted, but not provided for:		
Acquisition of plant, machinery and mining assets	703,075	1,004,867
Acquisition of exploration and mining rights	—	3,000
Capital injection in associates	120,000	—
Capital injection in jointly-controlled entities	400,000	—
Acquisition of minority interests	—	—
Acquisition of equity interests in subsidiaries	—	—
	<b>1,223,075</b>	<b>1,007,867</b>
Authorised, but not contracted for:		
Acquisition of exploration and mining rights	20,000	—
Acquisition of jointly-controlled entities	—	500,000
Acquisition of available for sale investment	—	12,500
Acquisition of equity interests in subsidiaries	18,450	—
	<b>38,450</b>	<b>512,500</b>
	<b>1,261,525</b>	<b>1,520,367</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2009

## 17. GROUP'S FINANCIAL SUMMARY (AS PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS ("PRCAS"))

### Effects of Significant Differences between IFRS and PRCAS

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

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Net profit attributable to equity holders of the parent under PRCAS	1,932,691	1,742,397
Difference in depreciation and disposal from restatement of property, plant and equipment	—	—
Profit attributable to equity holders of the parent under IFRS	1,932,691	1,742,397

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

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
	Equity attributable to equity holders of the parent under PRCAS	16,773,157
Difference in depreciation and disposal from restatement of property, plant and equipment	—	—
Others	—	—
Equity attributable to equity holders of the parent under IFRS	16,773,157	16,134,388



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